

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	Bonia Corporation Berhad Acquisition of Intellectual Property Rights by BB Global Holdings Pte Ltd (indirect subsidiary)

- *Unless otherwise stated, all definitions and terms used in this announcement shall have the same meaning as defined in the Company's announcement dated 2 September 2015 in relation to the Memorandum of Understanding between Jeco (Pte) Limited, Braun GmbH & Co. KG, BB Global Holdings Pte Ltd and Christiane Brunk.*
- *The RM equivalent for this announcement is based on the exchange rates published on 31 August 2015 by Bloomberg L.P. of (i) EUR1:RM4.6974, and (ii) SGD1:RM2.9675.*
- *The royalty rate and license fee as mentioned herein are classified as trade secrets. Hence, detail disclosure is not provided in this announcement.*

Further to the Company's announcement dated 2 September 2015, the Board of Directors of BCB ("Board") wishes to announce that the Parties have on 21 September 2015, executed the Intellectual Property Rights Sale & Purchase Agreement made between BBKG and BBGH ("IPRSPA"), together with the Novation Agreement made between BBGH, BBKG and Jeco appended therewith ("NVA"); to formalise the terms and conditions on the acquisition of IPRs by BBGH ("Acquisition of IPRs").

## **1. Details and Salient Terms of the Acquisition of IPRs**

The IPRSPA entails BBGH's acquisition of the IPRs as more particularly set forth below, from BBKG at a purchase consideration of EUR1,877,000 (equivalent to RM8,817,020) ("Purchase Consideration") by way of an assignment of the IPRs from BBKG to BBGH effective from the date when the Purchase Consideration has been fully paid by BBGH ("Title Passing Date") subject to the terms and conditions as stipulated in the IPRSPA:-

- IPRs =
- all of BBKG's rights, title and interest in and to the Trade Marks, Registered Designs, Domain Names and Copyright in connection with the Braun Buffel brand ("Assigned Rights");
  - all of BBKG's future rights in the trade mark applications and registrations owned by or in the name of Jeco in relation to Braun Buffel brand in Singapore, Malaysia, Hong Kong, Indonesia, Taiwan, China Thailand, Australia, India, Japan, Korea, Saudi Arabia, Bangladesh, Brunei, Guam, Laos, Macau, Maldives, Myanmar, New Zealand, Philippines, Sri Lanka, Timor and Vietnam ("Jeco Trade Marks"), which are due to be assigned from Jeco to BBKG on 1 July 2034 and 1 July 2074 respectively ("Trade Marks Subject to Future Assignment") (collectively, "rights in the Trade Marks Subject to Future Assignment"); and
  - all other intellectual property rights not specifically mentioned above which are owned by BBKG in relation to or in connection with the Braun Buffel brand ("Other Rights").

Pursuant to the IPRSPA, BBKG's assignment to BBGH covered:-

1. BBKG's full title guarantee of all its right, title and interest in and to the Assigned Rights, including but not limited to:-
  - a. the absolute entitlement to any registrations granted pursuant to any of the applications comprised in the Assigned Rights;
  - b. all goodwill attaching to the Trade Marks and in respect of the business relating to the goods or services of which the Trade Marks are registered or used; and
  - c. the right to bring, make, oppose, defend, appeal proceedings, claims or actions and obtain relief (and to retain any damages recovered) in respect of any infringement, or any other cause of action arising from ownership, of any of the Assigned Rights whether occurring before, on, or after the date of the IPRSPA.
2. BBKG's all of its rights, title and interest in and to the Trade Marks Subject to Future Assignment;
3. BBKG's renouncement of any and all rights which it may have in respect of any and all of the Assigned Rights and the Trade Marks Subject to Future Assignment; and
4. BBKG's consent to execute the NVA appended to the IPRSPA, to transfer all of its rights and obligations under the following agreements to BBGH:-
  - a. two sale and purchase agreements (dated 1 July 1999 and 26 May 2004 respectively) and one trade mark agreement (dated 12 February 2009) entered into between Jeco and BBKG (inclusive of all variations of terms, side letters and addendums to these agreements) from the period of 1999 to 2013; and
  - b. the cooperation agreement (dated 29 December 2011) entered into between BBKG and Jeco,

with effect from the Title Passing Date.

The Assigned Rights and/or rights in the Trade Marks Subject to Future Assignment are free from any security interest, option, mortgage, charge or lien. BBKG is obliged to take all necessary steps to protect, maintain and defend the Assigned Rights including the timely renewal of all rights relating to the Assigned Rights, until such time as title in the Assigned Rights shall have passed to BBGH on the Title Passing Date.

Simultaneously, BBGH signified its consent in the Intellectual Property Rights License Agreement between BBGH and BBKG ("IPLA") to grant BBKG with:-

- a. a perpetual exclusive license to use the Braun Trade Marks on or in relation to leather goods and services in relation to the production, sale and distribution of leather goods;
- b. a perpetual non-exclusive license to use the Braun Trade Marks on or in relation to all non-leather goods and services in relation to the production, sale and distribution of non-leather goods, and
- c. a perpetual non-exclusive license to use certain registered designs in respect of all articles registered under thereunder,

corresponding with the copyright in the Braun Trade Marks to the extent necessary for BBKG to use the Braun Trade Marks ("Braun IP Rights") under the IPLA in all countries in Europe, Turkey and countries of the former Soviet Union ("Braun Territory") (collectively, "Braun KG License"), together with the right to grant sub-licenses of the Braun KG License at a predetermined royalty rate to be paid by BBKG to BBGH. Such royalty rate is applicable to all goods produced, marketed, distributed, sold and/or licensed, including the related services thereof under the Braun IP Rights, by BBKG in the Braun Territory until such time as the IPLA is terminated by the parties concerned. "Braun Trade Marks" is referred to as the trade mark applications and registrations under the Braun Buffel brand owned by BBGH and as may be filed by BBGH from time to time in any of the countries in the Braun Territory.

In order to achieve synergies, the Cooperation Agreement between BBGH, BBKG and Jeco (“CPA”) was executed for the parties to work in cooperation in relation to product development, production facilities and development of new markets of the Braun Buffel brand in the divided geographic markets as follow:-

1. BBGH is the proprietor of the Braun Trade Marks in the Braun Territory and shall have, in the Braun Territory, the exclusive right to own, register, maintain and license the Braun Trade Marks for all goods and services;
2. BBKG is the licensee of the Braun Trade Marks in the Braun Territory under the Braun KG License and shall have, under the Braun KG License, in the Braun Territory:
  - a. the exclusive right to produce, distribute and grant sub-licenses for the distribution of leather goods; and
  - b. the non-exclusive right to produce, distribute and grant sub-licenses for the distribution of non-leather goods.
3. Jeco is the owner of Jeco Trade Marks outside the Braun Territory, and is obliged to transfer the ownership of certain Jeco Trade Marks to BBGH on the respective dates of 1 July 2034 and 1 July 2074. Jeco shall have, in the Braun Territory, the non-exclusive right to produce, distribute and grant sub-licenses for the distribution of non-leather goods under the Braun Buffel brand, provided that Jeco shall duly inform BBGH and BBKG of such activities.
4. Jeco shall have, in all countries outside of Braun Territory:-
  - a. the exclusive right to produce, distribute and grant licenses for all goods and services under the Braun Buffel brand; and
  - b. the exclusive right to own, register, maintain and license trade marks for all goods and services under the Braun Buffel brand, subject to its obligations to assign certain the Jeco Trade Marks to BBGH on 1 July 2034 and 1 July 2074 respectively.
5. In case Jeco distributes leather goods under the Braun Buffel brand through its shops or any other distribution channel in the Middle East, USA or Canada (“Jeco Shops”), Jeco shall offer for sale at the Jeco Shops leather goods produced by BBKG;
6. In case BBKG distributes non-leather goods under the Braun Trade Marks in the Braun Territory, Jeco shall, or shall procure that Jeco’s licensee, supply such goods on favourable terms (to be mutually agreed amongst the relevant parties) to the shops of BBKG if BBKG requests delivery.
7. For Jeco to enjoy the full benefits of its rights under item 4 above, BBGH shall grant to Jeco a perpetual exclusive license for all Jeco Trade Marks to which BBGH owns rights, title and interest to on or at any time after 1 July 2034 or 1 July 2074 (as applicable) respectively, on the following terms, or as may be mutually agreed between BBGH and Jeco:-
  - a. Jeco shall pay to BBGH a predetermined license fee which shall increase by 10% every 10 years on 1 July of every calendar year commencing on 1 July 2034; and
  - b. the license shall automatically expire if Jeco fails to pay the prevailing outstanding license fee payable within 7 working days after receipt of a payment reminder.
8. For Jeco to enjoy the full benefits of its rights under item 3 above, BBGH grants to Jeco licenses for the Braun Trade Marks for all non-leather goods and related services in the Braun Territory.

BBGH’s Acquisition of IPRs shall be financed by the interest-bearing shareholders’ loans from Jeco and Christiane in proportion to their capital contribution of 51:49 [i.e. Jeco, SGD1,604,256 (equivalent to RM4,760,630) : Christiane, SGD1,541,344 (equivalent to RM4,573,938)] (Jeco’s portion of loan, “Jeco Loan to BBGH”) at an interest rate of 2% per annum on the loans calculated on annual outstanding balances, on the basis of 365 day year, for the actual number of days elapsed from disbursement until repayment. In this regards, Jeco and Christiane have entered into the Loan Agreements between (i) Jeco and BBGH, and (ii) Christiane and BBGH (collectively, “LOA1”) to express the terms and conditions governing such shareholders’ loans to BBGH.

Concurrently, Jeco and Christiane also executed the Shareholders' Agreement between Jeco, Christiane and BBGH ("SHA") to regulate the affairs of BBGH and their relationship inter se as shareholders of BBGH. In the SHA, Jeco has agreed to grant Christiane the right to require Jeco to sell part of Jeco's shares in BBGH to Christiane to result in Christiane being the holder of 51% of the issued share capital and the voting rights in BBGH ("Option Shares") (collectively, "Option") upon the full repayment of the Jeco Loan to Christiane as mentioned below by Christiane. The Option shall be valid for exercise by Christiane for a period of 6 months from the date of repayment of the Jeco Loan to Christiane but shall in any event, lapse on the expiry of 20 years from 31 August 2015. The purchase price for the Option Shares shall be based on SGD60,000 (equivalent to RM178,050) on 31 August 2015 which shall increase by 3% per annum on 31 August of each following year, compounded annually.

Due to her financial constraints, Christiane has also requested Jeco to provide her with a loan of SGD1,541,344 (equivalent to RM4,573,938) ("Jeco Loan to Christiane") for her to fulfill her obligations in the LOA1. Such loan shall be used solely by Christiane as a shareholders' loan to BBGH as agreed by Jeco and Christiane in the Loan Agreement between Jeco and Christiane ("LOA2") whereby Christiane shall pay Jeco an interest rate of 2% per annum on the loan calculated on annual outstanding balances, on the basis of 365 day year, for the actual number of days elapsed from disbursement until repayment. Any sums due from BBGH to Christiane shall be used towards repayment of the loan. Jeco may with notice to Christiane combine, consolidate or merge all or any of Christiane's accounts with, and liabilities to Jeco and may set-off or transfer any sum standing to the credit of any such accounts in or towards satisfaction of any of Christiane's liabilities to Jeco under the LOA2, and may do so notwithstanding that the balances on such accounts and the liabilities may not be expressed in the same currency and Jeco is authorised to effect any necessary conversions at the then prevailing rate of exchange.

## **2. Basis of Arriving at the Purchase Consideration**

The Purchase Consideration of EUR1,877,000 (equivalent to RM8,817,020) was arrived at a willing buyer-willing seller basis after taking into consideration of the IPRs valuations done by a professional IPRs valuer, M/s Rodl & Partners via valuation reports dated 30 June 2015 and 13 August 2015.

The Company is not privy to the financial information on the development cost of the IPRs.

## **3. Liabilities to be Assumed by BBGH and Jeco**

There are no liabilities, including contingent liability and encumbrances, to be assumed by BBGH and Jeco arising from the Acquisition of IPR.

## **4. Source of Funding**

The Acquisition of IPRs shall be funded by the obtainment of interest-bearing shareholders' loans from its shareholders namely Jeco and Christiane.

## **5. Rationale, Prospects and Risks Factors**

The Acquisition of IPRs will enable Jeco to have better control of all the Intellectual Property Rights currently controlled by BBKG.

After the Acquisition of IPRs, BBKG will be freed from its financial burden thus enable BBKG to focus its resources in the development of the business in particularly in the Braun Territory.

In addition, the CPA will enable the parties to work in cooperation and more closely to achieve synergies in relation to the development of its products and of new markets in connection with the Braun Buffel brand across the world.

The Jeco Loan to BBGH and Jeco Loan to Christiane are provided in accordance with Paragraph 8.23 of the Main Market Listing Requirements (“MMLR”) whereby the loans are necessary to facilitate the Acquisition of the IPRs by BBGH in which such acquisition falls under the ordinary course of business of BBGH.

## **6. Financial Effects**

The Acquisition of IPRs is not expected to have any material impact on the earnings per share, net assets per share, gearing, share capital and substantial shareholders’ shareholdings of BCB for the financial year ending 30 June 2016. However, it is expected to contribute positively to the future earnings and growth of the Group.

Nevertheless, if Christiane is unable to fulfil her obligations under the LOA2, it may cause Jeco to suffer financial loss to the extent of the loan granted plus any interest that may have been accrued thereon.

## **7. Highest Percentage Ratio**

The highest percentage ratio applicable to the Acquisition of IPRs, and calculated pursuant to Paragraph 10.02(g) of the MMLR based on the (i) audited financial statements of BCB for the financial year ended 30 June 2014 is 2.4%; and (ii) unaudited quarterly report of BCB for the quarter ended 30 June 2015 is 2.2%, respectively.

## **8. Approvals Required**

The Acquisition of IPRs, Jeco Loan to BBGH and Jeco Loan to Christiane do not require approvals from the shareholders of BCB and any relevant government authorities.

## **9. Interests of Directors, Major Shareholders and Persons Connected**

The Acquisition of IPRs, Jeco Loan to BBGH and Jeco Loan to Christiane are deemed related party transactions. Save as disclosed below, none of the Directors and to the best of the knowledge, information and belief of the Directors, none of the major shareholders and/or their persons connected has any interest, direct or indirect, in the Acquisition of IPRs, Jeco Loan to BBGH and Jeco Loan to Christiane :-

1. Interested Directors of BCB's subsidiaries
  - a. Christiane, and persons connected with her (including their family)  
Christiane is a Director in both BBKG and BBGH and holding 51% and 49% in the capital of BBKG and BBGH respectively,
  - b. Liao Tien Fook ("LTF"), and persons connected with him (including their family)  
LTF is a Director cum major shareholder holding 10% of the issued capital of Jeco, and holds directorship in BBGH,
2. Interested Directors of BCB
  - a. Dato' Sri Chiang Fong Seng ("CFS"), and persons connected with him (including their family)  
CFS is an Executive Director cum shareholder of BCB, a Director cum major shareholder holding 10% of the issued capital of Jeco via his indirect interest, and holds directorship in BBGH.

CFS, and his connected Directors namely Chiang Sang Sem, Chiang Fong Yee and Chiang Fong Tat, have abstained and will continue to abstain from all deliberations and voting on the Acquisition of IPRs, Jeco Loan to BBGH and Jeco Loan to Christiane.

#### **10. Statement by Directors**

The Board (with the exception of the interested and connected Directors who are deemed to be interested in the Acquisition of IPRs, Jeco Loan to BBGH and Jeco Loan to Christiane for the reasons stated in item 9(2) above and who have abstained and will continue to abstain from expressing any opinion in relation to the Acquisition of IPRs, Jeco Loan to BBGH and Jeco Loan to Christiane), having taken into consideration various aspects of the Acquisition of IPRs, Jeco Loan to BBGH and Jeco Loan to Christiane, is of the opinion that the Acquisition of IPRs, Jeco Loan to BBGH and Jeco Loan to Christiane are fair and reasonable, in the best interest of BCB Group and its shareholders, and are not detrimental to the minority shareholders of BCB.

#### **11. DOCUMENTS FOR INSPECTION**

All the agreements as mentioned in this announcement are available for inspection at the registered office of the Company at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia from Monday to Friday (except public holidays) during normal office hours for a period of 3 months from the date of this announcement

This announcement is dated 23 September 2015.