

## GENERAL ANNOUNCEMENT

### - OTHERS

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

- **KTM CATERING SERVICES AGREEMENT ENTERED BETWEEN KERETAPI TANAH MELAYU BERHAD ("KTMB") WITH BRAHIM'S SATS FOOD SERVICES SDN. BHD., A SUBSIDIARY OF THE COMPANY ("BSFS")**

#### **1. INTRODUCTION**

The Board of BHB is pleased to announce that on 25 January 2018, BSFS entered into KTM Catering Services Agreement ("Agreement") with KTMB for the provision of total food & beverages solutions that shall include but not limited to provide for KTMB the manpower for catering services on-board for all Electric Train Services ("ETS") operated by KTMB, to operate Identified Rail Café at stations/terminals, to develop IT software to integrate with KTMB software for the purpose of to capture the sales of pre booked meals, to renovate and make good the new catering kitchen hub in Butterworth and Kuala Lumpur stations ("Services").

BSFS and KTMB are hereinafter collectively referred to as "the Parties" and individually as "Party".

#### **2. INFORMATION ON KTMB**

**KTMB** is a company incorporated under the laws of Malaysia and having its registered office at Corporate Headquarters, Jalan Sultan Hishamuddin, 50621 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. KTMB is the main rail operator in the Peninsular Malaysia.

#### **3. SALIENT TERMS OF THE AGREEMENT**

##### **3.1 Rationale**

The objective of the Agreement is to set up terms and conditions of the purpose mentioned above.

##### **3.2 Salient terms**

The salient terms of the Agreement are as follows:

- a. BSFS shall supply, deliver and sell the food and beverages prepared and supplied by BSFS ("Deliverables") for all scheduled and unscheduled commercial ETS operated by or on behalf of KTMB and the Identified Rail Café during the term of the Agreement under the brand of KTM Catering Services.
- b. BSFS shall provide the Services in accordance with all applicable standard practices in line with the Hazardous Analysis and Critical Control Points ("HACCP") principles, Key Performance Indicator set out in the Agreement

and all other specifications delivered by KTMB from time to time and agreed to in writing between the Parties.

- c. BSFS shall implement the enhancement programs in order to offer better on-board catering services for ETS operation and for the operation of the Identified Rail Café as set out in the Agreement.
- d. BSFS shall be allowed to use only ETS related KTMB branding and logo pursuant to the provision of this Services.
- e. The Agreement shall become effective and binding on the Parties commencing from 1 May 2017 ("Effective Date") and shall continue for a fixed initial term of five (5) years ("Initial Term") until 30 April 2022.
- f. The Services shall only commence once BSFS fulfilled the condition precedent of the Agreement by depositing the required insurance policies as stated via Letter of Acceptance of Tender No. KTMB/TC/ 3/2016 dated 16 March 2017.
- g. Parties agree that the Agreement shall be extended and/or renewed for another period of five (5) years upon the expiry of the Initial Term subject to Parties' mutual agreement and such renewal shall be upon the same terms and conditions contained in the Agreement except for variation of charges which also shall be subject to Parties' mutual agreement.
- h. In consideration of KTMB providing access to BSFS to provide the Services on board the ETS and at the Identified Rail Café, the Parties agree to a percentage of Revenue Sharing as specified in the Agreement.
- i. In consideration for the Services provided by BSFS, KTMB agrees to pay to the Charges as set out in the Agreement.
- j. In the event that KTMB successfully acquire any projects or awards for BSFS to supply food and beverages or any catering event, KTMB shall be entitled to a different Revenue Sharing scheme as per the Ancillary Sales Scheme set out in the Agreement.
- k. Throughout the Term of the Agreement, BSFS may be interested to introduce to sell any merchandise offerings or any miscellaneous products bearing KTMB or ETS logo and/or branding to its ETS passengers. Once this has been materialised, KTMB shall be entitled to a certain percentage of the revenue to be calculated based on the Ancillary Sales Scheme set out in the Agreement. This Ancillary Sales Scheme shall exclude the sales of food and beverages bearing KTMB or ETS logo and/or branding.

I. Either Party may terminate the Agreement by giving ninety (90) days written notice to the other Party.

**4. FINANCIAL EFFECTS OF THE AGREEMENT**

The Agreement is expected not to have any material effect on the earnings and net assets per share of the BHB Group for the financial year ending 31 December 2018, but it is expected to contribute positively to its future earnings.

**5. RISKS**

The risk factors affecting the Agreement includes changes in economic, political and regulatory environment and operational risks such as completion risk and shortage of materials and skilled labour which the Group would take appropriate measures to minimise.

**6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

None of the Directors or major shareholders of BHB or any persons connected to them has any interest, direct or indirect, in the Agreement.

This announcement is dated 25 January 2018.