BRAHIM'S HOLDINGS BERHAD ("BHB" OR THE "COMPANY")

(I) PROPOSED ACQUISITION
(II) PROPOSED JOINT VENTURE

(COLLECTIVELY KNOWN AS THE "PROPOSALS")

1. INTRODUCTION

On behalf of the Board of Directors of BHB ("**Board**"), Hong Leong Investment Bank Berhad ("**HLIB**") wishes to announce that BHB, via its wholly-owned subsidiary, Brahim's Trading Sdn Bhd ("**BTSB**"), together with Quantum Angel Sdn Bhd ("**Quantum Angel**") (collectively, BHB and Quantum Angel are referred to as the "**Parties**") had on 26 November 2014 entered into a conditional share sale agreement ("**SSA**") with Integrated Food Group Sdn Bhd ("**IFG**") and E-Cap (Internal) Two Sdn Bhd ("**E-CAP 2**") (collectively referred to as the "**Vendors**") for the acquisition of the entire 100% equity interest in Rancak Selera Sdn Bhd ("**Rancak Selera**") ("**Sale Shares**") for a total cash consideration of RM95,000,000 ("**Purchase Consideration**") ("**Proposed Acquisition**").

BHB as the main driver of the Proposed Acquisition, together with Quantum Angel intend to incorporate a special purpose vehicle ("**SPV**"), whereby BTSB or its nominee would hold up to 80% equity interest in the SPV and will seek to have management and board control of the SPV while Quantum Angel will hold the remaining 20% ("**Proposed Joint Venture**").

The Proposed Acquisition and Proposed Joint Venture shall collectively be referred to as the "**Proposals**". Further details of the Proposals are set out in the ensuing sections.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Acquisition

BTSB together with Quantum Angel had on 26 November 2014 entered into the SSA with the Vendors for the acquisition of 100% equity interest in Rancak Selera for a total purchase consideration of RM95,000,000. The Purchase Consideration shall be satisfied entirely in cash in the manner as set out in Section 2.1.1 of this announcement.

On even date, BTSB and Quantum Angel had also entered into a Consent Agreement (as defined under Section 2.1.1 below) with BK Asiapac Pte Ltd ("**BKAP**"), a subsidiary of Burger King Corporation, being the franchisor, to govern their obligations as the master franchisee in relation to the development of Burger King® restaurants in Malaysia and Singapore.

As described in Section 1 above, it is the intention of the Parties to run the business operations of the Burger King® franchise restaurants in Malaysia and Singapore. Nevertheless, BHB may consider the possibility of bringing a strategic investor to take 40% equity interest in the SPV from BTSB.

2.1.1 Salient terms of the SSA and the Consent Agreement

For the remaining of this announcement, the following terms shall bear the following meanings:

"BK Singapore"	:	means Burger King Singapore Pte Ltd, a wholly-owned subsidiary of Rancak Selera;
"Consent Agreement"	:	means the consent agreements executed by BKAP, Cosmo, BK Singapore, Rancak Selera, the Vendors, BHB, BTSB and Quantum Angel for Malaysia and Singapore;

"Completion Date"	:	means the date falling five (5) Business Days from the unconditional date and subject to the fulfilment of the conditions precedent under the SSA, or such other date as the Purchasers and the Vendors may mutually agree;
"CP Fulfilment Period"	:	shall mean a period of three (3) months from the date of the Agreement, or such other extended period as may be mutually agreed in writing by the Vendors and Purchasers;
"Extended CP Fulfilment Period"	:	means a period of two (2) months from the date of expiry of the CP Fulfilment Period, or such other extended period as may be mutually agreed in writing by the Vendors and Purchasers;
"Cosmo"	:	means Cosmo Restaurants Sdn Bhd, a subsidiary of Rancak Selera;
"Franchise Agreements"	:	collectively means all franchise agreements entered into by Cosmo and BK Singapore with Burger King Corporation and/or BKAP in respect of the Burger King franchise in Malaysia and Singapore which entitles Cosmo and BK Singapore to, inter alia, establish and operate Burger King restaurants and/or outlets in Malaysia and Singapore;
"MFDAs"	:	collectively means: (a) Master Franchise And Development Agreement (Malaysia) dated 12 September 2012 entered into between BKAP, IFG, E-Cap (Internal) One Sdn Bhd and the Company; and (b) Master Franchise And Development Agreement (Singapore) dated 12 September 2012 entered into between BKAP, BK Singapore, IFG, E-Cap (Internal) One Sdn Bhd and the Company;
"Purchasers"	:	means BTSB and Quantum Angel;
"QSR"	:	means quick service restaurants; and
"Side Letter"	:	means a letter from BKAP setting out details of commercial terms agreed between BKAP and Cosmo and BK Singapore.

2.1.1.1 Salient terms of the SSA

The salient terms of the SSA are as follows:

(a) Sale and Purchase

The Vendors agree to sell to the Purchasers the Sale Shares on a willing buyer-willing seller basis, free from all encumbrances and with all rights, benefits and entitlements, together with all dividends and distributions attaching thereto as from the Completion Date only, for the Purchase Consideration. The Purchase Consideration is not subject to any downward adjustment.

(b) Settlement of Purchase Consideration

The Purchase Consideration shall be satisfied in the following manner:

(i) On the date of execution of the SSA, a sum of RM4,750,000, equivalent to five percent (5%) of the Purchase Consideration, being earnest deposit and part payment towards the Purchase Consideration of the Sale Shares ("**Earnest Deposit**") shall be paid by the Purchasers to the Vendors;

(ii) In the event the CP Fulfilment Period is extended to the Extended CP Fulfilment Period, the Purchasers shall pay a further sum of RM4,750,000, equivalent to five percent (5%) of the Purchase Consideration to the Vendors, as further deposit and part payment towards the Purchase Consideration of the Sale Shares ("**Further Deposit**");

(the Earnest Deposit and Further Deposit shall be collectively referred to as "**Deposit**");

(iii) On the Completion Date, the balance of the Purchase Price for the Sale Shares ("**Balance Purchase Price**") in the sum of:

(aa) RM90,250,000, equivalent to ninety five percent (95%) of the Purchase Consideration where only the Earnest Deposit is paid pursuant to (i) above; OR

(bb) RM85,500,000, equivalent to ninety percent (90%) of the Purchase Consideration where both the Earnest Deposit and Further Deposit are paid pursuant to (i) and (ii) above.

(c) Payment of Annual Franchise Fee

The Purchasers and the Vendors agree that in the event the SSA does not proceed to completion on or before 31 March 2015 due to any delay occasioned by the non-fulfilment of any of the Purchasers' conditions precedent (notwithstanding the extension of the CP Fulfilment Period to the Extended CP Fulfilment Period), the annual franchise fee payable by Rancak Selera and BK Singapore respectively in respect of the Year 2015 under the MFDAs and/or Consent Agreement shall be borne and paid by the Purchasers, or shall be forthwith refunded and/or reimbursed by the Purchasers to the Vendors, subject to the completion of the SSA.

(c) Conditions Precedent

The completion of the SSA is conditional upon and subject to the following conditions being fulfilled within the CP Fulfilment Period or the Extended CP fulfilment Period, as the case may be (if the conditions precedent is not fulfilled on or the expiry of the CP Fulfilment Period):

Vendors' Conditions Precedent

(i) The approval of the Board of Directors of Ekuiti Nasional Berhad for the sale, purchase and transfer of the Sale Shares.

(ii) The written consent from existing financiers for the change in directorship of Cosmo and BK Singapore.

(iii) The written consents of and/or prior written notifications to the landlords (as the case may be) in respect of the change in ownership / shareholding in Rancak Selera and/or the change in directorship of Cosmo and BK Singapore.

PROVIDED ALWAYS THAT:

the Purchasers shall be entitled, within fifteen (15) Business Days (provided there is no delay to access being granted to the Purchasers) from the signing of the SSA ("**Update Period**"), to update the relevant list under (ii) and (iii) above, pursuant to any follow up and/or further due diligence to be conducted by the Purchasers on Cosmo and BK Singapore strictly before the expiry of the Update Period.

Purchasers' Conditions Precedent

(i) The approval of the shareholders and the Board for the sale, purchase and transfer of the Sale Shares.

(ii) The approval of the shareholders and the Board of Directors of the Purchasers' nominee for the sale, purchase and transfer of the Sale Shares.

(iii) The execution of the side letter between the Purchasers, BHB (if required) and BKAP which sets out details of the commercial terms of the MFDAs and/or the Franchise Agreements on substantially the same terms and conditions as stipulated in the Consent Agreement.

(iv) The due diligence to be undertaken by the Purchasers on Rancak Selera only within fifteen (15) Business Days (provided there is no delay to access being granted to the Purchasers) from the signing of the SSA, and the results of such due diligence being satisfactory to the Purchasers at their sole discretion.

PROVIDED ALWAYS THAT:

any waiver of the Purchaser's Condition Precedent listed in (iii) and (iv) above by the Vendors shall be subject to the Purchasers agreeing to such waiver.

Mutual Condition Precedent

(i) The execution of Consent Agreement.

Non-Fulfilment of Conditions Precedent

(i) If Vendors' Conditions Precedent are not fulfilled or waived by the Purchaser on or before the expiry of the CP Fulfilment Period or the Extended CP Fulfilment Period, either party shall be entitled to terminate the SSA by giving written notice and the Deposit shall be refunded by the Vendors to the Purchasers in full within 7 days of the said notice.

(ii) If Purchasers' Conditions Precedent are not fulfilled or waived by the Vendors on or before the expiry of the CP Fulfilment Period or the Extended CP Fulfilment Period, either party shall be entitled to terminate the SSA by giving written notice and the Deposit shall be forfeited upon termination of the SSA.

(d) Completion

Completion shall take place upon the SSA being unconditional and there being no material breach of the terms and conditions of the SSA, and the Completion Date shall be five (5) Business Days from the date of the SSA being unconditional or as may be mutually agreed between the Vendors and the Purchasers in writing.

(e) Pre-completion Obligations

The Vendors shall ensure and shall procure that:

(i) Rancak Selera, Cosmo and BK Singapore will carry on business only in the ordinary and usual course, save insofar as agreed in writing with the Purchasers; and

(ii) Rancak Selera, Cosmo and BK Singapore shall comply in all respects with all applicable laws, rules, regulations and orders to which it is subject.

The Vendors and the Purchasers further agree that subject to consultation in good faith with the Purchasers, shareholder's advance may be made by the Vendors to the Purchasers for the purposes of operation expenditure and working capital requirements of Cosmo and BK Singapore ("**Shareholder's Advance**"). The Shareholder's Advance shall be repaid by Cosmo and/or BK Singapore in full without any interest within 1 year of the Completion Date.

(f) Warranties

Save as specifically disclosed in the Disclosure Letter dated 26 November 2014 from the Vendors, and subject to the limitation period of 1 year from the Completion Date for general representation and warranties and 2 years from the Completion Date for tax warranties, the Purchasers have entered into the SSA in reliance on the Vendors' representations and warranties. The Vendors and Purchasers agree that a breach of Vendors' warranties will entitle the Purchasers to a claim of damages or to terminate the SSA by a written notice and subject to the following limitation of liabilities:

(i) no liability shall attach to the Vendors for claims unless the liability of the Vendors jointly and severally, in respect of each claim or any claims collectively exceeds RM100,000.

(ii) the maximum aggregate liability of the Vendors, jointly and severally, in respect of any and all claims shall not exceed RM10,000,000, while any and all claims in respect of the tax indemnity shall not exceed a separate and distinct capped amount of RM2,000,000.

(g) Events of Default

(i) If any party commits a material breach or default of any of the obligations, covenants, undertakings, representations and warranties ("**Defaulting Party**") and the Defaulting Party unable to remedy the breach within 2 weeks upon receipt of a written notice from the non-defaulting party, the non-defaulting party shall be entitled to terminate the SSA or claim damages or make a claim for specific performance against the Defaulting Party.

(ii) Upon termination of the SSA, all of the obligations of the Vendors and Purchasers under the SSA shall cease save in respect of any right or obligations of any party which survive the termination of the SSA.

(h) Non-compete Warranty

The Vendors shall not for a period of 2 years from the Completion Date, without written consent of the Purchasers, engage in any capacity in any QSR business in Malaysia and Singapore relating to 'McDonalds' franchised business and any other 'Burger King' franchised business that competes or is likely to compete with the business. For the avoidance of doubt, all existing food and beverage ("**F&B**") business and/or QSR business already carried out by the Vendors and their subsidiary, holding, associated and/or affiliated companies as at the date of the SSA and/or any pizza business carried out and/or to be carried out by the Vendors and their subsidiary, holding, associated and/or affiliated companies are expressly excluded from this Non-compete Warranty.

(i) Costs and Expenses

On Completion Date, the Vendors shall (at their own cost) procure Cosmo and BK Singapore to settle all transfer fees payable to BKAP under the MFDAs and/or the Franchise Agreements for the transfer of the Sale Shares to the Purchasers.

2.1.1.2 Salient terms of the Consent Agreement

(a) General Release of BKAP

BKAP, Burger King Corporation (the parent of BKAP), and their respective successors, predecessors, counsel, insurers, assigns, officers, directors, employees, parent company, affiliates, subsidiaries and agents, past or present will be unconditionally and absolutely released and discharged BKAP from and against any and all claims, cause of action, damages, debts, covenants and liabilities (collectively referred to as "**Claims**"), arising out of the Consent Agreement or the MFDAs, Franchise Agreements and the Side Letter (collectively the "**Transaction Agreements**").

(b) Release of the Vendors

Subject to the completion of the SSA, the Vendors will be unconditionally released and discharged from all Claims which the BKAP may have relating to the Transaction Agreements and any other agreements to which the Vendors would be liable to BKAP for such Claims.

(c) Guarantees

Prior to the completion of the SSA, the Vendors shall continue to jointly and severally guarantee the payment, obligations and performance of MFDAs and Franchise Agreements under the laws of Singapore ("**Guarantors' Obligations**"). Upon the completion of the SSA, the Parties shall be jointly and severally responsible for the Guarantors' Obligations.

(d) Acknowledgment and Undertaking

(i) On Completion Date, the Parties, Cosmo and BK Singapore will be deemed as the new principals and guarantors under the Transaction Agreements, and shall promptly take all actions required of them by BKAP, including the execution of all documents in relation thereto.

(ii) BKAP shall indemnify and keep the new principals and guarantors harmless against any third party claims made against the new principals and guarantors in respect of any default or breach of the Transaction Agreements, or contravention of law, by BKAP, arising on and from the Completion Date, or discovered after the Completion Date in respect of breaches by BKAP prior to the Completion Date.

(e) Conditions for BKAP's Consent

BKAP's consent to the Proposed Acquisition is conditional upon the Parties' agreement to the commercial terms with respect to future development of Burger King® restaurants in Malaysia and Singapore.

2.1.2 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration was agreed upon between the Parties and the Vendors on a willing-buyer-willing-seller basis, after taking into consideration, amongst others the following:

(i) the audited net assets of Cosmo and BK Singapore, which both are subsidiaries of Rancak Selera as at the financial year ended ("**FYE**") 31 December 2013;

(ii) the positive outlook of the F&B industry in Malaysia and Singapore;

(iii) the established brand name of "Burger King®", together with the chain of 50 restaurants in Malaysia and 42 restaurants in Singapore as at the date of the SSA; and

(iv) the future prospects of Burger King® in Malaysia and Singapore.

2.1.3 Source of funding

The Purchase Consideration for the Proposed Acquisition of RM95,000,000 will be funded in the following manner:

	RM ('000)
Capital injection by the shareholders of the SPV	10,000
Bank borrowings from financial institution(s) by the SPV	85,000
Total	**95,000**

Should the SPV intend to fund the Proposed Acquisition via shareholder's advances and / or other forms of financing, a separate announcement will be made once it has been firmed up.

As described in Section 2.2 of this announcement, BTSB or its nominee will hold up to 80% equity interest in the SPV upon the incorporation of the SPV. In view of that, BHB's portion of capital injection shall amount to RM8.0 million, in which BHB intends to finance via internally generated funds.

2.1.4 Information on Rancak Selera

Rancak Selera was incorporated in Malaysia under the Companies Act, 1965 ("**Act**") on 25 March 2011 as a private limited company. Rancak Selera is the holding company which holds 95% equity interest in Cosmo and 100% equity interest in BK Singapore, which are holders of license and/or franchising rights in respect of the Burger King® franchise in Malaysia and Singapore that entitle them to, inter alia, establish and operate the Burger King® restaurants and/or outlets in Malaysia and Singapore.

As at 24 November 2014, being the latest practicable date ("**LPD**"), the authorised share capital of Rancak Selera is RM100,090,000 comprising 98,000,000 ordinary shares of RM1.00 each ("**Rancak Selera Shares**"), 9,000,000 redeemable preference shares of RM0.01 each ("**RPS A**"), 100,000,000 Class B redeemable preference shares of RM0.01 each ("**RPS B**") and 100,000,000 Class C redeemable preference shares of RM0.01 each ("**RPS C**"), in which RM790,013.37 only divided into 317 Rancak Selera Shares, 687,730 RPS A, 42,874,307 RPS B and 35,407,600 RPS C in the Company are fully paid-up or credited as fully paid-up.

Further information on Rancak Selera is set out in Appendix I of this announcement.

2.1.5 Information on Cosmo

Cosmo was incorporated in Malaysia under the Act on 16 April 1994 as a private limited company. The principal activity of Cosmo is the operation of the Burger King® restaurants in Malaysia.

As at the LPD, the authorised share capital of Cosmo is RM145,000,000 comprising 145,000,000 ordinary shares of RM1.00 each, in which 136,489,190 ordinary shares of RM1.00 each have been issued and fully paid-up. Cosmo has no subsidiaries or associated companies as at the LPD.

Further information on Cosmo is set out in Appendix II of this announcement.

2.1.6 Information on BK Singapore

BK Singapore was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore on 13 January 2009 as a private limited company. The principal activity of BK Singapore is the operation of the Burger King® restaurants in Singapore.

As at the LPD, the fully-paid ordinary shares, with no par value, of BK Singapore is SGD61,000,000. BK Singapore has no subsidiaries or associated companies as at the LPD.

Further information on BK Singapore is set out in Appendix III of this announcement.

2.1.7 Information on BKAP

BKAP was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore on 10 April 2006 as a private limited company. The principal activity of BKAP is to act as the master franchisor of the Burger King® business in the Asia Pacific region.

As at the LPD, the fully-paid ordinary shares, with no par value, of BKAP is USD73,336,103 and SGD25,482,341. BKAP has no subsidiaries or associated companies as at the LPD.

The directors of BKAP as at the LPD are Elias Diaz Sese, Vijay Devanand Guyah and Jayapal Seshadri.

2.1.8 Liabilities to be assumed by the SPV

Save for the liabilities indicated in the salient terms of the SSA as set out in Section 2.1.1 of this announcement, there are no other liabilities including contingent liabilities and guarantee to be assumed by BHB/ BTSB and Quantum Angel pursuant to the Proposed Acquisition.

2.1.9 Additional financial commitment required

Save as for the extension fees of up to USD2,175,000 (equivalent to approximately RM7.29 million[(1)]) to be paid to BKAP, there are no additional financial commitments outside the ordinary course of Burger King® business required by BHB/ BTSB and Quantum Angel to put the assets and/or business of Cosmo and BK Singapore on-stream.

Note:

(1) Computed based on the exchange rate of RM3.3520:USD1.00, being the middle rate as published/made available by Bank Negara Malaysia at 5.00 p.m. on 24 November 2014.

2.1.10 Information on the SPV

Please refer to Section 2.2 of this announcement.

2.1.11 Information on the Vendors

2.1.11.1 Information on IFG

IFG was incorporated in Malaysia under the Act on 11 April 2011 as a private limited company. The principal activity of IFG is investment holding.

As at the LPD, the authorised share capital of IFG is RM100,090,000 comprising 100,000,000 ordinary shares of RM1.00 each and 9,000,000 redeembale preference shares of RM0.01 each, in which 513 ordinary shares of RM1.00 and 1,519,639 redeemable preference shares of RM0.01 each have been issued and fully paid-up. As at the LPD, IFG has four (4) subsidiaries, namely CoolBlog Apps Sdn Bhd, Prinsip Lagenda Sdn Bhd, Rancak Selera and Awana Setia Sdn Bhd, all of which are incorporated in Malaysia. IFG is a wholly-owned subsidiary of E-Cap (Internal) One Sdn Bhd, which in turn is a subsidiary of Ekuinas Capital Sdn Bhd.

As at the LPD, the Board of Directors of IFG are Datuk Noriyah binti Ahmad, Dato' Abdul Rahman bin Ahmad and Amil Izham bin Hamzah.

2.1.11.2 Information on E-CAP 2

E-CAP 2 was incorporated in Malaysia under the Act on 9 July 2012 as a private limited company. The principal activity of E-CAP 2 is to carry on the business of an investment holding company, to invest in private equity investments and to acquire the shares of or invest in any company.

As at the LPD, the authorised share capital of E-CAP 2 is RM100,090,000 comprising 100,000,000 ordinary shares of RM1.00 each and 9,000,000 redeemable preferences shares of RM0.01 each, in which 277 ordinary shares of RM1.00 each and 2,487,744 redeemable preferences shares of RM0.01 each have been issued and fully paid-up. As at the LPD, E-CAP 2 has three (3) subsidiaries namely, Tekun Prima Sdn Bhd, Tetap Kuasa Sdn Bhd and Premier Agenda Sdn Bhd, all of which are incorporated in Malaysia. E-CAP 2 is a wholly-owned subsidiary of Ekuinas Capital Sdn Bhd.

As at the LPD, the Board of Directors of E-CAP 2 are Dato' Abdul Rahman bin Ahmad and Syed Yasir Arafat bin Syed Abd Kadir.

2.2 Proposed Joint Venture

Pursuant to the SSA, BTSB or its nominee, together with Quantum Angel intend to incorporate the SPV for the purpose of the Proposed Acquisition. The intended shareholdings of the Parties in the SPV and the participation in the SPV shall be in the following proportions:

Party	Equity interest (%)
BTSB	80
Quantum Angel	20
Total	100

BTSB or its nominee and Quantum Angel shall each subscribe for RM8.0 million and RM2.0 million respectively, in value of ordinary shares in the SPV ("**SPV Shares**") for their respective 80% and 20% equity interests in the SPV.

The Parties intend to enter into a shareholders' agreement to regulate the relationship of the Parties before the completion of the Proposed Acquisition ("**Shareholder's Agreement**"). The Shareholders' Agreement will set out, amongst others, the administrative, corporate governance and operational matters of the SPV in respect of the business of the Burger King® restaurants in Malaysia and Singapore.

In the event BHB was to consider bringing a strategic partner to take 40% equity interest in the SPV, a separate announcement will be made. It is still the intention of BHB, as the main driver of the Proposed Acquisition, to have management and board control of the SPV.

2.2.1 Information on BTSB

BTSB was incorporated in Malaysia under the Act on 27 November 2008. BTSB is a wholly-owned subsidiary of BHB.

As at the LPD, the authorised share capital of BTSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each while the issued and paid-up share capital is RM10,000 comprising 10,000 ordinary shares of RM1.00 each.

The directors of BTSB as at the LPD are Ahmad Fahimi Bin Ibrahim and Mohamed Zamry bin Mohamed Hashim. None of the directors of BTSB holds any shares, direct or indirect, in BTSB as at the LPD.

2.2.2 Information on Quantum Angel

Quantum Angel was incorporated in Malaysia under the Act on 3 November 2014 as a private limited company. The principal activity of Quantum Angel is investment holding.

As at the LPD, the authorised share capital of Quantum Angel is RM400,000 comprising 400,000 ordinary shares of RM1.00 each, in which 2 shares have been issued and fully paid-up.

As at the LPD, the directors of Quantum Angel are Datuk Ahmad Zaki bin Zahid ("**Datuk Ahmad Zaki**") and Ahmad Zubir bin Zahid. As at the LPD, Quantum Angel is 50% owned by Datuk Ahmad Zaki and 50% owned by Brothers Investment Group LLC.

Datuk Ahmad Zaki has significant experience in the QSR sector. Between December 2011 and January 2013, Datuk Ahmad Zaki led the RM5.2 billion privatisation of QSR Brands Berhad ("**QSR Brands**") and KFC Holdings Berhad ("**KFC**") by a consortium comprising Johor Corporation Berhad, the Employees Provident Fund and CVC Capital Partners Ltd. He joined the Executive Committee of QSR Brands and KFC in June 2012 and was the Managing Director of both companies from December 2012 until December 2013. Post-privatisation of QSR Brands and KFC, he launched a group-wide transformation programme for QSR Brands Holdings Malaysia Sdn Bhd ("**QSRBH**"), the SPV incorporated to as holding company of QSR Brands and KFC. This group-wide transformation programme covered 687 KFC® outlets across Malaysia, Singapore, Brunei, Cambodia and India; 344 Pizza Hut® outlets in Malaysia and Singapore; 111 Kedai Ayamas and Rasamas outlets in Malaysia; as well as the poultry farming and processing operations in Malaysia. For the FYE 31 December 2013, QSRBH recorded revenue of RM3.85 billion and earnings before interest, taxes, depreciation, and amortisation ("**EBITDA**") of RM474 million.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Acquisition

The Proposed Acquisition is in line with the Company's strategy of gradual expansion and rebalancing of its business configuration under food manufacturing, F&B business and halal in-flight catering to diversify its revenue stream in order to mitigate the Company and its subsidiaries' ("**BHB Group**") dependence on its halal in-flight catering operations. The Proposed Acquisition is intended to be part of the Board's strategy to continue to expand the BHB Group's F&B division in a balanced and sustainable manner.

The Board envisages that the Proposed Acquisition should provide the enlarged BHB Group with alternate streams of revenue and earnings. Barring any unforeseen circumstances, the Proposed Acquisition is expected to enhance the BHB Group's long-term growth prospects and contribute to its future earnings.

3.2 Proposed Joint Venture

The Proposed Joint Venture is to allow the BHB Group to tap on the expertise of Quantum Angel, which is led by Datuk Ahmad Zaki who has extensive experience in the QSR sector where he was the Managing Director of the KFC® franchise in 2012. Datuk Ahmad Zaki is expected to lead this partnership and grow the business of the Burger King® franchise presence in Malaysia and Singapore.

4. PROSPECTS

4.1 The Malaysian economy

Growth of the Malaysian economy accelerated to 6.4% in the second quarter of 2014 from 6.2% in the first quarter of 2014, marking the strongest growth since the fourth quarter of 2010, and bringing the growth for the first half of 2014 to 6.3%. Growth was supported by resilient domestic demand and reinforced by higher exports. The faster pace of recovery, particularly in the United States of America, the United Kingdom and selected euro area economies as well as moderate growth in the emerging economies provided strong support to the Malaysian export-oriented industries and trade-related services.

On the demand side, growth will be underpinned by resilient consumer spending, strong private investment activity and improving global demand. Consumer spending is envisaged to be sustained, albeit at a moderate pace, supported by favourable labour market conditions, continued wage growth and firm export earnings. Private investment is expected to sustain its strong growth momentum supported by the ongoing projects under the Economic Transformation Programme and investment in the regional economic growth corridors. Meanwhile, public expenditure is envisaged to expand at a slower pace in line with the government's commitment to fiscal consolidation. Public consumption is expected to moderate due to lower growth on emoluments, while public investment will continue to expand supported by higher capital spending of non-financial public enterprises.

On the supply side, all sectors are expected to record positive growth in 2014, with the services and manufacturing sectors spearheading growth. During the first half of 2014, the services sector increased further by 6.3% (January to June 2013: 5.5%) supported by strong domestic consumption and investment activities. In 2014, the services sector is expected to record 5.9% growth, accounting for 55.3% of gross domestic product (2013: 5.9%; 55.2%).

Value-added of the manufacturing sector expanded 7.1% during the first half of 2014 (January to June 2013: 2.1%). Production of the sector rose 6.6% (January to July 2013: 3.5%) supported by resilient domestic demand and recovery in the external sector during the first seven months of the year. Subsequently, the sales value of manufactured products rebounded by 7.7% to RM379.5 billion (January to July 2013: -2.3%; RM352.4 billion). The strong performance of the sector was on account of higher output at 9.4% (January to July 2013: 5.9%) from the domestic-oriented industries, particularly transport equipment, food and beverage.

The economic growth momentum in 2014 is expected to continue in 2015 driven by improving external demand and resilient domestic economic activity. Growth will be private-led in line with the government's efforts to strengthen the private sector's role in the economy. On the supply side, all economic sectors are expected to record positive growth in 2015, with the services and manufacturing sectors remaining the major contributors to growth. Sustained growth in domestic demand, albeit at a moderate pace, is expected to contribute to the expansion in domestic-related activities.

Meanwhile, the export-oriented industries, particularly the electronics and electrical subsector will benefit from the improvement in external conditions in line with improving global growth. The agriculture sector is expected to expand on account of higher output of palm oil while the construction sector is expected to record higher growth driven by robust activity in the civil engineering and residential subsectors. Hence, the economy is projected to grow between 5% and 6% in 2015.

(Source: Economic Report 2014/2015, Ministry of Finance, Malaysia)

4.2 The Singapore economy

The Singapore economy grew by 2.4% on a year-on-year basis in the second quarter of 2014, moderating from the 4.8% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 0.1%, slower than the 1.8% growth in the preceding quarter.

Against this backdrop, the Singapore economy is expected to grow at a modest pace in 2014. In particular, externally-oriented sectors such as finance and insurance and wholesale trade are likely to support growth in the second half of 2014, in tandem with the modest pick-up in the global economy.

Domestically-oriented sectors such as business services and information and communications are also expected to remain resilient in the second half of 2014. However, growth in some labour-intensive segments such as retail and food services may be weighed down by labour constraints. Taking these factors into consideration, the 2014 growth forecast for the Singapore economy is narrowed to 2.5% to 3.5%.

(Source: Economic Survey of Singapore Second Quarter 2014, Ministry of Trade and Industry, Singapore)

4.3 The F&B industry in Malaysia

The services sector is projected to continue on a firm expansion path in 2014. Growth will be mainly supported by production-related activities such as wholesale, transport and storage amid a pick-up in external trade activity. Consumption-related activities including retail trade, accommodation and restaurants will be supported by household spending, albeit at a more moderate rate.

(Source: Bank Negara Malaysia Annual Report 2013)

The services sector will spearhead growth, with all subsectors recording expansion. Growth will be driven by production-related activities such as wholesale trade, transport and storage reinforced by an improving external sector. Meanwhile, retail trade as well as accommodation and restaurants will be supported by resilient household consumption, albeit more moderately.

The services sector is expected to grow 5.6% in 2015 (2014: 5.9%), accounting for 55.4% share of gross domestic product (2014: 55.3%), supported by expansion across all subsectors. The wholesale and retail trade as well as accommodation and restaurant subsectors are anticipated to increase 7.1% and 5.9%, respectively in 2015 (2014: 7.7%; 6.1%) driven by strong domestic consumption and higher tourist arrivals following the Malaysia Year of Festivals 2015.

(Source: Economic Report 2014/2015, Ministry of Finance, Malaysia)

4.4 The F&B industry in Singapore

Growth in the accommodation and food services sector slowed to 0.5% year-on-year from 2.1% in the first quarter of 2014, due to weaker expansion in the accommodation segment. On a quarter-on-quarter basis, the sector contracted at an annualised rate of 1.6%, in contrast to the growth of 1.6% in the previous quarter.

Growth in some labour-intensive segments such as retail and food services may be weighed down by labour constraints.

(Source: Press Release, Economic Survey of Singapore Second Quarter 2014, Ministry of Trade and Industry, Singapore)

The accommodation and food services sector grew by 0.9% in the first quarter of 2014, slower than the 3.4% expansion in the preceding quarter. The F&B index remained weak, recording flat growth in the first quarter of 2014. Specifically, declines in the sales of food caterers (-2.7%) and restaurants (-1.9%) weighed on growth.

(Source: Economic Survey of Singapore First Quarter 2014, Ministry of Trade and Industry, Singapore)

4.5 Prospects and future plans of Burger King® restaurants in Malaysia and Singapore

The management of BHB is of the view that with the partnership with Datuk Ahmad Zaki through Quantum Angel, they should be able to revive the Burger King® restaurants in Malaysia and Singapore. The Company is confident with the established brand name of "Burger King®", in which BHB's existing Burger King® outlets are enjoying relatively brisk business.

It is anticipated that the Parties intend to embark on the following turnaround strategies:

(i) implement cost-cutting measures without affecting the quality of Burger King®;

(ii) selective expansion of Burger King® restaurants in strategic locations across the countries both in Malaysia and Singapore;

(iii) refurbishment and remodelling of existing Burger King® restaurants to entice customer visits;

(iv) introduction of innovative products together with effective execution of marketing promotions to encourage new customer trials and repeat visits; and

(v) launching of new campaigns and marketing programs for brand building and market positioning.

In addition, the management of BHB also expects synergistic benefits to be realised from the Proposed Acquisition upon successful integration of Cosmo and BK Singapore into the enlarged BHB Group as BHB currently operates a portfolio of F&B brands in Kuala Lumpur International Airport (KLIA) and Kuala Lumpur International Airport 2 (KLIA2), including Burger King®, Café Barbera, Kopitime, Food Paradise, The Chicken Rice Shop, Taste of India, Big Bowl / Noodles & Yong Tau Foo, Hot Wok, Satay, Japanese and Popeyes Louisiana Kitchen.

With the above and notwithstanding that food services industry in Singapore may be weighed down by labour constraints and the declining growth in the food service sector, the Parties are confident that the Burger King® chain of restaurants in Malaysia and Singapore have good long-term prospects and the Parties are capable to further improve the Burger King® restaurants in Malaysia and Singapore.

(Source: Management of BHB)

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. RISK FACTORS

The potential risk factors relating to the Proposals (which may not be exhaustive) are as follows:

5.1 Political, economic and regulatory risks

Cosmo and BK Singapore's financial and business prospects in the F&B industry will depend to some degree on the developments in the economic fundamentals, political stability and regulatory conditions in Malaysia and Singapore. Amongst the economic, political and regulatory factors are changes in inflation rates, changes in taxation, changes in exchange of foreign currencies, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in the governments' policies in respect of the F&B industry.

Upon completion of the Proposals, the Parties will put in a place a professional management team with proven skills and experience as well as sufficient risk management measures to manage and mitigate the abovementioned risks. However, there can be no assurance that adverse political, economic and regulatory changes will not materially affect Cosmo and BK Singapore's business.

5.2 Risk in relation to delay and/or non-completion of the Proposed Acquisition

The completion of the SSA is subject to the fulfilment of the conditions as detailed in the SSA. There is no assurance that the Proposed Acquisition can be completed within the stipulated timeframe. In the event of non-fulfilment of any of the conditions or the necessary approvals cannot be obtained within the stipulated timeframe, the SSA may be terminated.

Nevertheless, the Parties anticipate that such risk can be mitigated by taking reasonable steps that are within their control to ensure that all the conditions precedent in the SSA are fulfilled to facilitate the completion of the Proposed Acquisition. If so required, the Parties will seek the Vendors' concurrence to extend the time required and exercise the relevant provisions of the SSA to meet all the conditions for the completion of the Proposed Acquisition.

5.3 Acquisition risks

The F&B industry in Malaysia is competitive and Burger King® faces competition in terms of product innovation, product quality, price, brand recognition and marketing budget/resources. Burger King's competitors are mainly international chain of burger fast food restaurants and home-grown burger restaurants. Based on latest audited financial statements of Cosmo and BK Singapore, both companies are currently loss-making. There is no assurance that the Parties are able to turnaround the business of Cosmo and BK Singapore and to generate sufficient returns to offset the associated acquisition costs incurred for the Proposed Acquisition.

Notwithstanding the above, the Parties will mitigate such risk by taking a prudent approach to business risk management and also put in place the appropriate policies and procedures to ensure improvement to Cosmo and BK Singapore's business.

5.4 Risk in relation to the reliance on key management and personnel

The performance and success of Cosmo and BK Singapore is, to a certain extent, dependent on the skills, abilities, experience and competencies of Cosmo and BK Singapore's key management and personnel managing the business. There can be no assurance that the loss of any key management personnel through the possibility of resignation without suitable and timely replacement would not affect the operations and financial performance of the business of Cosmo and BK Singapore.

In order to mitigate the risk, the Parties will put in place efforts to incorporate effective human resource management and development which includes competitive remuneration packages, training and personnel development programme to attract new staff and/or retain competent staff.

5.5 Industry risks

5.5.1 Inability to anticipate changes in consumer preferences

As with any F&B business, the continued success is dependent to a certain extent, on its ability to anticipate and develop F&B products that appeal to be changing tastes, dietary habits and preferences of discerning customers. If Cosmo and BK Singapore are unable to anticipate and identify new consumer trends and develop/introduce new F&B products accordingly, the demand for its F&B products may be affected which will then have an impact on Cosmo and BK Singapore's operating results.

In addition, Cosmo and BK Singapore may incur significant costs relating to the development and marketing of new F&B products, or improving or altering existing recipes in response to what Cosmo and BK Singapore perceive to be a consumer preference or demand. Such development or marketing efforts may not necessarily result in the level of market acceptance, volume of sales or profitability as anticipated by Cosmo and BK Singapore. Nevertheless, the Parties will put in place a market research team to identify changes in consumer preferences.

5.5.2 Terms of business franchise agreement

As with any other business operations, Cosmo and BK Singapore's operations are also dependent on the terms of the franchise agreement they entered into. In the event any of the said business agreements are terminated, the operations of Cosmo and BK Singapore may be affected. Nevertheless, the Parties will use its best endeavours to ensure compliance with the terms of the agreements. The Parties will also seek immediate remedial actions to rectify or address any non-compliance with the agreements if and when they arise.

5.5.3 Availability, quality and price fluctuations of F&B ingredients

Burger King's chain of burger fast food restaurants is highly dependent on the consistent supply of F&B ingredients that meet its quality requirements. The supply of F&B ingredients may be affected by external factors such as outbreak of diseases, the occurrence of natural disasters or other disruptions on a significant scale. Fluctuations in the supply of food ingredients will affect the market price of these F&B ingredients. A significant increase in the market prices of F&B ingredients will have an adverse effect on Cosmo and BK Singapore's profit margins and financial results should Cosmo and BK Singapore unable to pass on such increase to their customers.

Cosmo and BK Singapore will continue to procure all its food ingredients from third party suppliers upon completion of the Proposed Acquisition. Prolonged disruptions in the supply of F&B ingredients and/or the F&B ingredients not satisfying the stringent quality requirements as required by Cosmo and BK Singapore would have an impact on the overall business operations. Under such unlikely circumstances, Cosmo and BK Singapore will source for alternative suppliers locally and/or overseas to ensure the smooth running of the business operations and to provide high quality products to the customers.

In addition, Cosmo and BK Singapore are also dependent on the prompt delivery and quality transportation of raw material. Disruptions such as adverse weather conditions, natural disasters and labour strikes could lead to delayed or lost deliveries to Cosmo and BK Singapore's chain of burger fast food restaurants which may result in the loss of revenue. Nevertheless, it can be mitigated by not being overly dependent on a single supplier and such remains flexible to source its raw material from other suppliers should there be any delay in delivery.

5.5.4 Rental fluctuations

In view that all Cosmo and BK Singapore's restaurants are operated on rented properties, both Cosmo and BK Singapore have significant exposure to the retail rental market. As rental expenses represent a significant portion of the total operating expenses of Cosmo and BK Singapore, profitability may be adversely affected by any substantial increase in the rental expenses of the restaurants' premises.

Upon the expiry of the tenancy of a rented property, the landlord will have the right to review and alter the terms and conditions of tenancy agreement. The Parties intend to negotiate with the landlord on the terms and conditions for the extension of the tenancy period with the landlord prior to the expiration of the tenancy agreement. However, there is no assurance that the tenancy agreement will be renewed or extended. Nevertheless, the Parties will constantly be on the lookout for suitable locations.

5.6 Risks in relation to the Proposed Joint Venture

As with all business entities, risk factors affecting the Proposed Joint Venture include, but not limited to, the execution risks such as business expansion, prudent financial management, changes in price materials, and changes in political, economic and regulatory conditions. In addition, there is no assurance that BHB will able to generate sufficient returns from the Proposed Joint Venture and to to leverage expertise and network of Datuk Ahmad Zaki to turnaround and expand the business of Cosmo and BK Singapore.

Nevertheless, the Parties have and will continue to exercise due care in considering the risks and benefits associated with the Proposed Joint Venture. In addition, the Company will also undertake appropriate measures to mitigate such risks, including proactively engaging with Quantum Angel with regards to the operations of Cosmo and BK Singapore.

6. EFFECTS OF THE PROPOSALS

6.1 Issued and paid-up share capital and substantial shareholders' shareholdings

The Proposals will not have any impact on the issued and paid-up share capital of the Company and substantial shareholders' shareholdings in the Company.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

6.2 Net Asset ("NA") and gearing

Based on the latest audited consolidated financial statements of BHB for the FYE 31 December 2013, the proforma effects of the Proposals on the consolidated NA per ordinary shares of RM1.00 each in BHB ("**BHB Share(s)**") and gearing of the BHB Group are set out below:

		Proforma I	**Proforma II**
	Audited as at 31 December 2013 RM '000	**Adjustments for subsequent events[(1)] RM '000**	**After Proforma I and the Proposals RM '000**
Share capital	225,545	236,286	236,286
Share premium	17,818	31,981	31,981
Retained profits	10,865	10,646	[(2)]9,646
NA/shareholders' funds	**254,228**	**278,913**	**277,913**
Number of shares in issue ('000)	225,545	236,286	236,286
NA per share (RM)	1.13	1.18	1.18
Total borrowings (RM '000)	155,753	155,753	240,753
Gearing (times)	0.61	0.56	0.87

Notes:

(1) Adjustment for the placement of 10,740,250 BHB Shares at RM2.339 per BHB Share under a private placement exercise which BHB Shares were listed on 12 March 2014 and after deducting the expenses relating to the private placement.

(2) Less estimated expenses relating to the Proposals.

6.3 Earnings and earnings per share ("EPS")

The Proposals are not expected to have any effect on the consolidated earnings of the BHB Group for the FYE 31 December 2014 as the Proposals are only expected to be completed by first quarter of 2015.

The Proposals may contribute to the future earnings and EPS of the BHB Group for the FYE 31 December 2015 and beyond. In any event, the effects on the earnings of the BHB Group will depend on the future profitability derived from the Proposals based on amongst others, the ability of the management to turnaround the business of Burger King® in Malaysia and Singapore.

6.4 Convertible securities

As at the LPD, BHB does not have any outstanding convertible securities.

7. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

(i) the approval of the shareholders of BHB at an extraordinary general meeting to be convened; and

(ii) any other relevant authorities and/or parties, if required.

The Proposals are inter-conditional upon each other. Save for the above, the Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

8. HIGHEST PERCENTAGE RATIO

Based on BHB's audited consolidated financial statements for the FYE 31 December 2013, the highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is approximately 37.68%.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors and major shareholders of BHB and/or persons connected with them have any interest, whether direct or indirect, in the Proposals.

10. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposals (including but not limited to the rationale for the Proposals, the prospects of Cosmo and BK Singapore, risk factors as well as the effects of the Proposals on the BHB Group) is of the opinion that the Proposals are in the best interest of the Company.

11. ADVISER

HLIB has been appointed by the Company to act as the Adviser in relation to the Proposals.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by first quarter of 2015.

13. APPLICATIONS TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the applications to the relevant authorities in relation to the Proposals are expected to be made within two (2) months from the date of this announcement.

14. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SSA and Consent Agreement will be made available for inspection at the Company's registered office at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 26 November 2014.

INFORMATION ON RANCAK SELERA

1. PRINCIPAL ACTIVITIES

The principal activities of Rancak Selera are to carry on the business of an investment holding company, to invest in private equity investments and to acquire the shares of or invest in any company.

2. DIRECTORS

As at the LPD, the directors of Rancak Selera are Datuk Noriyah binti Ahmad and Amil Izham bin Hamzah.

3. SHAREHOLDERS

As at the LPD, Rancak Selera is a subsidiary of IFG, which in turn is a wholly-owned subsidiary of E-Cap (Internal) One Sdn Bhd. The penultimate holding company is Ekuiti Capital Sdn Bhd, a company incorporated in Malaysia.

4. SUMMARY FINANCIAL INFORMATION

A summary of the financial information of Rancak Selera for the FYE 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013 are as follows:

		FYE 31 December	
	2011	**2012**	**2013**
	(RM'000)	**(RM'000)**	**(RM'000)**
Income / (Loss)	-	2,379	(2,647)
Expenses	(550)	(813)	(70)
Taxation	(550)	1,584	(2,717)
Income / (Loss) for the year	(550)	1,584	(2,717)
NA	38,219	71,072	119,753
NA per share (RM)	466.09	534.38	492.81
Total borrowings (RM '000)	-	-	-
Gearing ratio (times)	-	-	-
Current ratio (times)	-	0.03	0.90

<u>Financial commentaries for FYE 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013</u>

For the FYE 31 December 2011, Rancak Selera recorded a loss of RM0.6 million mainly arising from the due diligence cost incurred on the acquisition of Cosmo. For the FYE 31 December 2012, Rancak Selera recorded an income of RM2.4 million due to unrealised gain on fair value recognised on investment in Cosmo. This was however negated by expenses of RM0.8 million. For the FYE 31 December 2013, Rancak Selera recorded a decrease in income of 211% to loss of RM2.6 million compared with RM2.4 million recorded for the FYE 31 December 2013. The decrease in revenue was mainly due to unrealised gain on fair value recognised on investment in Cosmo.

INFORMATION ON COSMO

1. PRINCIPAL ACTIVITIES

The principal activity of Cosmo is the operation of the Burger King® restaurants in Malaysia.

2. DIRECTORS

As at the LPD, the directors of Cosmo are Dato' Abdul Rahman bin Ahmad and Amil Izham bin Hamzah.

3. SHAREHOLDERS

As at the LPD, Rancak Selera holds 95% equity interest in Cosmo while the remaining 5% is held by Baltimore House Sdn Bhd.

4. SUMMARY FINANCIAL INFORMATION

A summary of the financial information of Cosmo for the FYE 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013 are as follows:

	FYE 31 December		
	2011	**2012**	**2013**
	(RM'000)	**(RM'000)**	**(RM'000)**
Revenue	45,887	59,536	72,051
Gross profit	22,941	24,494	28,894
Loss for the taxation	(10,381)	(11,341)	(7,591)
Loss for the year	(10,381)	(11,341)	(7,591)
NA	32,054	50,713	43,121
NA per share (RM)	0.27	0.42	0.36
Total borrowings (RM '000)	2,519	2,330	2,000
Gearing ratio (times)	0.08	0.05	0.05
Current ratio (times)	1.63	1.85	1.03

Financial commentaries for FYE 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013

For the FYE 31 December 2011, Cosmo recorded a revenue of RM45.9 million and a loss of RM10.4 million. For the FYE 31 December 2012, Cosmo recorded an increase in revenue of 30% to RM59.5 million compared with RM45.9 million recorded for the FYE 31 December 2011. The increase in revenue was mainly due to higher store operating expenses. For the FYE 31 December 2012, loss for the year increased by 9% to a loss of RM11.3 million from a loss of RM10.3 million recorded for the FYE 31 December 2011. The increase was mainly due to higher store operating and administrative expenses, in line with the increase in store operating expenses. For the FYE 31 December 2013, Cosmo recorded an increase in revenue of 21% to RM72.0 million compared with RM59.5 million recorded for the FYE 31 December 2012. The increase in revenue was mainly due to higher store operating expenses pursuant to aggressive outlet expansion. For the FYE 31 December 2013, loss for the year decreased by 33% to a loss of RM7.6 million from a loss of RM11.3 million recorded for the FYE 31 December 2012. The decrease in losses was due to improvement in outlet EBITDA, and lower operating and administrative expenses.

INFORMATION ON BK SINGAPORE

1. PRINCIPAL ACTIVITIES

The principal activity of BK Singapore is the operation of the Burger King® restaurants in Singapore.

2. DIRECTORS

As at the LPD, the directors of BK Singapore are Dato' Abdul Rahman bin Ahmad, Amil Izham bin Hamzah, Nik Johaan bin Nik Hashim and Ang Choon Yan.

3. SHAREHOLDERS

As at the LPD, Rancak Selera holds 100% equity interest in BK Singapore.

4. SUMMARY FINANCIAL INFORMATION

A summary of the financial information of BK Singapore for the financial period ended ("**FPE**") from 1 July 2010 to 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013 are as follows:

	FPE 1 July 2010 to 31 December 2011	**FYE 31 December**	
		2012	**2013**
	(SGD'000)	**(SGD'000)**	**(SGD'000)**
Revenue from sale of food and beverages	102,466	69,182	61,773
Results from operating activities	(16,675)	(20,151)	(4,869)
Loss before tax	(17,487)	(20,649)	(4,869)
Loss for the year	(17,487)	(21,081)	(4,869)
NA	(13,774)	4,645	4,775
NA per share (SGD)	(1.38)	0.09	0.09
Total borrowings (SGD'000)	37,500	-	-
Gearing ratio (times)	Not applicable	-	-
Current ratio (times)	0.64	1.02	0.44

Financial commentaries for the FPE 1 July 2010 to 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013

For the FPE 31 December 2011, BK Singapore recorded revenue of SGD102.5 million and loss for the year of SGD17.5 million. For the FYE 31 December 2012, BK Singapore recorded a decrease in revenue of 32% to SGD69.2 million compared with SGD102.5 million recorded for the FPE 31 December 2011. The decrease in revenue was mainly due to reclassification of financial period of FPE 2011. For the FYE 31 December 2012, loss for the year increased by 21% to a loss SGD21.1 million from a loss of SGD17.5 million recorded for the FPE 31 December 2011. The increase was mainly due to higher administrative expenses as a result of write down of property plant and equipment.

INFORMATION ON BK SINGAPORE

For the FYE 31 December 2013, BK Singapore recorded a decrease in revenue of 10% to SGD61.8 million compared with SGD69.2 million recorded for the FYE 31 December 2012. The decrease in revenue was mainly due to lower store operating months pursuant to closure of loss making outlets. For the FYE 31 December 2013, loss for the year decreased by 76% to a loss SGD4.9 million from a loss of SGD21.1 million recorded for the FYE 31 December 2012. The decrease was mainly due improvement in outlet EBITDA and lower operating and administrative expenses.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK