

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

HEADS OF AGREEMENT BETWEEN BRAHIMS AND MRI VC BERHAD

1. INTRODUCTION

On 28 February 2019, it was announced that the Company had become an affected listed issuer ("**PN17 Company**") as it had triggered the Prescribed Criteria pursuant to Paragraph 2.1(a) of Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). Following thereto, the Company had on 27 May 2019 announced that it intends to undertake a proposed regularisation plan to regularise the Company's condition as a PN17 Company ("**Proposed Regularisation Plan**") that will not result in a significant change in the business direction or policy of the Company. It is envisaged that a fund-raising exercise will form an integral part of the Proposed Regularisation Plan.

The Board of Directors of Brahims ("**Board**") wishes to announce that the Company had on 20 December 2019, entered into a Heads of Agreement ("**HOA**") with MRI VC Berhad (*formerly known as UZ Catering Berhad*) ("**MRI**") to set out the basis of MRI's participation in the Proposed Regularisation Plan.

Pursuant to the HOA, the Company and MRI (the "**Parties**", collectively) have agreed to enter into the HOA to set out the basis for negotiating the terms and conditions in the definitive agreement to be entered into for MRI's participation in the Company's Proposed Regularisation Plan ("**Definitive Agreement**"). An announcement will be made to Bursa Securities upon execution of the Definitive Agreement.

2. DETAILS OF THE HOA

Pursuant to the HOA, the fund-raising exercise forming part of the Proposed Regularisation Plan is expected to comprise of, but not limited to, a proposed private placement and proposed rights issue, which MRI will participate in ("**Proposed Share Issuance**"). The Proposed Regularisation Plan (including the Proposed Share Issuance) will be subject to the approvals of Bursa Securities and the shareholders of Brahims at a general meeting to be convened ("**Approvals Required**"). The Company endeavours, on a best effort basis, to procure the Approvals Required within 180 days from the date of the HOA or such further extension as may be agreed between the Parties ("**Conditional Period**").

In addition, MRI has paid a deposit of RM2.0 million to Brahims with the execution of the HOA ("**Deposit**"). The Deposit may be used to set off against the total amount to be paid by MRI for the subscription of new securities in Brahims to be issued in conjunction with the Proposed Share Issuance.

3. SALIENT TERMS OF THE HOA

The salient terms of the HOA are as follows:

3.1 Obligations of the parties

The Parties hereby agree that:

- (i) MRI hereby undertakes to participate in Proposed Share Issuance in conjunction with the Proposed Regularisation Plan;
- (ii) Brahims shall award to MRI and/or its subsidiaries monthly contract(s) worth an amount in aggregate of up to RM500,000 each for a duration of 2 years ("**Term**"). The award of the same will be in continuance during the Term subject to the necessary approvals being obtained;

- (iii) The said Term may be renewed for a further term of 2 years from the expiry of the Term (“**Extended Term**”) upon such new terms and conditions as the Parties may mutually agree in writing and separately from the HOA;
- (iv) the first monthly contract shall be awarded by Brahims to MRI and/or its subsidiaries not more than 60 days after the execution of the HOA and subject to obtaining the Approvals Required, the award of the same shall be in continuance during the Term and/or the Extended Term after the execution of the Definitive Agreement, if any;
- (v) should there be no major conflict and disagreement between the Parties during the Term, Brahims will apply to change the Company’s name from “Brahims” to “Brahims Zamzam” at the soonest practicable after the expiry of the Term subject to the necessary approvals being obtained;
- (vi) Brahims shall not transfer, assign, novate, sell or dispose any of its businesses and/or licenses or the businesses or licenses of its subsidiaries without the written consent of MRI;
- (vii) MRI shall have the right to inspect the audited accounts of Brahims for the 2 financial years immediately preceding the date of the HOA and its latest management accounts within 14 business days upon its written request to Brahims; and
- (viii) MRI shall have the right to inspect all current and lapsed contracts of Brahims for 1 year immediately preceding the date of this HOA within 14 business days upon its written request to Brahims.

3.2 Conditions Precedent

The completion of the Proposed Share Issuance is conditional upon procurement of Approvals Required.

3.3 Termination

- (i) This HOA shall take effect upon execution by the Parties thereto and shall continue thereafter until it is terminated only in the event that Brahims fails to procure the Approvals Required;
- (ii) Upon the occurrence of the event of termination as stipulated in item (i) above, Brahims shall refund the Deposit and/or all monies paid in full by MRI free from any interest accrued therein, if any. The Parties’ obligations pursuant to the HOA shall cease to have any effect and the Parties shall have no further claims against the other save for any antecedent breach, if any;
- (iii) Notwithstanding the above, in any event if MRI decides to exit or withdraw from the HOA prior to expiry of the Conditional Period, the HOA shall be treated as terminated upon a written notice to be served upon Brahims. Save and except that Brahims shall be entitled to forfeit the Deposit paid by MRI, the Parties shall have no further claims against the other save for any antecedent breach, if any.

4. INFORMATION ON MRI

MRI was incorporated in Malaysia under the Companies Act 2016 on 27 April 2018 and was previously known as UZ Catering Berhad. MRI is principally involved in the manufacturing of prepared meals and dishes, event/food catering and other food service activities. As at 31 November 2019, the issued share capital of MRI is RM1,000 comprising 1,000 ordinary shares.

The Directors and shareholders of MRI as at 30 November 2019 are as follows:

Director and shareholder	Direct No. of shares	%	Indirect No. of shares	%
Norizam Bin Tukiman	510	51.0	⁽¹⁾ 490	49.0
Nor Halim Bin Tukiman	490	49.0	⁽¹⁾ 510	51.0

Note:

(1) Deemed interested by virtue of their sibling's shareholdings.

5. RATIONALE FOR THE HOA

The HOA has been entered into to secure the participation of MRI in the Proposed Regularisation Plan of the Company.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors and/or major shareholders of the Company and/or persons connected to them are related to MRI. As such, their interest in the HOA, if any, is only by way of their respective shareholdings in Brahims.

7. DOCUMENT FOR INSPECTION

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

This announcement is dated 20 December 2019.