BRAHIM'S HOLDINGS BERHAD ("BHB" OR THE "COMPANY")
PROPOSED DISPOSAL OF 49% EQUITY INTEREST IN BRAHIM'S AIRLINE CATERING HOLDINGS SDN BHD ("BACH") FOR A PROPOSED AGGREGATE CASH DISPOSAL CONSIDERATION OF UP TO RM218 MILLION ("PROPOSED DISPOSAL")

1. INTRODUCTION

On 22 October 2015, the Board of Directors of BHB ("**Board**") announced that the Company received a conditional binding offer from SATS Investments Pte Ltd (a wholly-owned subsidiary of SATS Ltd. ("**SATS**")) ("**SIPL**" **or the** "**Purchaser**"), setting out an offer to acquire from BHB, 490,000 ordinary shares of RM1.00 each in BACH ("**BACH Shares**") representing 49% of the total issued and fully paid-up ordinary shares in BACH for a proposed aggregate cash disposal consideration of up to RM218.0 million (subject to adjustment) which is payable in the following manner:

(i) RM110.0 million upon the completion of the Proposed Disposal; and

(ii) Up to RM108.0 million conditional upon certain financial targets being achieved ("**Offer**").

On 27 October 2015, Affin Hwang Investment Bank Berhad ("**Affin Hwang IB**") and Hong Leong Investment Bank Berhad ("**HLIB**") (collectively, the "**Joint Principal Advisers**"), on behalf of the Board, announced that the Board, after careful deliberation, decided to accept the Offer, subject to the execution of the definitive agreement(s) for the Proposed Disposal.

On behalf of the Board, we, the Joint Principal Advisers wish to announce that BHB has on 18 December 2015, entered into a conditional share sale agreement with the Purchaser in relation to the Proposed Disposal ("**SSA**").

2. THE PROPOSED DISPOSAL

The Proposed Disposal involves the disposal of a 49% equity interest in BACH comprising 490,000 BACH Shares ("**Sale Shares**") for a proposed aggregate cash disposal consideration of up to RM218.0 million (subject to adjustment) ("**Disposal Consideration**") payable in the following manner:

(i) **Base consideration**: RM110.0 million to be paid on the date falling as soon as practicable after the date when all the Conditions Precedent (as defined in Section 2.4.4 of this announcement) have been fulfilled ("**Unconditional Date**") but in any case no later than 30 days from the Unconditional Date or such other date as may be mutually agreed between BHB and the Purchaser in writing ("**Completion Date**") in accordance with the terms of the SSA as summarised in Section 2.4.3 of this announcement ("**Base Consideration**");

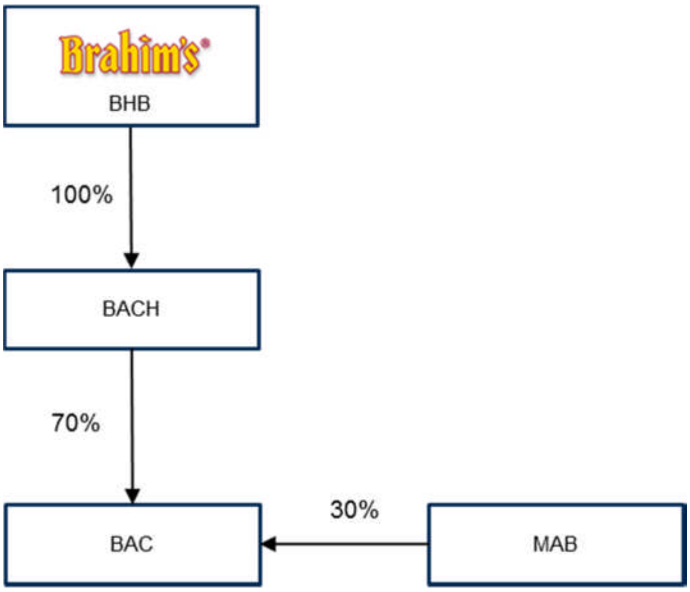
(ii) **Base earn-out consideration**: Up to RM90.0 million to be paid in accordance with the terms of the SSA as summarised in Section 2.1.1 of this announcement ("**Base Earn-out Consideration**"); and

(iii) **Outperformance consideration**: Up to RM18.0 million to be paid in accordance with the terms of the SSA as summarised in Section 2.1.2 of this announcement ("**Outperformance Consideration**").

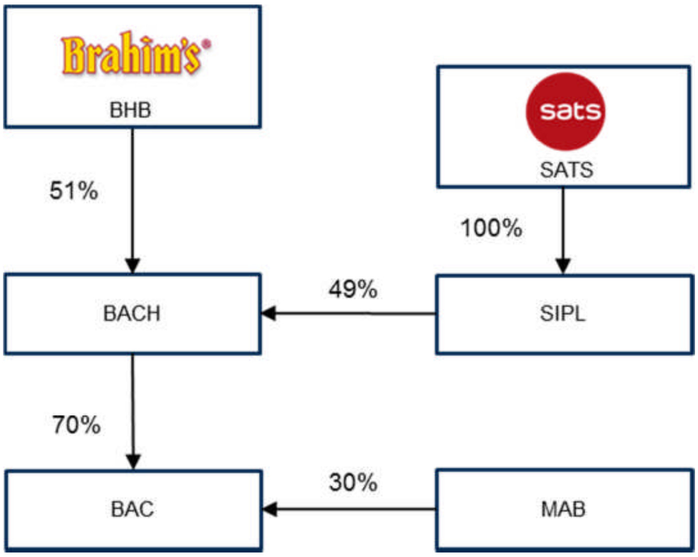
BACH is an investment holding company. Its 70%-owned subsidiary, Brahim's Airline Catering Sdn Bhd ("**BAC**") is principally involved in the provision of in-flight catering and related services such as cabin handling (BACH and BAC shall collectively be known as the "**BACH Group**"). The remaining 30% equity interest in BAC is held by Malaysia Airlines Berhad ("**MAB**"). BAC is the principal in-flight catering service provider at both Kuala Lumpur International Airport ("**KLIA**") and Penang International Airport.

The shareholding structure of BACH before and after the Proposed Disposal is as follows:

(a) Before the Proposed Disposal



(b) After the Proposed Disposal



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2.1 THE DISPOSAL CONSIDERATION

The Disposal Consideration is payable in the following manner:

Disposal Consideration	Condition to attain aggregate Disposal Consideration	Amount
Base Consideration	On Completion Date (in accordance with the terms of the SSA as summarised in Section 2.4.3 of this announcement)	RM110.0 million
Base Earn-out Consideration	If BAC's actual profit after taxation and non-controlling interest ("**PATNCI**") meets and exceeds the Minimum PATNCI[(1)] up to the Target PATNCI[(2)] over the financial year ending ("**FYE**"): • 31 December 2016; • 31 December 2017; and • 31 December 2018 (each an "**Earn-out Year**" and collectively the "**Earn-out Period**")	Up to RM90.0 million
Outperformance Consideration	If BAC's actual PATNCI exceeds the Target PATNCI up to the Capped PATNCI[(3)] over the Earn-Out Period	Up to RM18.0 million
	Total	**Up to RM218.0 million**

***Note**:*

*(1) "**Minimum PATNCI**" is the PATNCI threshold which will provide BHB a minimum earn-out payout of RM7.5 million per Earn-out Year.*

*(2) "**Target PATNCI**" is the PATNCI threshold which will provide BHB with the Base Earn-out Consideration of up to RM30.0 million per Earn-out Year.*

*(3) "**Capped PATNCI**" is the PATNCI threshold which will provide BHB with the Outperformance Consideration of up to RM6.0 million per Earn-out Year. For avoidance of doubt, no additional consideration will be paid to BHB if BAC's actual PATNCI exceeds the Capped PATNCI for the respective Earn-out Years.*

On the Completion Date, the Purchaser is to pay:

(i) the Base Consideration to BHB (in accordance with the terms of the SSA as summarised in Section 2.4.3 of this announcement); and

(ii) the Base Earn-out Consideration totalling RM90.0 million to an escrow agent, to be jointly appointed by the Company and the Purchaser ("**Escrow Agent**"), who shall hold the Base Earn-out Consideration in trust.

The Base Earn-out Consideration in escrow is divided into 3 tranches of RM30.0 million each, corresponding to each Earn-out Year. The Escrow Agent will hold and manage the Base Earn-out Consideration in accordance with the terms and conditions of the escrow agreement to be executed between BHB, the Purchaser and the Escrow Agent.

The Outperformance Consideration of up to RM18.0 million will not be held by the Escrow Agent and will be paid by the Purchaser to BHB if the BAC's actual PATNCI exceeds the Target PATNCI up to the Capped PATNCI during the Earn-out Period.

2.1.1 BASE EARN-OUT CONSIDERATION

The Base Earn-out Consideration is based on a formula outlined below:

(i) If BAC's actual PATNCI meets the Minimum PATNCI for the respective Earn-out Years, a minimum earn-out payout of RM7.5 million per Earn-out Year will be paid to BHB.

$$\text{Earn-out payout} = \text{RM7.5 million}$$

(ii) If BAC's actual PATNCI in the respective Earn-out Years meets and exceeds the Minimum PATNCI and lies between the Minimum PATNCI and Target PATNCI, the earn-out payout will be determined using the following formula:

$$\text{Earn-out payout} = \text{RM7.5 million} + \left[\frac{\text{Actual PATNCI} - \text{Minimum PATNCI}}{\text{Target PATNCI} - \text{Minimum PATNCI}} \times \text{RM22.5 million} \right]$$

The earn-out payout pursuant to the Base Earn-out Consideration shall be capped at RM30.0 million for each Earn-out Year. If BAC's actual PATNCI is below the Target PATNCI, the Purchaser shall be entitled to a refund of the difference between the earn-out payout and RM30.0 million plus the accrued interest, if any.

2.1.2 OUTPERFORMANCE CONSIDERATION

Likewise, the Outperformance Consideration uses a similar mechanism as set out below:

If BAC's actual PATNCI in the respective Earn-out Years exceeds the Target PATNCI and lies between the Target PATNCI and Capped PATNCI, an additional Outperformance Consideration of up to RM6.0 million per Earn-out Year will be paid and determined using the following formula:

$$\text{Outperformance payout} = \left[\frac{\text{Actual PATNCI} - \text{Target PATNCI}}{\text{Capped PATNCI} - \text{Target PATNCI}} \right] \times \text{RM6.0 million}$$

2.1.3 PRICE ADJUSTMENT

Pursuant to the terms of the SSA, the Base Consideration is subject to price adjustment upon the occurrence of any one or more of the following events prior to the Completion Date:

(i) If there are any subsequent amendments to the terms of the new catering agreements both dated 10 May 2015 executed between BAC and MAB (collectively, the "**NCAs**") or if any of the NCAs are terminated early or suspended;

(ii) If there are, in the reasonable opinion of the Purchaser, any subsequent onerous obligations affecting the Purchaser, the BACH Group and its business, or the Proposed Disposal; and

(iii) If (a) any of the Conditions Precedent and/or Conditions to Completion (as defined in Sections 2.4.4 and 2.4.5 of this announcement, respectively) are not met/fulfilled within the prescribed period but is waived by the Purchaser and/or (b) there is any material breach of the Conditions to Completion, BHB's warranties and/or BHB's obligations.

Any adjustment to be made prior to the Completion Date shall be capped at no more than 7.5% of the Base Consideration, subject to the terms of the SSA.

Post-completion of the Proposed Disposal, the Base Consideration is also subject to adjustment arising from the following:

(a) Net cash balance ("NCB")

BAC's NCB as at the Completion Date shall not be less than RM43 million (calculated as current assets less current liabilities and any indebtedness and excludes any deferred taxation) ("**Minimum NCB**").

If BAC's NCB as at the Completion Date is less than the Minimum NCB, the Base Consideration shall be reduced by an amount equal to 49% of the shortfall and BHB shall refund to the Purchaser the amount equal to the shortfall within 7 days from the date of receipt by the parties of the NCB report from the auditors.

(b) Collectable receivables

All of the receivables of the BACH Group at Completion Date shall be able to be collected in full within 180 days from the Completion Date.

If the amount of the collected receivables is less than the amount of the collectable receivables ("**Collectable Receivables Shortfall**"), BHB shall refund to the Purchaser the amount equal to 49% of the Collectable Receivables Shortfall within 7 days from the date of receipt by the parties of the collected receivables report from the auditors.

2.2 BASIS AND JUSTIFICATION FOR THE DISPOSAL CONSIDERATION

The Disposal Consideration was arrived at on a "willing-buyer willing-seller" basis after taking into consideration, *inter-alia*, the following:

(i) earnings potential of BAC pursuant to the NCAs which has a tenure of 5 years (expiring 15 September 2020) with option of renewal for another 5 years to provide catering and related services (such as cabin handling) to MAB at both KLIA and Penang International Airport;

(ii) the financial targets to qualify for the Base Earn-out Consideration and Outperformance Consideration;

(iii) audited consolidated loss after taxation and non-controlling interest ("**LATNCI**") of BACH of RM4.31 million for the FYE 31 December 2014;

(iv) audited consolidated net assets attributable to the owners ("**NA**") of BACH of RM113.04 million as at 31 December 2014; and

(v) the valuation multiples in relation to the Proposed Disposal, the relative valuation analysis of which is set out below.

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Relative Valuation Analysis

For comparison purposes, the Board noted that there is no company listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") which is directly comparable to BACH given the market dominance of BAC in airline catering and related services such as cabin handling in Malaysia. Further, the Board also noted and wishes to highlight that there are no companies that are directly comparable to BACH in terms of, *inter-alia*, the composition of business activities, product lines, scale of operations, market capitalisation, asset-base, risk profile, geographical spread of activities, track record, financial performance, operating and financial leverage, liquidity, accounting policies, future prospects and other relevant criteria.

Accordingly, comparable companies are selected based on listed companies in Southeast Asia which are involved in airport management services or related airport services (including in-flight catering services where relevant) ("**Comparable Companies**") where their prospects and growth are dependent on the airport passenger traffic and air transportation industry. The comparison on valuation metrics of the Comparable Companies will serve to give an indication of the current market expectations with regard to the valuation of companies which are involved in airport management services or related airport services.

The Board considered the price-to-earnings ratio ("**PER**"), price-to-book ratio ("**PBR**") and enterprise value ("**EV**")-to-earnings before interest, taxation, depreciation and amortisation ("**EBITDA**") ratio ("**EV/EBITDA**") of the Comparable Companies.

Name of company	**Business description**	**Currency**	(1) **Market capitalisation**	(2) **PATNCI/ (LATNCI)**	(2) **NA**	(3) **EV**	(2) **EBITDA**	(4) **PER (times)**	(4) **PBR (times)**	(4) **EV / EBITDA (times)**
Listed on Bursa Securities										
Malaysia Airports Holdings Berhad	Provides management, maintenance and operation of designated airports, operating of duty free and non-duty free stores as well as provision of food and beverages outlets at airports.	**(RM'000)**	9,108,963	748,213	7,422,120	13,392,888	1,374,972	12.17	1.23	9.74
Listed on Singapore Exchange										
SATS	Provides integrated ground handling and in-flight catering services at Singapore Changi Airport. The company also provides aviation security, airline laundry, and airport cargo delivery management services.	**(SGD'000)** **(RM'000)**	4,244,438 13,045,282	195,695 526,870	1,441,102 3,879,879	3,996,390 10,759,481	292,610 787,794	21.69	2.95	13.66

Name of company	Business description	Currency	[1] Market capitalisation	[2] PATNCI/ (LATNCI)	[2] NA	[3] EV	[2] EBITDA	[4] PER (times)	[4] PBR (times)	[4] EV / EBITDA (times)
Listed on Stock Exchange of Thailand										
Airports of Thailand Public Company Limited	Operates the Bangkok International Airport (Don Muang) and the New Bangkok International Airport (Suvarnabhumi). The company also operates provincial airports in Chiang Mai, Chiang Rai, Hat Yai, and Phuket.	**(THB'000)** **(RM'000)**	428,571,000 51,706,663	18,728,648 2,267,815	108,587,573 13,148,652	412,735,535 49,977,320	29,853,530 3,614,904	22.88	[5] ~~3.95~~	13.83
Listed on Philippine Stock Exchange										
MacroAsia Corporation	Through its subsidiaries, provides in-flight catering services. The company also offers aircraft chartering services and ground handling requirements of passenger and cargo aircrafts. MacroAsia Corporation also invests in real estate.	**(PHP'000)** **(RM'000)**	2,836,829 261,306	114,980 8,970	2,740,660 213,804	2,311,035 180,288	239,422 18,678	24.67	1.04	9.65
							Average	**20.35**	**1.74**	**11.72**
BACH	BACH is an investment holding company. Through its subsidiary, it is involved in the provision of in-flight catering and related services such as cabin handling.	**[6] Scenario I (RM'000)**	[7] **224,490**	**(4,310)**	**113,040**	**249,696**	**3,259**	[8] **N/A**	**1.99**	**76.62**
		[9] Scenario II (RM'000)	[10] **444,898**	**(4,310)**	**113,040**	**470,104**	**3,259**	[8] **N/A**	**3.94**	**144.25**

(***Source***: *Bloomberg and the Comparable Companies' audited financial statements)*

Note:

(1) Based on closing price or last traded price as at 21 October 2015, being the last trading date prior to the announcement on the receipt of the Offer. Where applicable, the relevant closing price or last traded price is converted to RM using the closing middle exchange rate as extracted from the website of Bank Negara Malaysia as at 21 October 2015 as follows:

SGD:RM - 1: 3.0735
100THB:RM - 100: 12.0649
100PHP:RM - 100: 9.2112

(2) PATNCI, NA or EBITDA as extracted/computed from the latest available audited financial statements of the respective Comparable Companies and converted into RM based on the closing middle exchange rate as extracted from the website of Bank Negara Malaysia as at the relevant financial year ends of the respective Comparable Companies are as follows:

SGD:RM - 1:2.6923 as at 31 March 2015
100THB:RM - 100:12.1088 as at 30 September 2015
PHP:RM - 100:7.8012 as at 31 December 2014

(3) The EV is computed as a sum of (i) market capitalisation and (ii) minority interest, short term and long term debt positions less the cash and cash equivalent positions as at the respective financial years based on the latest audited financial statements. The market capitalisation is determined by multiplying the shares in issue of the respective companies against the closing prices or last traded price as at 21 October 2015, except for BACH which is based on the Disposal Consideration.

(4) Computed using local currency data to negate any currency conversion effects.

(5) Denotes an outlier being excluded from the computation of the simple average. An outlier is determined based on extreme deviation from the simple average (including outliers). We have generally regarded values outside of up to 1 standard deviation of the average as extreme deviation.

(6) Scenario I: Assuming the worst case scenario where BAC's actual PATNCI is below the Minimum PATNCI throughout the Earn-out Period.

(7) Implied equity value for a 100% equity interest computed based on the Base Consideration of RM110.0 million.

(8) Not applicable as BACH was in a loss-making position for the FYE 31 December 2014.

(9) Scenario II: Assuming the best case scenario where BAC's actual PATNCI meets or exceeds the Capped PATNCI throughout the Earn-out Period.

(10) Implied equity value for a 100% equity interest computed based on the disposal consideration of RM218.0 million.

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Based on the above, the range of the disposal consideration of between RM110.0 million and RM218.0 million represents the following:

		PBR (times)	Comments	EV / EBITDA (times)	Comments
Average multiples of Comparable Companies		1.74	-	11.72	-
Scenario I	**Disposal consideration of RM110.0 million (1)**	1.99	Implied PBR is higher than the average PBR of the Comparable Companies	76.62	Implied EV/EBITDA is higher than the average EV/EBITDA of the Comparable Companies
Scenario II	**Disposal consideration of RM218.0 million (2)**	3.94	Implied PBR is higher than the average PBR of the Comparable Companies	144.25	Implied EV/EBITDA is higher than the average EV/EBITDA of the Comparable Companies

***Note**:*

(1) Scenario I: Assuming the worst case scenario where BAC's actual PATNCI is below the Minimum PATNCI throughout the Earn-out Period.

(2) Scenario II: Assuming the best case scenario where BAC's actual PATNCI meets or exceeds the Capped PATNCI throughout the Earn-out Period.

As BACH was in a loss-making position with a LATNCI for FYE 31 December 2014 of RM4.31 million, the implied historical PER cannot be computed and is not applicable.

The Board is of the view that the Disposal Consideration of up to RM218.0 million is justifiable on account of the following:

(a) BACH reported an audited consolidated LATNCI of RM4.31 million for the FYE 31 December 2014;

(b) it represents a premium of 68.17% over the cost of investment of BHB for a 49% equity interest in BACH of approximately RM129.63 million;

(c) the Disposal Consideration represents an implied EV/EBITDA and implied PBR which are above the average multiples of the Comparable Companies; and

(d) the rationale for the Proposed Disposal as set out in Section 3 of this announcement.

2.3 ORIGINAL COST AND DATE OF INVESTMENT

The original cost investment of BHB's 100% equity interest in BACH is set out in the table below:

Date of investment	Number of BACH Shares	Cost of investment RM'000
27 March 2008	510,000	130,000
7 January 2013	490,000	134,550
Total	**1,000,000**	**264,550**

Therefore, the cost of investment of BHB for a 49% equity interest in BACH is approximately RM129.63 million.

2.4 SALIENT TERMS OF THE SSA

2.4.1 AGREEMENT FOR THE SALE AND PURCHASE

BHB shall sell and transfer to the Purchaser and the Purchaser or its nominee shall purchase and accept the transfer of the Sale Shares, free from all encumbrances and together with all rights and benefits attaching thereto on and from completion.

2.4.2 CONSIDERATION

The purchase consideration for the sale, purchase and transfer of the Sale Shares are summarised in Section 2.1 of this announcement.

2.4.3 REDEMPTION OF SALE SHARES AND PAYMENT OF SALE SHARES

BHB shall redeem the Sale Shares from OCBC Al-Amin Bank Berhad ("**OCBC**").

The Base Consideration shall be paid on or before the Completion Date, in the following manner:

(a) first, to be released towards payment of the redemption sum to OCBC, subject to the redemption statement; and

(b) thereafter, the Base Consideration less the amount released towards payment of the redemption sum ("**Balance Base Consideration**") to BHB provided always that the discharge documents have been delivered to the Purchaser on or before the Completion Date.

In the event the discharge documents are not delivered to the Purchaser on or prior to the date falling 10 days after the redemption sum is paid to OCBC, the Purchaser shall be entitled to terminate the SSA and seek to recover the redemption sum from BHB and/or OCBC without prejudice to any other rights or remedies provided in the SSA.

2.4.4 CONDITIONS PRECEDENT

The sale, purchase and transfer of the Sale Shares are conditional upon the following conditions ("**Conditions Precedent**") being fulfilled or satisfied within 2 months from the date of the SSA (or such other date as may be mutually agreed in writing between BHB and the Purchaser):

(a) BHB having obtained the consent of MAB in respect of the Proposed Disposal in accordance with the NCAs and the shareholders' agreement dated 14 September 2015 entered into between MAB, BHB and BAC in respect of the shares in BAC, if required;

(b) BHB having obtained the documents evidencing the compliance with the right of first refusal granted to LSG Asia GmbH ("**LSG**") in respect of the Sale Shares ("**Right of First Refusal**") as required under the share sale agreement dated 18 May 2012 ("**LSG SSA**") to which BHB is subject to and documents evidencing LSG:

    (i) not having exercised its Right of First Refusal and such Right of First Refusal having lapsed; or

    (ii) a written waiver from LSG waiving the compliance with the Right of First Refusal being obtained;

(c) a resolution being passed at a general meeting of BHB approving the sale of the Sale Shares to the Purchaser subject to the terms of the SSA;

(d) a confirmatory due diligence carried out by the Purchaser on the BACH Group and the Purchaser being reasonably satisfied with the results of the confirmatory due diligence; and

(e) where required, BHB and the Purchaser having obtained any other approvals, governmental, statutory and/or regulatory approval/consent/permission from any party or public authorities which may be required to lawfully carry out this sale and purchase.

If any of the Conditions Precedent above are not fulfilled (or otherwise waived) by a date within 2 months from the date of the SSA (or such other date as may be mutually agreed in writing by BHB and the Purchaser), the Purchaser may rescind the SSA with immediate effect by written notice to BHB.

2.4.5 CONDITIONS TO COMPLETION

BHB undertakes to cause and procure amongst others, the following to be fulfilled on or prior to the Completion Date ("**Conditions to Completion**"):

(a) there being no material adverse effect to the business, reputation and/or financial condition of the BACH Group on or prior to the Completion Date;

(b) BHB's warranties continuing to be true in all material respect as at the Completion Date;

(c) the compliance in all material respects with all applicable covenants given by BHB;

(d) BHB shall provide to the Purchaser, within 21 days after the end of every month, the monthly management accounts and operational reports of the BACH Group commencing September 2015 until Completion Date;

(e) BHB shall provide a written update with supporting documents to the Purchaser every quarter commencing from the date of the SSA until the Completion Date of the new business initiatives/ventures/opportunities/deals of the BACH Group; and

(f) the complete discharge and redemption of the Sale Shares in respect of any charges created over the same and the delivery of the discharge documents by BHB to the Purchaser.

If any of the Conditions to Completion is unfulfilled on or before the Completion Date, the Purchaser may:

(i) terminate the SSA;

(ii) compel BHB by way of specific performance (subject to fulfillment of Conditions Precedent) to complete the transaction contemplated in the SSA; or

(iii) claim damages for any default on the part of BHB in the performance of the terms and conditions in the SSA.

2.4.6 COSTS AND EXPENSES

(a) The Purchaser shall bear the costs and stamp duty payable in respect of the transfer of the Sale Shares.

(b) Each party shall bear its own costs and expenses in respect of the preparation and execution of the SSA.

2.4.7 TERMINATION

(A) BHB'S BREACH

Upon the Purchaser becoming aware of the occurrence of any of the events stated hereunder, the Purchaser shall have the right to give notice in writing to BHB specifying the default or breach requiring BHB to remedy the said default or breach to the satisfaction of the Purchaser within 14 days of the receipt of such notice or such other period as may be mutually agreed between the parties in writing. The events are where:

(i) BHB breaches any of the material or fundamental terms or conditions of the SSA or if BHB fails to perform or observe any material or fundamental undertaking, obligation or agreement in the SSA. For this purpose, Vendor's warranties referred to in the SSA are deemed material and fundamental;

(ii) a receiver, receiver and manager, special administrator, trustee or similar official is appointed over any of the assets or undertaking of BHB or the BACH Group;

(iii) the BACH Group, or BHB is or becomes unable to pay its debts when they are due or becomes unable to pay its debts within the meaning of the Companies Act 1965 ("**Act**") or any other legislation regarding insolvency of the jurisdiction in which it carried on business;

(iv) the BACH Group, or BHB enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;

(v) an application or order is made for the winding up or dissolution of BHB or the BACH Group or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of BHB or the BACH Group otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Purchaser;

(vi) the BACH Group ceases or threatens to cease carrying on a substantial portion of their business; or

(vii) BHB or the BACH Group commit(s) any act or omits to do any act which results in the breach or non-fulfilment of any term or condition of any banking, finance or credit facility which has the effect of causing the events specified in Section 2.4.7(A)(ii), (iii), (iv), (v) and (vi) of this announcement to occur.

If BHB fails to remedy the relevant default or breach within 14 days or such other period as may be mutually agreed between the parties in writing to the satisfaction of the Purchaser, the Purchaser shall be entitled to:

(a) give notice to BHB to terminate the SSA or proceed to specific performance, if prior to the completion of transfer of the Sale Shares; or

(b) pursue a claim for damages, if subsequent to completion of the SSA subject to the limitation of liability in the SSA.

(B) THE PURCHASER'S BREACH

Upon BHB becoming aware of the occurrence of any of the events stated hereunder, BHB shall have the right to give notice in writing to the Purchaser specifying the default or breach requiring the Purchaser to remedy the said default or breach to the satisfaction of BHB within 14 days or such other period as may be mutually agreed between the parties in writing of the receipt of such notice. The events are where:

(i) the Purchaser breaches any of the material or fundamental terms or conditions of the SSA or if the Purchaser fails to perform or observe any of the material or fundamental undertaking, obligation or agreement in the SSA. For this purpose, the Purchaser's warranties referred to in the SSA are deemed material and fundamental;

(ii) a receiver, receiver and manager, special administrator, trustee or similar official is appointed over any of the assets or undertaking of the Purchaser;

(iii) the Purchaser is or becomes unable to pay its debts when they are due or becomes unable to pay its debts within the meaning of the Act or any other legislation regarding insolvency of the jurisdiction in which it carried on business;

(iv) the Purchaser enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;

(v) an application or order is made for the winding up or dissolution of the Purchaser or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the Purchaser otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Purchaser; or

(vi) the Purchaser commits any act or omits to do any act which results in the breach or non-fulfilment of any term or condition of any banking, finance or credit facility which has the effect of causing the events specified in Section 2.4.7(B)(ii), (iii), (iv) and (v) of this announcement to occur.

If the Purchaser fails to remedy the relevant default or breach within 14 days to the satisfactory of BHB, BHB shall be entitled to:

(a) give notice to the Purchaser to terminate the SSA or proceed to specific performance, if prior to the completion of transfer of the Sale Shares; or

(b) pursue a claim for damages, if subsequent to completion of the SSA where such claim for damages shall be capped at RM108 million.

2.5 SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT BETWEEN BHB, THE PURCHASER AND BACH ("SHA")

Upon execution of the SSA, BHB, the Purchaser and BAC have also confirmed the finalisation of the terms of the SHA. The SHA is to be executed on the Completion Date. The salient terms of the SHA are set out below:

2.5.1 DECISIONS OF THE BOARD AND BOARD RESERVED MATTERS

The board of BACH shall obtain the written approval of 1 BHB director and 1 SIPL director before taking any action or decision in relation to any of the board reserved matters (as described in the SHA). In relation to non-board reserved matters, resolutions of the directors shall be passed by a simple majority of votes.

2.5.2 BOARD COMPOSITION

The board of BACH shall consist of 4 directors.

BHB and SIPL shall each be entitled to appoint 2 persons as directors.

The chairman of the board of directors of BACH will be a director nominated by BHB. Subject to Section 2.5.1 of this announcement, and in the event of an equality of votes, the chairman shall have a casting vote.

2.5.3 INTEGRATION COMMITTEE

The shareholders of BACH agree to establish an integration committee to provide oversight, supervision and assistance for the individual, departmental and organisational work scope, work processes integration between existing BACH's, BAC's and SIPL's officers and employees.

2.5.4 SHAREHOLDERS' MEETING AND RESOLUTIONS

A simple majority vote of those present and entitled to vote, will constitute a valid resolution save and except for those resolutions that require a three-fourth majority as prescribed in the Act. In the case of shareholders' reserved matters (as described in the SHA), the affirmative vote of each representative of BHB and SIPL shall be required for such resolution to pass. The chairman of the board of directors, if he is present, will be the chairman of the general meetings of BACH but he will not be entitled to a vote.

2.5.5 PRE-EMPTION RIGHTS

Any transfer of shares (other than transfers to related corporations and transfer in the event of default) by any one of the shareholders, the other shareholder shall have a right of first offer over such transfer shares.

2.5.6 EVENTS OF DEFAULT

The events of default are set out in Clause 14 of the SHA. Amongst others is if a shareholder undergoes a change in control otherwise than for the purposes of internal restructuring. A change in control for this purpose occurs where:

(a) in the case of SIPL, SIPL ceases to be a subsidiary or indirect subsidiary of SATS; and

(b) in the case of BHB, Dato' Seri Ibrahim bin Haji Ahmad ceases to be a controlling shareholder of BHB or where a competitor of SATS becomes a controlling shareholder of BHB.

2.5.7 MORATORIUM

Save for the transfer to related corporations, transfer arising from a deadlock and transfer arising from an event of default under the SHA, the shareholders agree not to directly or indirectly sell, assign, transfer, pledge, mortgage, charge or otherwise dispose of its shares in BACH to any third party within 5 years from the date of the SHA.

2.5.8 COSTS

Unless otherwise provided, all costs in connection with the negotiation, preparation, execution and performance of the SHA, shall be borne by the party that incurred the costs.

2.5.9 TERMINATION OF THE SHA

The SHA shall terminate:

(a) when one shareholder ceases to hold any shares in BACH other than by reason of a transfer of shares pursuant to transfer to related corporations and transfer relating to pre-emption rights (as summarised in Section 2.5.5 of this announcement); or

(b) when a resolution is passed by shareholders or creditors, or an order made by a court or other competent body or person instituting a process that shall lead to BACH being wound up and its assets being distributed among the BACH's creditors, shareholders or other contributors.

2.6 LIABILITIES TO BE ASSUMED BY THE PURCHASER

There are no other liabilities, including contingent liabilities and guarantees, to be assumed by the Purchaser pursuant to the Proposed Disposal.

2.7 INFORMATION ON BACH

BACH was incorporated in Malaysia under the Act as a private limited company on 18 June 2002. BACH is an investment holding company.

As at the date of this announcement, the authorised and issued and paid-up share capital of BACH is as follows:

	No. of shares	Par value (RM)	Amount (RM)
BACH Shares			
Authorised	4,990,000	1.00	4,990,000
Issued and paid-up	1,000,000	1.00	1,000,000
Class A redeemable preference shares			
Authorised	500,000	0.01	5,000
Issued and paid-up	-	-	-
Class B redeemable preference shares			
Authorised	500,000	0.01	5,000
Issued and paid-up	-	-	-

Based on the latest audited consolidated financial statements of BACH for the FYE 31 December 2014, BACH's NA was RM113.04 million with a LATNCI of RM4.31 million.

BAC, a 70%-owned subsidiary of BACH, is principally involved in the provision of in-flight catering and related services such as cabin handling. BAC is the principal in-flight catering service provider at both KLIA and Penang International Airport.

Please refer to Appendix I of this announcement for further information on BACH.

2.8 INFORMATION ON THE PURCHASER

The Purchaser is a wholly-owned subsidiary of SATS, a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

As at 17 December 2015, SATS has a market capitalisation of about SGD4.3 billion.

SATS is a leading provider of gateway services and food solutions in Asia. Its food solutions business includes airline catering, institutional and remote catering, aviation laundry as well as food distribution and logistics. Its comprehensive gateway services encompass airfreight handling, passenger services, ramp handling, baggage handling, aviation security services, aircraft interior and exterior cleaning as well as cruise centre management. SATS is present at 43 airports and 11 countries across Asia and the Middle East.

(***Source***: *Management of SATS*)

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2.9 PROPOSED UTILISATION OF PROCEEDS

The Base Consideration which is payable on the Completion Date is expected to be utilised as follows:

Utilisation of proceeds	**Indicative utilisation timeframe from Completion Date**	**RM'000**	**%**
Working capital [(1)]	Within 12 months	19,500	17.73
Repayment of bank borrowings[(2)]	Within 1 month	62,750	57.04
Repayment of shareholder's advance [(3)]	Within 1 month	17,250	15.68
Estimated expenses for the Proposed Disposal [(4)]	Within 1 month	10,500	9.55
Total		**110,000**	**100.00**

Note:

(1) The proceeds allocated for working capital shall be utilised to finance the BACH Group's day-to-day operations which shall include, but are not limited to salary costs, administrative expenses and payment of trade and other payables. The breakdown of proceeds to be utilised for each component of working capital has not been determined at this juncture. The actual amount to be utilised by each component of working capital may differ subject to the operating requirements at the time of utilisation.

(2) BHB intends to utilise a substantial part of the proceeds from the Proposed Disposal amounting up to RM62.75 million to pare down its borrowings. BHB Group's total borrowings as at 30 September 2015 is RM154.89 million. Assuming financing cost of 6.52% per annum, the repayment of RM62.75 million in borrowings will result in approximately RM4.09 million in savings in interest expense.

*(3) BHB intends to utilise a part of the proceeds to repay the shareholder's advances provided by Brahim's International Franchises Sdn Bhd ("**BIF**"), a substantial shareholder of BHB, to the BHB Group. The shareholder's advances are a form of financial support provided by BIF to:*

(a) BACH in 2003 to part finance the acquisition of BACH's subsidiary, BAC. As at 30 September 2015, the amount owing by BACH to BIF is approximately RM10.00 million; and

(b) BHB in between 2008 and 2012 to part finance the operating expenses of the BHB Group. As at 30 September 2015, the amount owing by BHB to BIF is approximately RM7.25 million.

(4) The estimated expenses in relation to the Proposed Disposal comprise professional fees, regulatory fees and other related costs. Any excess/shortfall in the actual amount to be utilised for defraying the estimated expenses relating to the Proposed Disposal will be adjusted to/from working capital.

The Base Earn-out Consideration and Outperformance Consideration totalling up to RM108.0 million are only payable based on the financial targets to be achieved over the Earn-out Period. The Base Earn-out Consideration and Outperformance Consideration will be utilised for the repayment bank borrowings and/or working capital as and when the monies are received (if any). The breakdown of proceeds to be utilised for each component has not been determined at this juncture and will differ subject to the operating and financial requirements of BHB and its subsidiaries (collectively, the "**Group**" or "**BHB Group**") at the time of utilisation. In any event, the exact quantum of proceeds will depend on the actual audited PATNCI achieved by BAC during the Earn-out Period.

Pending the utilisation of the proceeds by BHB, the proceeds will be placed in interest/profit bearing deposit accounts with financial institution(s) or short-term money market instrument(s) as the Board may deem fit.

3. RATIONALE FOR THE PROPOSED DISPOSAL

In May 2012, the Company embarked on the acquisition of 49% equity interest in BACH *(then known as Brahim's-LSG Sky Chefs Holdings Sdn Bhd)* ("**BLH Acquisition**") with the view to reaffirm its position as a niche food and beverage player and at the same time fulfil the national aspiration of having a Malaysian wholly-owned airline catering food services company. The BLH Acquisition was undertaken on the back of the old catering agreement entered into with Malaysian Airline System Berhad ("**MAS**") which was a 25-year concession (expiring in the year 2028) to provide catering and related services to MAS at KLIA.

Nonetheless, due to the 2 unprecedented airline industry tragedies which involved BAC's major customer, MAS in 2014, it exacerbated the difficulties of MAS to turnaround its business operations. Its troubled financial position intensified and necessitated a bold change in MAS. As a result, in August 2014, Khazanah Nasional Berhad, the major shareholder of MAS, announced "The MAS Recovery Plan". As the Group's airline catering business is closely connected to MAS' operations, BAC's financial performance was severely affected and its sterling performance during the FYE 31 December 2013 with revenue of RM380.83 million and PAT of RM57.07 million, weakened considerably to register revenue of RM294.38 million and loss after taxation of RM5.72 million for the FYE 31 December 2014. BAC was also not spared to support "The MAS Recovery Plan" where it faced deferred payment terms, write-offs amounting to RM74 million and discounted supplies to MAS. A combination of the above factors resulted in cashflow constraints to BAC operations and affected its ability to upstream dividends to BHB. BHB as a holding company requires cashflow from BAC to meet its debt obligation to avoid triggering loan defaults.

As part of "The MAS Recovery Plan", in order to ensure BAC's continuity of in-flight catering and cabin handling businesses with MAB (being the new national carrier replacing MAS), BHB entered into the NCAs. The NCAs mark a different chapter of business for BAC where pricing of the NCAs is now based on a new pricing methodology for meals and cabin handling services agreed by the parties. As a means to realise savings and operational efficiencies for BAC, the NCAs also now allow BAC to undertake non-airline food catering and related businesses which were previously not permissible under the old catering agreement.

Arising from changes in business landscape of the Group's airline catering business as set out above, the future of BAC's airline catering business remain challenging if no proactive steps are taken by the Board to counter the effect of the said changes. The Board is of the view that the Proposed Disposal is timely after taking into consideration the following:

(i) **Reduction of gearing and financial burden** – Assuming RM62.75 million is utilised to repay the BHB Group's bank borrowings, proforma gearing will decrease from 0.56 times to 0.20 times. Based on the interest rate of 6.52% per annum, the savings in finance cost is estimated to be approximately RM4.09 million per annum. Taking into consideration the decline in the dividend payment ability of the BACH Group for the time being under the NCAs, the reduction of gearing and financial burden will also reduce BHB's dividend requirements from the BACH Group for debt servicing; and

(ii) **Strategic partnership** – Upon completion of the Proposed Disposal, the Purchaser will become our strategic business partner, holding 49% equity interest in BACH. BACH intends to work closely with the Purchaser and its related corporations that operate in 43 airports across 11 countries, to explore opportunities for its halal inflight kitchen catering capabilities. In addition, the BACH Group is also expected to tap into the experience and know-how of the Purchaser and its related corporations in the non-airline catering business with the aim of strengthening our business performance.

4. EFFECTS OF THE PROPOSED DISPOSAL

4.1 ISSUED AND PAID-UP SHARE CAPITAL

The Proposed Disposal will not have any effect on the issued and paid-up share capital of BHB.

4.2 SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The Proposed Disposal will not have any effect on the substantial shareholders' shareholdings in BHB.

4.3 NET ASSETS AND GEARING

The proforma effects of the Proposed Disposal on the consolidated NA and gearing of BHB based on the audited consolidated statement of financial position of BHB as at 31 December 2014 and assuming that the Proposed Disposal had been effected on that date, are set out below:

	Audited consolidated as at 31 December 2014 **RM'000**	**After the Proposed Disposal** **RM'000**
Share capital	236,286	236,286
Share premium	31,980	31,980
Accumulated losses	(21,688)	(1) (10,511)
NA	**246,578**	**257,755**
Non-controlling interest	26,783	(2) 186,497
Total equity	273,361	444,252
No. of ordinary shares of RM1.00 each in BHB ("BHB Shares") ('000)	236,286	236,286
NA per BHB Share (RM)	1.04	1.09
Borrowings	152,987	(3) 90,237
Gearing ratio (4)	0.56	0.20

Note:

*(1) Disposal of a partial interest in a subsidiary in which the parent company retains control does not result in a gain or loss but will result in an increase or decrease in equity under the economic entity approach under the Malaysian Financial Reporting Standards. The computation of proforma NA and gearing is on the basis that BHB will receive the Base Consideration and on the assumption that BHB will also receive the Base Earn-out Consideration, i.e. the "**Contingent Consideration**". On a prudence basis, it is assumed that BHB will not receive the Outperformance Consideration. The movement in accumulated losses is as set out below:*

	RM'000	***RM'000***	***Computation***
Accumulated losses as at FYE 31 December 2014		*(21,688)*	
Add: Accretion in share of total NA			
• *Net present value ("**NPV**") of Base Consideration and Contingent Consideration*	*181,391*		*Table A*
• *Decrease in share of BACH's NA*	*(159,714)*		*Table B*
		21,677	
Less: Estimated expenses in relation to the Proposed Disposal		*(10,500)*	
Proforma accumulated losses as at FYE 31 December 2014		***(10,511)***	

Tables of computation:

Table A

	FYE 31 December 2016 RM'000	***FYE 31 December 2017 RM'000***	***FYE 31 December 2018 RM'000***	***FYE 31 December 2019 RM'000***
Base Consideration	*110,000*	-	-	-
Base Earn-out Consideration	-	*[(a)] 30,000*	*[(a)] 30,000*	*[(a)] 30,000*
*Weighted average cost of capital ("**WACC**") [(b)]*	*8.10%*			
NPV	*110,000*	*25,673*	*23,749*	*21,969*
Total NPV of Base Consideration and Contingent Consideration	***181,391***			

***Note**:*
(a) The Base Earn-out Consideration for the respective Earn-out Year will be payable to BHB in the respective subsequent financial years.
(b) The WACC of BHB as extracted from Bloomberg as at 17 December 2015, being the market day prior to the date of this announcement.

Table B

		RM'000
NA of BACH as at FYE 31 December 2014	*(A)*	*113,040*
Goodwill of BACH at BHB level as at FYE 31 December 2014	*(B)*	*212,906*
Total NA and goodwill	***(C) = (A) + (B)***	***325,946***
Share of BACH's NA and goodwill after the Proposed Disposal	*(D) = (C) x 51%*	*166,232*
Decrease in share of BACH's NA	***(C) – (D)***	***159,714***

(2) After taking into account the adjustments for the decrease in share of BACH's NA of RM159.71 million after the Proposed Disposal.

(3) Assuming the repayment of RM62.75 million in borrowings as part of the utilisation of the Disposal Consideration. Assuming financing cost of 6.52% per annum, the repayment of RM62.75 million in borrowings will result in approximately RM4.09 million in savings in interest expense. As at 30 September 2015, BHB Group has RM154.89 million in borrowings.

(4) Gearing ratio is computed based on total borrowings divided by total equity.

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4.4 EARNINGS AND EARNINGS PER SHARE ("EPS")

Based on the audited consolidated financial statements of BHB for the FYE 31 December 2014 and on the assumption that the Proposed Disposal had been affected at the beginning of the FYE 31 December 2014, i.e. 1 January 2014, the Proposed Disposal will have the following proforma effects on the consolidated earnings of BHB:

	LATNCI RM'000	**(1) Loss per share ("LPS") sen**
Audited for the FYE 31 December 2014	31,962	13.53
Less: LATNCI attributable to the Purchaser	(2) (2,112)	
Less: Savings in interest expense	(3) (4,091)	
Add: Estimated expenses in relation to the Proposed Disposal	10,500	
Proforma LATNCI for the FYE 31 December 2014	**36,259**	**15.35**

***Note**:*

(1) Computed based on the total number of BHB Shares as at 31 December 2014 of 236,285,500 BHB Shares.

(2) Computation as set out below:

		RM'000
LATNCI of BACH as at FYE 31 December 2014	*(A)*	*4,310*
LATNCI attributable to the Purchaser	***(A) x 49%***	***2,112***

(3) Assuming the repayment of RM62.75 million in borrowings as part of the utilisation of the Disposal Consideration. Assuming financing cost of 6.52% per annum, the repayment of RM62.75 million in borrowings will result in approximately RM4.09 million in savings in interest expense.

For the FYE 31 December 2014, the BHB Group recorded a consolidated LATNCI of RM31.96 million. Assuming the reduction of BHB's equity interest in BACH, savings in interest expense and the estimated expenses in relation to the Proposed Disposal, the consolidated proforma LATNCI and LPS of BHB would be RM36.26 million and 15.35 sen respectively. The increase in LATNCI and LPS is mainly due to the related expenses in relation to the Proposed Disposal which is a one-off expense incurred for the Proposed Disposal.

Notwithstanding the above, the Proposed Disposal is expected to have a positive impact on the future consolidated earnings and EPS of BHB with the entry of a new strategic partner which is expected to contribute positively in terms of synergies, expertise and network to spur revenue and profit growth as well as interest savings due to lower borrowings.

5. RISK FACTORS

The risk factors associated with the Proposed Disposal, which may not be exhaustive, are set out below:

5.1 COMPLETION RISK

The completion of the Proposed Disposal is conditional upon the Conditions Precedent and Conditions to Completion as summarised in Sections 2.4.4 and 2.4.5, respectively of this announcement being satisfied. The non-fulfilment of the Conditions Precedent and Conditions to Completion may result in the Proposed Disposal being delayed or terminated.

Should a delay or non-completion occur, the Group will not be able to utilise the proceeds from the Proposed Disposal in the manner set out in Section 2.9 of this announcement. Nevertheless, the management of the Group will ensure reasonable steps are taken for the completion of the Proposed Disposal and the Conditions Precedent and Conditions to Completion are met within the stipulated timeframe.

5.2 FUTURE INCOME

Presently, the Company is recognising 100% of BACH's results which owns 70% equity interest in BAC. Upon completion of the Proposed Disposal, BHB's equity interest in BACH will be reduced to 51% and the consolidation of BACH's results will also reduce correspondingly.

Notwithstanding the above, the Board is of the view that the entry of a new strategic partner in BACH will provide the BACH Group with synergies, expertise and the network required to spur its revenue and profit growth. However, there is no assurance that these synergies will materialise or will generate sufficient earnings to compensate for the loss of income contribution arising from the Proposed Disposal.

5.3 ACHIEVABILITY OF FUTURE PATNCI

The Base Earn-out Consideration and Outperformance Consideration will only be payable to BHB upon the achievement of BAC's audited PATNCI during the Earn-out Period.

There is no certainty that the Minimum PATNCI, Target PATNCI and Capped PATNCI for the respective Earn-out Years will be achieved. If the relevant financial target for the year is not met, a portion of the Disposal Consideration will not accrue to BHB, effectively lowering the aggregate Disposal Consideration. Should this occur, BHB will not be able to reap the full benefits of the aggregate Disposal Consideration of up to RM218.0 million.

5.4 PRICE ADJUSTMENTS PURSUANT TO THE SSA

Pursuant to the terms of the SSA, the Base Consideration may be adjusted by the Purchaser under the circumstances as summarised in Section 2.1.3 of this announcement.

Should any adverse price adjustments be effected, BHB will not have the entire proceeds from the Proposed Disposal for utilisation in the manner set out in Section 2.9 of this announcement. Nevertheless, the Board and the management of the Group will ensure that all reasonable steps will be taken to ensure the circumstances above are mitigated.

5.5 CONTRACTUAL RISK

BHB has given warranties as set out in the SSA and the SHA, in favour of the Purchaser. In this respect, BHB may be subject to claim in accordance with the terms and conditions of the SSA and SHA for the breach of any warranties given pursuant to the SSA and SHA.

The Board and the management of BHB will endeavour to ensure compliance with its obligations under the SSA and SHA to minimise the risk of any breach of the warranties given.

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5.6 IMPAIRMENT OF GOODWILL

Based on BHB's latest audited consolidated financial statements for the FYE 31 December 2014, the carrying amounts of goodwill allocated to BACH and BAC as cash generating units ("**CGU**") are RM212.91 million and RM69.57 million respectively. For the FYE 31 December 2014, the BHB Group has assessed the recoverable amounts of goodwill allocated to BACH and BAC, and determined that no impairment is required. Financial Reporting Standards 136: Impairment of Assets requires goodwill to be tested for impairment annually if events or circumstances indicate that it is more likely than not that the recoverable amount of a CGU is less than its carrying amount. In the event that the goodwill is not supported by the projected cashflows of the relevant CGU, there could be an impairment to the carrying amounts of goodwill allocated to BACH and BAC, which in turn will have to be expensed immediately.

The Board notes that these are consequential adjustments pursuant to applicable accounting standards and there can be no assurance that the carrying amounts of goodwill allocated to BACH and BAC will remain the same in the future. Nonetheless, the Board intends to continuously monitor the projected cashflows of the BACH Group to ensure that the goodwill is supported by the project cashflows of the relevant CGU.

6. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED DISPOSAL

Based on the Disposal Consideration, the highest percentage ratio pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities applicable to the Proposed Disposal is 88.41%.

7. APPROVALS REQUIRED

The Proposed Disposal is subject to the following approvals/consents being obtained:

(i) MAB for the Proposed Disposal in accordance with the NCAs and the shareholders' agreement between MAB, BACH and BAC in respect of the ordinary shares in BAC dated 14 September 2015, if required;

(ii) LSG in respect of the Right of First Refusal pursuant to the LSG SSA, which was obtained on 12 December 2015;

(iii) shareholders of BHB in the forthcoming extraordinary general meeting; and

(iv) creditors/lenders of the Company and/or its subsidiaries.

The Proposed Disposal is not conditional upon any other corporate exercise.

8. DIRECTORS AND/OR MAJOR SHAREHOLDERS' INTEREST AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders of BHB and/or persons connected to them has any interest, directly or indirectly, in the Proposed Disposal.

9. DIRECTORS RECOMMENDATION

The Board, having considered all aspects of the Proposed Disposal including the rationale, risk factors and effects of the Proposed Disposal and after careful deliberation, is of the opinion that the Proposed Disposal is in the best interests of the Company.

10. APPLICATION TO THE RELEVANT AUTHORITIES

The Company expects to submit the applications in relation to the Proposed Disposal to the relevant authorities/parties for its respective approvals/consents within 1 month from the date of this announcement.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by the first quarter of 2016.

12. ADVISERS

Affin Hwang IB and HLIB have been appointed by the Company to act as the Joint Principal Advisers in relation to the Proposed Disposal.

13. DOCUMENTS FOR INSPECTION

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

This announcement is dated 18 December 2015.

1. PRINCIPAL ACTIVITY

BACH was incorporated in Malaysia under the Act as a private limited company on 18 June 2002 under the name of "Gubahan Saujana Sdn Bhd". On 23 December 2003, BACH changed its name to "Brahim's-LSG Sky Chefs Holdings Sdn Bhd". It assumed its present name on 21 February 2013 following the completion of the BLH Acquisition. BACH is an investment holding company. BAC, a 70%-owned subsidiary of BACH, is principally involved in the provision of in-flight catering and related services such as cabin handling. BAC is the principal in-flight catering service provider at both KLIA and Penang International Airport.

BACH's principal subsidiary, BAC, operates at KLIA and Penang International Airport with kitchen sizes of 59,025 square meters and 1,036.8 square meters respectively. The principal customers for BAC are airline companies with landing rights at both airports. BAC is currently the market leader for in-flight catering services with approximately 95% and 100% of market share at KLIA and Penang International Airport respectively. Apart from MAB as its anchor customer, BAC serves over 35 other airlines with the capacity to serve up to 60,000 meals daily at KLIA and up to 5,000 meals at the Penang International Airport. BAC served approximately 15 million, 17 million and 18 million meals during the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014, respectively. From this amount and over the same period, meals uplifted from MAB were approximately 8.8 million, 11.5 million and 12.0 million meals, respectively. As at the FYE 31 December 2014, BAC has a total headcount of 1,133 staff.

BAC entered into NCAs with MAB which has a tenure of 5 years (expiring 15 September 2020) with the option of renewal for another 5 years to provide catering and related services to MAB at KLIA. It prides itself on the preparation of halal in-flight meals and a fully integrated food logistics supply chain which includes cold rooms, warehouses and distribution support.

The principal activity of its subsidiary is set out in Section 4 of this Appendix.

2. SHARE CAPITAL

As at the date of this announcement, the authorised and issued and paid-up share capital of BACH is as follows:

	No. of shares	Par value (RM)	Amount (RM)
BACH Shares			
Authorised	4,990,000	1.00	4,990,000
Issued and paid-up	1,000,000	1.00	1,000,000
Class A redeemable preference shares			
Authorised	500,000	0.01	5,000
Issued and paid-up	-	-	-
Class B redeemable preference shares			
Authorised	500,000	0.01	5,000
Issued and paid-up	-	-	-

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3. DIRECTORS AND THEIR SHAREHOLDINGS

The Directors of BACH and their shareholdings in BACH as at the date of this announcement are as follows:

Name	Nationality	Direct		Indirect	
		No. of BACH Shares	%	No. of BACH Shares	%
Dato' Seri Ibrahim bin Haji Ahmad	Malaysian	-	-	(1)1,000,000	100
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	Malaysian	-	-	(1)1,000,000	100

Note:

(1) Dato' Seri Ibrahim bin Haji Ahmad and Tan Sri Dato' Mohd Ibrahim bin Mohd Zain have deemed interest pursuant to Section 6A of the Act by virtue of BHB's equity interest in BACH.

4. SUBSIDIARY AND ASSOCIATED COMPANY

The subsidiary of BACH as at the date of this announcement is as follows:

Name	Date / Place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Principal activity
BAC	23 September 1994 (Malaysia)	RM78 million	70%	Carry on airline catering and catering related services

As at the date of this announcement, BACH does not have any associated company.

5. FINANCIAL SUMMARY

The audited consolidated financial results of BACH for the past 3 financial years from FYE 31 December 2012 to FYE 31 December 2014 are as follows:

	(1) Audited FYE 31 December		
	2012	2013	2014
	RM'000	RM'000	RM'000
Revenue	335,058	384,625	342,836
Profit/(Loss) before taxation	59,037	77,506	(6,778)
Profit/(Loss) after taxation	43,452	56,571	(6,027)
PATNCI/(LATNCI)	30,337	39,451	(4,310)
NA	111,700	130,850	113,040
Non-controlling interest	26,343	34,761	27,042
Total equity	138,043	165,611	140,082
Paid-up capital	1,000	1,000	1,000
Total borrowings	37,458	10,345	10,021
NA per share (RM)	111.70	130.85	113.04
Gross earnings/(loss) per share (2) (RM)	59.04	77.51	(6.78)
Net earnings/(loss) per share (3) (RM)	30.34	39.45	(4.31)
Current ratio (times)	1.40	1.82	1.28
Gearing ratio (times) (4)	0.27	0.06	0.07

Note:

(1) The management of BACH only prepares consolidated financial statements for audit purposes on a yearly basis. No consolidated management accounts for interim financial periods are available.
(2) Computed based on profit/(loss) before taxation divided by total number of shares.
(3) Computed based on PATNCI/(LATNCI) divided by total number of shares.
(4) Computed based on total borrowings divided by total equity.

Comments:

FYE 31 December 2012

Revenue decreased marginally by 1.25% as compared to FYE 31 December 2011. However, due to lower cost of raw materials, consumables, direct labour cost and finance cost, BACH maintained the PATNCI at RM30.34 million for the FYE 31 December 2012 (RM30.33 million for FYE December 2011).

Gearing ratio also decreased significantly from 0.66 times in FYE 31 December 2011 to 0.27 times in FYE December 2012. This is attributed to the repayment of bank borrowings during the financial year.

FYE 31 December 2013

Revenue increased by approximately 14.79% from RM335.06 million to RM384.63 million. The increase in revenue was driven by the increase in passenger load of BAC's major customer, MAS, following its focus on route maximisation of its current destinations, therefore increasing the demand for meals.

The PATNCI increased by approximately 30.03% from RM30.34 million to RM39.45 million. The increase in PATNCI is mainly due to the increase in revenue coupled with lower finance cost.

The gearing ratio of BACH improved from 0.27 times in FYE 31 December 2012 to 0.06 times in FYE 31 December 2013 due to the repayment of bank borrowings during the financial year.

FYE 31 December 2014

Revenue decreased by 10.86% as compared to FYE 31 December 2013 due to the discount of 25% provided to MAS following the execution of a settlement agreement in the 4th quarter of 2014 up to the execution of the NCAs.

For the FYE 31 December 2014, BACH's major subsidiary, BAC, encountered major difficulties in collection from its key customer, MAS. After the tragic incidents of MH370 and MH17, MAS went into financial distress and had to undertake the MAS Recovery Plan. Under these circumstances, BAC was forced into a settlement agreement which effectively results in the impairment of RM74 million from its receivables.

Hence, BACH recorded a LATNCI of RM4.31 million for the FYE 31 December 2014.

As a result of the losses incurred during the financial year, the NA of BACH reduced from RM130.85 million to RM113.04 million which increased its gearing ratio from 0.06 times to 0.07 times.