BRAHIM'S HOLDINGS BERHAD

PROPOSED DISPOSAL OF DEWINA HOST SDN BHD

1. INTRODUCTION

The Board of Directors of Brahims Holdings Berhad ("**Brahims**", the "**Company**" or the "**Seller**") wishes to announce that the Company had on 29 November 2019, entered into a Sale and Purchase of Shares Agreement ("**SPA**") with HMSHost International B.V. ("**HMSH**" or the "**Purchaser**") for the disposal of its entire equity interest in Dewina Host Sdn Bhd ("**DHSB**"), comprising 178,500 ordinary shares ("**Sale Shares**") representing 51% equity interest in DHSB, to HMSH for a total cash consideration of RM7,878,495 (**"Proposed Disposal**").

2. BACKGROUND INFORMATION

2.1 Information on DHSB

DHSB is a company incorporated in Malaysia on 9 June 1997 with an issued and paid up capital of RM350,000 comprising 350,000 ordinary shares. The principal activity of DHSB is operating food and beverage outlets at the Kuala Lumpur International Airport 1 & 2. DHSB is a 51% subsidiary of Brahims with the remaining 49% equity interest held by HMSH.

The directors of DHSB together with their respective direct and indirect shareholdings as at 31 October 2019 are as follows:

	Direct		**Indirect**	
Director	**Shares**	**%**	**Shares**	**%**
Dato' Seri Haji Ibrahim Bin Haji Ahmad	-	-	178,500	51.0
Kamil Bin Abdul Rahman	-	-	-	-
David Joseph Mackay	-	-	-	-
Walter Seib	-	-	-	-
Iwan Manfred Oscar Wladimir Kruiswijk (Alternate director to David Joseph Mackay)	-	-	-	-
Saraswathi A/P Ragupathi (Alternate director to Walter Seib)	-	-	-	-
Nur Fatin Binti Ibrahim (Alternate director to Dato' Seri Haji Ibrahim Bin Haji Ahmad)	-	-	-	-

A summary of the financial information of DHSB for the past 3 financial years up to the FYE 31 December 2018 is set out as follows:

	FYE2016 (RM'000)	**FYE2017 (RM'000)**	**FYE2018 (RM'000)**
Revenue	36,773	42,126	42,972
(Loss)/Profit before tax ("**LBT/PBT**")	(405)	1,672	3,904
(Loss)/Profit after tax ("**LAT/PAT**")	(723)	973	3,141
Net assets ("**NA**")	10,816	10,090	13,230
Total borrowings	-	-	-
Total issued shares ('000)	350	350	350
LBT/PBT margin (%)	(1.1)	4.0	9.1
LAT/PAT margin (%)	(2.0)	2.3	7.3
(Loss)/Earnings per share (RM)	(2.07)	2.78	8.97
NA per share (RM)	30.90	28.83	37.80
Current ratio (times)	2.24	2.63	3.09
Gearing level (times)	-	-	-

2.2 Information on the Purchaser

HMSH was incorporated in the Netherlands on 1 July 1995 under the Chambers of Commerce for Besloten Vennootschap (comparable with Private Limited Liability Company). It has a paid-up capital of EUR18,090 comprising 402 shares.

HMSH is a wholly-owned indirect subsidiary of Autogrill S.p.A. via Host International. Inc. and a global player in the food and hospitality industry with more than 50 years' experience in airport restaurant operations, design, concept and development. It operates in Europe, Asia-Pacific, and the Middle East.

As at 31 October 2019, the directors of HMSH are Walter Seib, Nicola Salvemini and Mark Theodore Ratych.

3. SALIENT TERMS OF THE SPA

3.1 Sale and Purchase of Shares

a) Each of the Sale Shares shall be sold:

   i. with full title guarantee, free from and clear of all charges liens, pledges, equities, mortgages, options, security interest, and other adverse third party rights and otherwise unencumbered; and

   ii. together with all rights now attached or attaching to them, including the right to all dividends or distributions declared but unpaid at the time of the signing of the SPA.

b) The Purchaser and the Company agree to terminate the shareholders agreement dated 3 December 1997, technical assistance agreement dated 19 March 1999 and cost-sharing agreement dated 27 March 1999. All the clauses and restrictions contained in the aforesaid agreements including but not limited to the restriction on non-competition as specified in the Shareholders Agreement shall be terminated and cease to have any effect against the Parties.

3.2 Purchase Consideration

a) The Purchaser shall pay the Company by way of cheque, banker's cheque, bank remittance the Purchase Consideration of the Sale Shares in the amount of Ringgit Malaysia Seven Million Eight Hundred and Seventy Eight Thousand Four Hundred and Ninety Five (RM7,878,495.00) only excluding withholding tax (**"Disposal Consideration"**).

b) Payment of the Purchase Consideration by or on behalf of the Purchaser in accordance with Article 3 in the SPA shall constitute the full payment of the Purchase Consideration for the Sale Shares and shall fully discharge the obligations of the Purchaser under Article 1 in the SPA and the Company shall have no further claims in any form whatsoever against the Purchaser in relation to the Sale Shares and the sale and purchase of the Sale Shares.

c) The Purchaser states, acknowledges, and guarantees to the Company that:

   i) As of the date of the SPA, there are or will be no payments of any kind due or payable by the Company to the Purchaser other than agreed in SPA and both the parties agree to enter into such documentation as may be reasonably requested by either party to evidence the foregoing.

ii) The Purchaser will change the name of DHSB so as to not be confused with the Company or any derivation thereof.

iii) Upon the closing date, the Purchaser shall undertake to procure the removal, release or discharge of any guarantee or indemnity provided by the Company for DHSB in favour of any third party(ies) prior to the date of the SPA. If any action, proceeding, claim or demand shall be brought or asserted against the Company after the closing date, the Purchaser shall assume all the liabilities arising out from such guarantee(s) or indemnity(ies) provided thereon and shall indemnify and keep the Company indemnified of any losses, costs and expenses incurred therein.

3.3 Termination

a) The SPA will continue and remain in full force and effect, unless terminated either by way of issuance of notice of termination or rescission pursuant to any of the provisions of the SPA and the consequential effects thereafter shall be governed by the provisions in the SPA.

b) The Company's right to terminate: The Company, may, at any time up to and after the closing date of the SPA and while such defaults subsists, give a notice of termination to the Purchaser in the event that the Purchaser defaults in any of its material obligations under the SPA or is otherwise fundamental breach of its obligations under the SPA, the Company shall be entitled to have all the documents as specified in Article 4 of the SPA delivered to the Purchaser returned back to the Company.

c) The Purchaser's right to terminate: In the event that the Company fails to complete the sale and purchase for any reasons whatsoever or shall fail to comply with any of the terms and conditions of the SPA, the Purchaser shall be entitled to claim for specific performance, damages and/or all such reliefs as may be awarded by the Court, or in alternative, the Purchaser may by notice of termination to the Company terminate the SPA whereupon the Company shall refund all the monies paid by the Purchaser to the Company pursuant to the SPA.

d) Effect of termination: If the SPA is terminated, the following terms shall apply:-

i) the SPA will be null and void and of no further effect;

ii) the Purchaser shall return all documents, if any delivered to them by or on behalf of the Company within 3 days after the events referred in the SPA with all the Company's rights and interest in DHSB intact;

iii) each party will have no further obligations to the other party; and

iv) its termination will be without prejudice to any rights and liabilities arising as a result of, or in connection with, any antecedent breaches of the SPA.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal provides an opportunity for the Company to divest its non-core assets as part of its internal restructuring plan and also provides immediate cash flow which can be channelled towards the Company's business operations and repayment of bank borrowings.

5. BASIS AND JUSTIFICATION OF ARRIVING AT THE DISPOSAL CONSIDERATION

5.1 Basis and Justification

The Disposal Consideration was arrived at on a willing buyer willing seller basis, after taking into consideration the latest NA of DHSB.

For illustrative purposes, the NA of DHSB based on the latest audited FYE 31 December 2018 is as follows:

	RM'000
Audited consolidated NA as at FYE 31 December 2018	13,230
51.0% of the NA value	6,747
Disposal Consideration	7,878
Premium of Disposal Consideration against the 51.0% of the NA	16.8%

As illustrated above, the Disposal Consideration represents a premium of approximately 16.8% to the NA of approximately RM6.7 million (being 51.0% of the total NA of approximately RM13.2 million) of DHSB for the FYE 31 December 2018. Accordingly, the price-to-book ratio implied by the Disposal Consideration for the Proposed Disposal is approximately 1.17 times.

5.2 Mode of Settlement

The entire Disposal Consideration will be satisfied via cash on the date which the Sale Shares are transferred.

5.3 Cost of Investment

The original cost of investment of Brahims in DHSB and the dates of investment are set out below:

Date of investment	**No. of DHSB Shares**	**Cost of investment**
	Unit	**RM**
22 May 2011	127,500	20,000,000
15 May 2015	51,000	51,000
Total	**178,500**	**20,051,000**

5.4 Expected loss arising from the Proposed Disposal

The Proposed Disposal is expected to result in a pro forma loss to Brahims, details of which are set out below:

	RM'000
Disposal Consideration	7,878
Less: Brahims' investment in DHSB	(20,051)
Less: Estimated expenses for the Proposed Disposal	(300)
Less: Estimated tax expenses	-
Total proforma loss	(12,473)

Against the cost of investment of RM20.1 million for its 51% equity interest in DHSB, the Company expects to realise a loss of approximately RM12.5 million based on the Disposal Consideration of RM7.9 million.

5.5 Liabilities to be Assumed by HMSH

No liabilities to be assumed by HMSH pursuant to the Proposed Disposal.

6. UTILISATION OF PROCEEDS

The proceeds arising from the Proposed Disposal shall be utilised in the following manner:-

Purposes	Timeframe for utilisation	RM'000
Working capital requirements[1]	3 months	4,078
Repayment of bank borrowings	1 month	3,500
Estimated expenses in relation to the Proposed Disposal	1 month	300
Total		**7,878**

Note:

1. *Including payment of suppliers, professional fees for regularisation plan, office expenses, rental and salary.*

7. RISK FACTORS

7.1 Non-completion of the Proposed Disposal

The completion of the Proposed Disposal is conditional upon the fulfilment of the terms and conditions in the SPA. In the event that any one or more of the terms and conditions are not fulfilled by the parties involved within the stipulated time set out in the SPA, or any breach of the representations or warranties or failure to perform any covenant or agreement by the parties involved pursuant to the SPA, the Proposed Disposal may be delayed or terminated. As such, there can be no assurance that the Proposed Disposal can be completed within the time period permitted under the SPA.

Notwithstanding the above, Brahims shall endeavour to ensure that the terms and conditions set out in the SPA are fulfilled in a timely manner to facilitate the completion of the Proposed Disposal.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal are set out below:

8.1 Share capital

The Proposed Disposal will not have any effect on the issued share capital of Brahims as the Proposed Disposal does not involve any issuance of new ordinary shares in Brahims.

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8.2 NA and Gearing

Based on the latest audited consolidated financial statements of Brahims as at 31 December 2018, the pro forma effects of the Proposed Disposal on the consolidated NA and gearing level of Brahims are as follows:

	As at 31 December 2018 RM'000	**Pro forma I After the Proposed Disposal RM'000**
Share capital	268,266	268,266
Reserves	(275,946)	(288,419) [1]
Shareholders' equity / NA	(7,680)	(20,153)
Non-controlling interests	132,395	132,395
Total Equity	124,715	112,242
No. of shares in issue ('000)	236,286	236,286
NA per share (RM)	(0.03)	(0.09)
Borrowings (interest-bearing)	78,066	78,066
Gearing level (times)	N/A[2]	N/A[2]

Notes:
1. *Including the proforma loss of approximately RM12.5 million arising from the Proposed Disposal as illustrated in Section 5.4 of this announcement.*
2. *Not applicable due to negative shareholders' funds.*

8.3 Earnings per share

Save for the loss on disposal of RM12.5 million, the Proposed Disposal is not expected to have any other material effect on the earnings of Brahims for the FYE 31 December 2019.

8.4 Substantial shareholders' shareholding

The Proposed Disposal will not have any effect on the substantial shareholders' shareholdings in Brahims as the Proposed Disposal does not involve any issuance of new ordinary shares in Brahims.

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

None of the Directors and/or major shareholders of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Disposal.

10. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Disposal, including the rationale and justification for the Proposed Disposal, the salient terms of the SPA, the basis and justification of arriving at the Disposal Consideration as well as the financial effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company and the terms and conditions of the SPA are fair and reasonable.

11. PERCENTAGE RATIO OF THE PROPOSED DISPOSAL

Pursuant to Rule 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the highest percentage ratio of Proposed Disposal is 21.4%, calculated based on the Disposal Consideration and market capitalisation of Brahims.

12. APPROVALS REQUIRED

The Proposed Disposal does not require the approval of any government authorities nor the approval of the shareholders of Brahims.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the fourth quarter of 2019.

14. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be available for inspection at the registered office of Brahims at 10^{th} Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia during normal business hours on Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 29 November 2019.