

Type Announcement
Subject MEMORANDUM OF UNDERSTANDING
Description Bonia Corporation Berhad
 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 middle exchange rates quoted on Bank Negara Malaysia website as at 5.00 pm on 1 September 2015 of (i) EUR1:RM4.6960, and (ii) SGD1:RM2.9557.

The Board of Directors of Bonia Corporation Berhad (“BCB” or the “Company”) wishes to announce that a Memorandum of Understanding (“MOU”) has been executed between Jeco (Pte) Limited, Braun GmbH & Co. KG, BB Global Holdings Pte Ltd and Christiane Brunk on 31 August 2015 for putting BB Global Holdings Pte Ltd in funds to acquire certain intellectual property rights and other related rights from Braun GmbH & Co. KG, in particular, the trade marks in relation to or in connection with the Braun Buffel brand (“Trade Marks”) (collectively, “Proposal”).

The following are the details of the MOU parties (“Parties”):-

- (i) Jeco (Pte) Limited (“Jeco”)
 Jeco was incorporated in Singapore under the Companies Act (Cap. 185) with its issued and paid-up capital of SGD500,000 divided into 500,000 ordinary shares of SGD1 each, 70%-owned by BCB. Its principal activity is intellectual property management.
- (ii) Braun GmbH & Co. KG (“BBKG”)
 BBKG is a limited partnership organised and existing under the laws of Germany of Industriestrasse 10, 55606 Kirn/Nahe Germany with its fixed capital and liable capital of nominal EUR200,000, 49% owned by Jeco and 51% owned by Christiane. Its principal activity is marketing and distribution of fashionable leather goods.
- (iii) BB Global Holdings Pte Ltd (“BBGH”)
 BBGH was incorporated on 16 July 2015 in Singapore under the Companies Act (Cap. 185) with its issued and paid-up capital of SGD100 divided into 100 ordinary shares of SGD1 each, 51% owned by Jeco and 49% owned by Christiane. Its principal activity is intellectual property management.
- (iv) Christiane Brunk (“Christiane”)
 Christiane is a German Citizen residing at Mittlebollenbacher Strasse 25, 55743 Idar-Oberstein, Germany. She is also a director cum major shareholder of BBKG and BBGH respectively.

The Proposal, if materialised:-

- (1) BBGH shall acquire from BBKG:-
 - (a) all of BBKG's rights, title and interest to the Trade Marks, registered designs, domain names and copyright all in connection the Braun Buffel brand;
 - (b) BBKG's future rights in the trade mark applications and registrations owned by or in the name of Jeco 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 from Jeco to BBKG ("Jeco Trade Marks"), which are due to be assigned from Jeco to BBKG on 1 July 2034 and 1 July 2074 respectively; and
 - (c) 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, (collectively, "IPRs")
for a consideration of EUR1,877,000 (equivalent to RM8,814,392) by way of an assignment of the IPRs from BBKG to BBGH.

- (2) As one of the consequence of the assignment of the IPRs, BBKG shall 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) Clause 5 of the Cooperation Agreement between BBKG and Jeco dated 29 December 2011,

- (3) In turn:-
 - (a) BBGH shall grant to BBKG, in all countries in Europe, Turkey and countries of the former Soviet Union ("Braun Territory"):-
 - (i) A perpetual exclusive license to use the Trade Marks on or in relation to leather goods; and services in relation to the sale, production and distribution of leather goods.
 - (ii) A perpetual non-exclusive license to use the Trade Marks on or in relation to all non-leather goods; and services in relation to the sale, production and distribution of non-leather goods.
at a predetermined royalty rate on all products sold by the BBKG under the Trade Marks in the Braun Territory.
 - (b) BBGH, BBKG and Jeco shall work in cooperation with regards to their rights on the Trade Marks under the Braun Buffel brand in and outside the Braun Territory.
 - (c) BBGH shall grant to Jeco a perpetual licence for all Jeco Trade Marks which it owns rights, title and interest to, pursuant to the future assignments on 1 July 2034 and 1 July 2074. Jeco shall pay a predetermined license fee for the license granted.

- (4) Jeco and Christiane, being the shareholders of BBGH, shall provide an interest-bearing shareholders' loan with a fixed repayment term to BBGH in proportion to their capital contribution of 51:49 [i.e. Jeco, SGD1,604,256 (equivalent to RM4,741,699) : Christiane, SGD1,541,344 (equivalent to RM4,555,750)] to finance BBGH's proposed acquisition of IPRs from BBKG as mentioned in item (1) above.

- (5) Jeco and Christiane shall regulate their relationship as shareholders of BBGH under a shareholders' agreement. An option shall be granted by Jeco to Christiane for her to increase her shareholding in BBGH from 49% to 51% via acquisition of shares from Jeco on certain terms and conditions being agreed upon by the parties.
- (6) Christiane's portion of interest-bearing shareholders' loan of SGD1,541,344 (equivalent to RM4,555,750) to BBGH shall be funded by Jeco to Christiane via a loan agreement between the both parties with a predetermined interest rate and fixed term of repayment.

Pursuant to the MOU:-

- (i) the Parties set forth in the MOU their business and commercial understanding on the Proposal that would form the basis for the negotiation and finalisation of the relevant definitive agreements; and
- (ii) Until the Parties execute the relevant definitive agreements for the Proposal, the MOU constitutes a valid and binding obligation and agreement of the Parties thereto.

In the event that definitive agreements are reached or executed, further announcement will be made by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The MOU 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.

None of the Directors of BCB and to the best knowledge of the Directors, none of the major shareholders or person connected to them has any interest, direct or indirect in the MOU.

The Board of Directors of BCB, having taken into consideration various aspects of the MOU, is of the opinion that the MOU is fair and reasonable and in the best interest of BCB Group.

The MOU is 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 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 2 September 2015.