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BRAHIM'S HOLDINGS BERHAD

(Company No.: 82731-A)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF
A REVENUE OR TRADING NATURE**

The resolution in respect of the above proposal will be tabled as Special Business at the 36th Annual General Meeting ("AGM") of Brahim's Holdings Berhad ("BHB" or "the Company"). An extract of the Notice convening the 36th AGM of the Company, which will be held at Auditorium, Level G, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur on Friday, 11 May 2018 at 10.30 a.m. is set out in this Circular.

A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf. The Form of Proxy is included in the 2017 Annual Report and it should be completed and lodged at the Company's Share Registrar's office, Symphony Share Registrar Sdn. Bhd. at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, on or before the time and date indicated below if you are unable to attend the 36th AGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Date of Record of Depositors for the purpose of
determining members' entitlement to attend, vote
and speak at the 36th AGM : Friday, 4 May 2018

Last date and time for lodging the Proxy Form : Wednesday, 9 May 2018 at 10.30 a.m.

Date and time of 36th AGM : Friday, 11 May 2018 at 10.30 a.m.

This Circular is dated 19 April 2018

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

- “Act” : Companies Act 2016 as may be amended from time to time and any re-enactment thereof
- “AGM” : Annual General Meeting
- “BHB” : Brahim’s Holdings Berhad (82731-A)
- “Board” : Board of Directors of BHB
- “Bursa Securities” : Bursa Malaysia Securities Berhad (635998-W)
- “Director(s)” : Shall have same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the Company or any other company which is its subsidiary or holding company or a chief executive officer of the Company, its subsidiary or holding company
- “IBHI” : IBH Investment Bank Limited
- “IBHC” : IBH Capital (Labuan) Limited
- “Interested Directors” : Directors who are deemed to be Related Parties and are interested in the Proposal.
- “Interested Major Shareholders” : Major Shareholders who are deemed to be Related Parties and are interested in the Proposal
- “Interested Person Connected” : in relation to a Director or a Major Shareholder, means such person who falls under any one of the following categories:-
- (a) a family member of the Director or Major Shareholder;
 - (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder, is the sole beneficiary;
 - (c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;
 - (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
 - (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
 - (f) a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (g) a body corporate which is a related corporation.
- “Listing Requirements” : The Main Market Listing Requirements of Bursa Securities, as amended from time to time and any re-enactment thereof
- “LPD” : 31 March 2018, being the latest practicable date prior to the printing of this Circular
- “Major Shareholder” : Any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, who has an interest or interests in one or more voting shares in the Company or any other corporation which is its subsidiary or holding company and the number or the aggregate number of those share, is: -
- (a) 10% or more of the total number of voting shares in the Company; or
 - (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the corporation.

For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act.

DEFINITIONS

“Proposed Renewal of Shareholders’ Mandate” or “Proposal”	: Proposed renewal of shareholders’ mandate pursuant to Paragraph 10.09, Chapter 10 and Practice Note 12 of the Listing Requirements, for the BHB Group to enter into RRPTs with IBHI.
“Related Party(ies)”	: Directors, Major Shareholders and/or persons connected with such Directors or Major Shareholders of BHB, who are interested in the Proposed Renewal of Shareholders’ Mandate
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“RRPT(s)”	: Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and in the ordinary course of business
“BHB Group” or “Group”	: BHB and its subsidiary companies, collectively

Words incorporate the singular shall, where applicable, include the plural and vice versa and words incorporate the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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BRAHIM'S HOLDINGS BERHAD

(Company No.: 82731-A)

Registered Office:

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur

19 April 2018

Board of Directors:

Dato' Seri Ibrahim Bin Haji Ahmad (*Executive Chairman*)
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain (*Non-Independent Non-Executive Director*)
Dato' Choo Kah Hoe (*Non-Independent Non-Executive Director*)
YB Datuk Seri Panglima Haji Abdul Azeez Bin Abdul Rahim (*Non-Independent Non-Executive Director*)
Tan Sri Datuk Seri Panglima Sulong Bin Matjeraie (*Independent Non-Executive Director*)
Professor Dr. Jinap Binti Salamet (*Independent Non-Executive Director*)
Encik Kamil Bin Dato' Haji Abdul Rahman (*Independent Non-Executive Director*)
Encik Ahmad Fahimi Bin Ibrahim (*Alternate Director to Dato' Seri Ibrahim Bin Haji Ahmad*)

To: The Shareholders of BHB

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE" OR "PROPOSAL")

1. INTRODUCTION

On 21 February 2018, the Company announced its intention to seek shareholders' approval for the Proposed Renewal of Shareholders' Mandate at the forthcoming 36th AGM of the Company.

The purpose of this Circular is to provide the shareholders with the information of the Proposed Renewal of Shareholders' Mandate, to set out the Board's recommendation thereon and to seek shareholders' approval for the ordinary resolution to be tabled at the forthcoming 36th AGM. The Notice of the 36th AGM together with the Proxy Form are enclosed in the 2017 Annual Report of the Company.

SHAREHOLDERS OF BHB ARE REQUIRED TO READ THIS CIRCULAR TOGETHER WITH THE APPENDIX OF THIS CIRCULAR AND TO CONSIDER CAREFULLY THE RECOMMENDATION HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AT THE FORTHCOMING 36TH AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

Pursuant to Paragraph 10.09, Chapter 10 and Practice Note 12 of the Listing Requirements, BHB may seek a shareholders' mandate, with regard to RRPT which are made at arm's length basis and are necessary for its day-to-day operations subject to, inter alia, the following:

1. the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
2. the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
 - (a) the consideration, value of the assets, capital outlay or cost of the aggregated RRPT is RM1 million or more; or
 - (b) the percentage ratio of such aggregated RRPT is 1% or more,whichever is higher;
3. the Company's Circular to shareholders for the shareholders' mandate shall include the information as may be prescribed by the Listing Requirements;
4. in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder, and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution to approve the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him/them abstain from voting on the resolution approving the transactions; and
5. the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

It is envisaged that in the normal course of the Group's business, transactions of revenue or trading nature between companies in the Group and the Related Party(ies) are likely to occur, and which is necessary for its day-to-day operations.

Pursuant thereto, the Company is seeking approval from shareholders for the Proposed Renewal of Shareholders' Mandate which will allow the Group, in their normal course of business, to enter into the category of RRPT referred to in Section 2.2 of this Circular with the Related Parties, provided that such transaction is made at arms' length basis, on the Group's normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to detriment of the minority shareholders of the Company.

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders of BHB at the 36th AGM, is subject to annual renewal and will continue to be in force until:

- (i) the conclusion of the next AGM following the 36th AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

2.1 Principal business activities of BHB Group

The principal business activity of BHB is investment holding. The Company, through its subsidiaries, is involved in food & beverage related business, which include in-flight catering services and operation of restaurants, as well as warehousing services. The particulars of its subsidiaries and their principal activities as at LPD are as follows:

No.	Subsidiaries	Date of Incorporation	Effective Interest in Equity held (%)	Principal Activities
1.	Brahim's Trading Sdn. Bhd.	27/11/2008	100	Dormant
2.	Tamadam Crest Sdn. Bhd.	30/08/1995	100	Dormant
3.	Cafe Barbera (SEA) Sdn. Bhd.	15/01/2009	100	Restaurant
4.	Tamadam Industries Sendirian Berhad	23/01/1990	100	Provision of warehouse rental, bonded warehousing, freight forwarding and transportation services
5.	Brahim's Marketing Sdn. Bhd.	25/05/2000	100	Dormant
6.	Brahim's SATS Investment Holdings Sdn. Bhd.	18/06/2003	51	Investment holding company
7.	Brahim's SATS Food Services Sdn. Bhd.	23/09/1994	35.7	Airline catering and catering related services
8.	Admuda Sdn. Bhd.	08/05/2002	60	Dormant

2.2 Class of Related Parties and Nature of Transaction

2.2.1 Class of Related Parties

The Proposal will apply to transactions with IBHI, a person connected to the Related Parties, namely IBHC, Dato' Seri Ibrahim Bin Haji Ahmad and Dato' Choo Kah Hoe. IBHC is a Bank Holding Company owning 100% equity interest in IBHI, a licensed Labuan investment bank. As at LPD, IBHC is owned by Dato' Seri Ibrahim Bin Haji Ahmad and Dato' Choo Kah Hoe with 80% and 20% stake respectively.

2.2.2 Background and Principal Activities of IBHI

IBHI was incorporated on 9 July 2009. IBHI was licensed by Labuan Offshore Financial Services Authority (Now known as Labuan Financial Services Authority) since 20 September 2009 to carry out various business, amongst others, conventional and Islamic investment banking business, fund management, consultancy and advisory services related to corporate and investment matters, provides loans and credit facilities, undertakes risk management and investment activities as well as undertakes foreign exchange transactions, interest rate swaps, dealings in derivative instruments or derivative financial instruments.

IBHI has the ability to deal in all major global currencies and through the network of overseas strategic alliances with other financial groups, IBHI has market coverage in Europe, Middle East, USA, South East Asia and China.

IBHI is governed and supervised by Labuan Financial Services Authority. As such, it is not under the purview of Bank Negara Malaysia.

2.2.3 Details of Overdue Trade Receivables

There were no transactions involving trade receivables with the Related Parties pursuant to the Proposed Renewal of Shareholders' Mandate. Accordingly, imposition of late payment charges is not applicable.

2.2.4 The Proposed Renewal of Shareholders' Mandate shall apply to the transaction with the following Related Parties:

Transacting parties	Interested parties	Nature of relationship	Nature of transaction	Estimated Value Aggregate Value as disclosed in the Circular to Shareholders dated 26 April 2017 (RM'000)	Actual Value transacted from the date of last AGM held 18 May 2017 until the LPD (RM'000)	Estimated Value of transaction from the date of the forthcoming 36th AGM to the date of next AGM* (RM'000)
Provider IBHI	IBHC	a) IBHC • Major shareholder of BHB	Provision of financial advisory services	5,000	0	5,000
Recipient BHB	Dato' Seri Ibrahim Bin Haji Ahmad	b) Dato' Seri Ibrahim Bin Haji Ahmad • Director and major shareholder of BHB • Major shareholder of IBHC				
	Dato' Choo Kah Hoe	c) Dato' Choo Kah Hoe • Director and major shareholder of BHB • Major shareholder of IBHC				

* The estimated values were derived based on the estimated level of activity in corporate exercises and financial advisory services required for the next financial year ending 31 December 2018. The actual values transacted may vary from the estimated values above depending on the prevailing economic and competitive environment.

The Actual Value transacted of the above transaction for Section 2.2.4 above, from the date on which the existing mandate was obtained (i.e. the date of last AGM on 18 May 2017) up to the LPD did not exceed the Estimated Value by 10% or more.

The above transaction is necessary for BHB's day-to-day operations and is in the ordinary course of business and is on terms not more favourable to the Related Party than those generally available to the public and are not to the detrimental of the minority shareholders of BHB.

2.3 Review procedures for the RRPT

BHB Group has established the following review procedures to be carried out to ensure that the RRPTs are undertaken at arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally not more favourable to the Related Parties than those generally available to the public and are not detrimental to BHB's minority shareholders:

- (i) A list of Related Parties has been circulated within BHB Group. All subsidiaries have been notified that all RRPTs are required to be undertaken at arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) The duties and roles of the Audit Committee include the review of RRPTs;
- (iii) Records will be maintained to record all RRPTs which are/will be entered into, which will be available for review by, among others, the auditors and Audit Committee, on a quarterly basis; Any member of the Audit Committee may as he deems fit, request for additional information pertaining to RRPTs from independent sources or advisers;
- (iv) The internal audit team will have to review the systems and procedures of the Group concerning RRPTs, so as to reasonably provide assurance to the Board, Audit Committee and management of the proper conduct and adherence to such systems and procedures;
- (v) Where applicable, the terms of the pricing of the RRPTs will be consistent with the Group's usual business practices and policies and will take into consideration the terms and conditions, pricing, level of service and expertise required, quality, reliability and consistency of products and services as compared with the prevailing market rate of prices and general practices by other service providers of similar capacity and capability for the same or substantially similar type of products/services and/or quantities. At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison. In the event that quotations or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Audit Committee by market force, in accordance with applicable industry norms and practices taking into account the efficiency, quality and type of support services, similar commercial terms, prevailing commercial rates and at rates not more favourable to the related parties than those generally available to the public;
- (vi) The Audit Committee shall review procedures, and shall continue to review the established guidelines and procedures, as and when required, on an annual basis with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate;
- (vii) The Audit Committee will report its findings to the Board for further action during the quarterly review. If the Audit Committee is of the view that the guidelines and procedures are not adhered to or are not sufficient to ensure that the RRPTs are carried on normal commercial terms and/or the RRPTs are deemed detrimental to the minority shareholders of BHB, the Audit Committee will:-
 - firstly, discuss and ascertain whether it is the guideline or procedure which is at fault or whether it is the fault of the person(s) delegated with the task of ensuring compliance or otherwise; and

- secondly, if the fault is the person rather than the guideline or procedure, appropriate action will be taken against the person connected. If the defect lies with the guideline or procedure, then the Audit Committee will modify, supplement or replace as may be required, the relevant guideline or procedure and report such modification, supplemental or replacement to the Board;
- (viii) Where any Director or person connected to him or the Audit Committee has an interest (direct and indirect) in any related party transactions or RRPTs, he will abstain from voting on any matter relating to any decision making by the Board or the Audit Committee in respect of the such transactions; and
- (ix) The Related Party Transactions (“RPT”)/ RRPTs are reviewed and authorised by the following parties:

Threshold for RPT/RRPT for each single project or transaction with a related party	Approval / Ratification
RM1 million and below	Subject to Paragraph 10.08 of the Listing Requirements, immediate approval of Audit Committee is not required, provided that the aggregate value of the related party transactions does not exceed RM5 million per quarter. A summary of such RPTs made each quarter shall be tabled to the Audit Committee and Board for ratification.
Above RM1 million but less than RM5 million	The Audit Committee and Board’s ratification is required after the usual approval process established under the capital expenditure policy, internal rules and/or Business Plan.
RM5 million and above	Prior consideration of the Audit Committee and approval of the Board is required before the transaction is procured.
RRPT contemplated in the Circular to Shareholders	Annual review of the approval procedures to be undertaken by the Audit Committee and the Board. Approval of the shareholders to be sought at the annual general meeting for renewal of existing RRPT mandate or new RRPT mandate.

2.4 Disclosure in Annual Report

Disclosure will be made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the Related Parties and their relationship with the Company pursuant to the Proposed Renewal of Shareholders’ Mandate in the Annual Report of the Company in the subsequent year during which the Proposed Renewal of Shareholders’ Mandate is in force.

2.5 Audit Committee’s Statement

The Audit Committee has seen and reviewed the procedures mentioned in Section 2.3 of this Circular and is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner and to ensure that the RRPTs are carried out:

- (i) on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) at arm’s length basis and on the BHB Group’s normal commercial terms; and

- (iii) not detrimental to the minority shareholders of the Company.

None of the Audit Committee Members of BHB except for Dato' Choo Kah Hoe has any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate. Accordingly, Dato' Choo will abstain and has abstained from voting on any matter relating to any decision making by the Board or the Audit Committee in respect of such transaction.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The RRPTs entered/to be entered into by the Group are all in the ordinary course of the Group's business. They are recurring transactions of revenue or trading nature, which are likely to occur with some degree of frequency and arise at any time and from time to time. As these transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, it may be impractical to seek shareholders' approval on a case-by-case basis before entering into such RRPTs. As such, the Company is seeking shareholders' mandate pursuant to Paragraph 10.09 of Chapter 10 and Practice Note 12 of the Listing Requirements to allow the Group to enter into such RRPTs made on an arm's length basis and on normal commercial terms and which are not detrimental to the Company's shareholders.

The RRPTs are intended to meet the business needs of the Group on the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPTs.

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders, will eliminate the need to make announcement to Bursa Securities or to convene separate general meetings from time to time to seek shareholders' approval as and when the RRPT(s) with specified classes of Related Parties arise. This will substantially reduce administrative time, inconvenience and avoid expenses associated with the convening of such general meetings on an ad hoc basis without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

4. FINANCIAL EFFECTS

The Proposed Renewal of Shareholders' Mandate will not have any effect on the share capital, net assets per share, earnings per share, gearing, major shareholders' shareholdings and dividends of BHB.

5. APPROVALS REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to and conditional upon approval being obtained from the shareholders of BHB at the forthcoming 36th AGM.

6. INTEREST OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the other Directors and/or Major Shareholders of BHB and/or persons connected to the Directors and/or Major Shareholders of BHB has any interest, directly or indirectly, in the Proposed Renewal of Shareholders' Mandate as at LPD:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Interested Directors				
Dato' Seri Ibrahim Bin Haji Ahmad	-	-	96,005,000 ^[1]	40.63
Dato' Choo Kah Hoe	-	-	25,000,000 ^[2]	10.58
Interested Major Shareholder				
IBHC	25,000,000	10.58	-	-

Notes:

- (1) Deemed interested in shares by virtue of his shareholdings in IBHC and Fahim Capital Sdn Bhd which is a shareholder of Brahim's International Franchises Sdn Bhd.
- (2) Deemed interested in shares by virtue of his shareholdings in IBHC.

The Interested Directors, namely, Dato' Seri Ibrahim Bin Haji Ahmad and Dato' Choo Kah Hoe who are also major shareholders of BHB and persons connected to IBHC, are deemed interested in the Proposed Renewal of Shareholders' Mandate and accordingly, have abstained and will continue to abstain from all Board deliberations and voting in respect of the RRPTs in which they have an interest as detailed in Section 2.2 of this Circular. They will also further abstain from voting in respect of their direct and/or indirect shareholdings in BHB on the resolution approving the Proposed Renewal of Shareholders' Mandate at the 36th AGM to be convened.

IBHC is a major shareholder of BHB and is deemed interested in the Proposed Renewal of Shareholders' Mandate by virtue of its direct shareholdings in BHB. Therefore, it will abstain from voting in respect to its direct and/or indirect shareholdings in BHB at the forthcoming 36th AGM to be convened by BHB on the resolution approving the Proposed Renewal of Shareholders' Mandate.

The abovementioned interested Directors and interested Major Shareholder have also undertaken to ensure that the person(s) connected to them will abstain from voting on the resolution deliberating or approving the Proposed Renewal of Shareholders' Mandate at the forthcoming 36th AGM.

7. DIRECTORS' RECOMMENDATION

The Board of Directors of BHB (save for Dato' Seri Ibrahim Bin Haji Ahmad and Dato' Choo Kah Hoe who are interested in the Proposed Renewal of Shareholders' Mandate) after having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is fair and reasonable and is in the best interest of the Company. Accordingly, the Board (save for Dato' Seri Ibrahim Bin Haji Ahmad and Dato' Choo Kah Hoe) recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the 36th AGM.

8. 36TH AGM

The 36th AGM of the Company will be held at Auditorium, Level G, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur on Friday, 11 May 2018 at 10.30 a.m. or at any at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Renewal of Shareholders' Mandate. The Notice of the 36th AGM is set out in the 2017 Annual Report of the Company despatch together with this Circular.

If you are unable to attend and vote in person at the 36th AGM, you are requested to complete and return the Proxy Form enclosed in the 2017 Annual Report in accordance with the instructions printed therein as soon as possible, and in any event so as to arrive at the office of the Company's Share Registrar, Symphony Share Registrar Sdn. Bhd. at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time fixed for the 36th AGM or any adjournment thereof. The lodgment of the Proxy Form does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

9. FURTHER INFORMATION

Shareholders of BHB are requested to refer to the attached Appendix I for additional information.

Yours faithfully,
for and on behalf of the Board
BRAHIM'S HOLDINGS BERHAD



Encik Kamil Bin Dato' Haji Abdul Rahman
Independent Non-Executive Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and its members individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no facts, the omission of which would make any information herein false and misleading.

2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD and save as disclosed below, the BHB Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and the Board does not have any knowledge of any proceedings pending or threatened against the BHB Group or any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the BHB Group:

- (i) Admuda Sdn. Bhd. ("Admuda"), a 60% owned subsidiary of BHB has received a Writ and Statement of Claim which was filed on 30 May 2016 at the High Court of Sabah and Sarawak at Kuching by Hock Seng Lee Berhad (Company No.: 045556-X) ("HSL") to claim against Admuda the sum of RM6,939,196.75 together with interest thereon as the Court deems fit from 24 June 2014 until full and final settlement as alleged damages. HSL's claim was arising from the non-payment by Admuda of the first progress claim for the works done by HSL in relation to the design and build of a sugar refinery factory.

On 21 June 2017, HSL has served a winding-up petition no. KCH-28NCC-19/ 6-2017 (HC 1) on Admuda. The winding-up petition is based on a summary of judgement obtained by HSL against Admuda vide judgement dated 17 February 2017 for the sum of RM6,939,196.75 and interest that the Court deems fit and cost of RM6,000.00. Admuda aggrieved with the said judgement and has appealed to the Court of Appeal. A tripartite settlement agreement is being negotiated between HSL, Brahim's Holdings Berhad and Admuda. In the proposed settlement agreement, Admuda will pay the claimed sum to HSL within 2 months from 16 March 2018. In the event that the payment is not made by the determined date, BHB will transfer 7.6 million of its shares in Admuda (being 38% interest in Admuda) to HSL in lieu of the claimed sum of RM6.9 million. The other shareholders will transfer 13% of shares to HSL which will make HSL hold 51% in total and taking Admuda as their subsidiaries. On 16 March 2018, winding up petition initiated by HSL against Admuda was withdrawn.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business), which have been entered into by the BHB Group within the past 2 years immediately preceding the date of this Circular:

(i) Settlement Agreement

The Company and Brahim's Trading Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Settlement Agreement with Quantum Angel Sdn. Bhd. on 3 May 2017 for the settlement the Kuala Lumpur High Court Civil Suit No.: WA-22NCC-305-08/2016.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours from Mondays to Fridays (except public holidays) at the Registered Office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur from the date of this Circular up to and including the date of the forthcoming 36th AGM:-

- (i) Constitution of BHB;

- (ii) Audited consolidated financial statements of BHB for the past two (2) years ended 31 December 2016 and 31 December 2017;
- (iii) The material contracts referred to in Section 3 above; and
- (iv) Cause papers in respect of the material litigation referred to Section 2 above.

APPENDIX I

EXTRACT OF THE NOTICE OF 36TH AGM

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

“THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies (“**the Group**”) be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders of the Company dated 19 April 2018 (“**the Circular**”) provided such transactions are:-

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- (c) not prejudicial to the minority shareholders of the Company.

(“Shareholders’ Mandate”)

THAT such approval shall continue to be in force and effect until:

- (a) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at the said AGM;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (“**the Act**”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and to do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Shareholders’ Mandate, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities.”

(Ordinary Resolution 7)