

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

HEADS OF AGREEMENT BETWEEN BRAHIM'S SATS FOOD SERVICES SDN BHD AND FOCUS DYNAMICS CENTRE SDN BHD

1. INTRODUCTION

The Board of Directors of Brahims wishes to announce that the Company's subsidiary, Brahim's SATS Food Services Sdn Bhd ("**BSFS**"), had on 11 November 2020 entered into a Heads of Agreement ("**HOA**") with Focus Dynamics Centre Sdn Bhd ("**FDC**"), a wholly-owned subsidiary of Focus Dynamics Group Berhad ("**Focus**"), to collaborate and leverage off each other's business. FDC is a major shareholder of the Company.

(FDC and BSFS shall be collectively referred to as the "**Parties**".)

2. DETAILS OF THE HOA

Pursuant to the HOA, BSFS intends to utilise the spare capacity of its flight kitchen in Kuala Lumpur International Airport via the modernisation of its flight kitchen and the digitisation of its business processes.

This will be achieved via the development of FDC's integrated digital network in providing an end-to-end fulfilment delivery strategy for Focus' businesses, including its cloud kitchen and ghost kitchen programs.

3. SALIENT TERMS OF THE HOA

The following are salient terms of the HOA:

3.1. Business Collaboration

The Parties have outlined the below plan to focus on the new paradigm for the F&B business in an O2O (offline to online) push. It is expected that with recent health, societal and economic changes due to Covid-19, there will be a greater demand to E-Commerce based F&B business.

- (a) Focus and BSFS has agreed to set up a 'Digital Kitchen Project' which will accelerate the launch of Focus's Cloud Kitchen, as well as to modernize BSFS's food catering business.
- (b) The Digital Kitchen Project will operate on several verticals to service the on-demand food & beverage industry such as Cloud Kitchen, Shadow Kitchen Network, Ready to Eat Meals and Digital Food Trucks.
- (c) The segmentation of BSFS's current operations of central kitchen will be designated as follows: -
 - i) Cloud Kitchen
To set up a cloud kitchen base to attract entrepreneurs and mall businesses who wish to get started in the digital F&B business.
 - ii) Shadow Kitchen Network
Prepare ready-to-eat meals and develop food supply boxes by making use of existing restaurants in the Klang Valley who are not operating at optimal capacity to act as a fulfilment arm for Focus and to reach out via its digital menus.

- iii) Digital Food Trucks
BSFS will revamp and utilize its existing infrastructure and logistics to provide digital food trucks as an off-shoot of the Cloud Kitchen model via remodelled food trucks with digital menus and advertising signage.

3.2. Term

The Parties have agreed to finalize a commercial agreement outlining financials, commitment of resources, offtake agreements, potential investment quantum's and schedules of implementation within 6 months of signing this HOA.

3.3. Duration

The HOA shall be effective as at the date of execution and shall terminate upon the occurrence of any of the following events:

- (i) 6 months without any finalised commercial agreement between the Parties;
- (ii) Mutual termination by both Parties, in writing; and
- (iii) In the event of insolvency, liquidation or filing of winding up petition of either party.

4. INFORMATION ON FDC

FDC was incorporated in Malaysia under the Companies Act 1965 on 2 March 1999. FDC is principally involved in the business of F&B operations.

As at 31 October 2020, the issued share capital of FDC is RM1,800,000 comprising 1,800,000 ordinary shares.

The shareholders of FDC as at 31 October 2020 are as follows:

Shareholder	Direct		Indirect	
	No. of shares	%	No. of shares	%
Focus	1,800,000	100	-	-
<u>Major Shareholders of Focus</u>				
Asiabio Capital Sdn Bhd	512,099,792	25.05	-	-
Fintec Global Berhad	-	-	⁽¹⁾ 517,199,792	25.30

Note:

1. Deemed interested by virtue of its shareholdings in Asiabio Capital Sdn Bhd, the wholly-owned subsidiary of Fintec Global Berhad.

The director of FDC as at 31 October 2020 is Tay Ben Seng, Benson.

2. RATIONALE FOR THE HOA

BSFS entered into the HOA to explore the expansion of its non-airline catering business which is line with its long-term strategy and to reduce dependence on airlines.

3. EFFECTS OF THE TRANSACTION

The HOA is not expected to have any effect on the earnings per share, net assets per share, gearing, share capital and shareholdings of the Company.

However, it is expected that the business collaboration between BSFS and FDC is expected to result in an increase in the earnings per share of the Company.

4. APPROVALS REQUIRED

The HOA is not subject to the approval of the shareholders of the Company or any regulatory authorities.

Further announcement will be made to Bursa Malaysia Securities Berhad on any commitment of financial obligations for this HOA as the information surfaces.

5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed below, none of the Directors and/or major shareholder of the Company and/or persons connected to them are related to FDC. As such, their interest in the HOA, if any, is only by way of their respective shareholdings in Brahims.

Major shareholder of Brahims

FDC is a major shareholder of Brahims, directly holding 38,000,000 shares or approximately 16.082% of the issued and paid-up capital of Brahims. As FDC is a party to the HOA, FDC is therefore interested in the HOA.

FDC will abstain and have undertaken to ensure that persons connected to them will abstain from voting in respect of their respective direct and/or indirect shareholdings in Brahims, if any, on the resolutions pertaining to the HOA at any general meeting of the Company.

Common Director

Tay Ben Seng, Benson (“**TBSB**”) is presently a Non-Independent Non-Executive Director of Brahims and the Executive Director of Focus, who is the parent company of FDC a major shareholder of Brahims. As such, TBSB is deemed to be interested in the HOA.

TBSB will abstain from all Board deliberations in relation to the HOA and will abstain and has undertaken to ensure that persons connected to him will abstain from voting respect of their respective direct and/or indirect shareholdings in Brahims, if any, on the resolutions pertaining to the HOA at any general meeting of the Company to be convened if necessary.

6. STATEMENT BY DIRECTORS

The Board of Directors of the Company is of the opinion that the HOA is in the best interest of the Company.

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 11 November 2020.