

THIS CIRCULAR TO SHAREHOLDERS OF BRAHIM'S HOLDINGS BERHAD ("BHB" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. This Circular has been reviewed and approved by TA Securities Holdings Berhad, being the Principal Adviser and Placement Agent to the Company for the Proposed Private Placement (as defined herein).

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



BRAHIM'S HOLDINGS BERHAD
(Registration No. 198201002985 (82731-A))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:-

PROPOSED PRIVATE PLACEMENT OF UP TO 70,885,600 NEW ORDINARY SHARES IN BRAHIM'S HOLDINGS BERHAD ("BHB") ("PLACEMENT SHARES"), REPRESENTING APPROXIMATELY 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF BHB ("SHARES") TO THE FOLLOWING PARTIES:-

- (I) DATO' SERI IBRAHIM BIN HAJI AHMAD, THE EXECUTIVE CHAIRMAN AND A MAJOR SHAREHOLDER OF THE COMPANY, OF UP TO 17,720,000 PLACEMENT SHARES, REPRESENTING APPROXIMATELY 7.50% OF THE TOTAL NUMBER OF ISSUED SHARES; AND**
- (II) INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED LATER, OF UP TO 53,165,600 PLACEMENT SHARES, REPRESENTING APPROXIMATELY 22.50% OF THE TOTAL NUMBER OF ISSUED SHARES,**

AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED PRIVATE PLACEMENT")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser and Placement Agent



AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD
(Registration No. 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting of the Company ("**EGM**") to be held through live streaming from the Broadcast Venue at Brahim's Holdings Berhad, 7-05, 7th Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia on Wednesday, 21 April 2021 at 10.30 a.m. or at any adjournment thereof, together with the Form of Proxy are enclosed with this Circular. If you decide to appoint a proxy of proxies for the EGM, you must complete and lodge the Form of Proxy for the EGM as follows not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof:-

- (a) Deposit the Form of Proxy in hardcopy**
Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan
- (b) Deposit the Form of Proxy electronically**
Share Registrar, Boardroom Share Registrars Sdn Bhd via Boardroom Investor Portal at <https://boardroomlimited.my>

Date of Record of Depositor for the purpose of determining members' entitlement to attend, vote and speak at the EGM : Wednesday, 14 April 2021 at 5.00 p.m.
Last date and time for lodging the Form of Proxy : Monday, 19 April 2021 at 10.30 a.m.
Date and time of EGM : Wednesday, 21 April 2021 at 10.30 a.m.

This Circular is dated 6 April 2021

DEFINITIONS

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

Act	- Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
BHB or the Company	- Brahim's Holdings Berhad (Registration No. 198201002985 (82731-A))
BHB Group or the Group	- Collectively, BHB and its subsidiaries
BHB Share(s) or Share(s)	- Ordinary share(s) in the Company
Board	- The Board of Directors of BHB
BSFS	- Brahim's SATS Food Services Sdn Bhd (Registration No. 199401031599 (317281-X)), a 70%-owned subsidiary of BSIH, which in turn is a 51%-owned subsidiary of the Company
BSIH	- Brahim's SATS Investment Holdings Sdn Bhd (Registration No. 200201015553 (583216-P)), a 51%-owned subsidiary of the Company
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	- Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Circular	- This circular in relation to the Proposed Private Placement
CMSA	- Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Dato' Seri Ibrahim	- Dato' Seri Ibrahim bin Haji Ahmad, the Executive Chairman and a major shareholder of the Company
EGM	- An extraordinary general meeting of the Company to be convened for the Proposed Private Placement
EPS	- Earnings per share
FDC	- Focus Dynamics Centre Sdn Bhd (Registration No. 199901003144 (478044-A), a wholly-owned subsidiary of Focus Dynamics and a major shareholder of the Company
Focus Dynamics	- Focus Dynamics Group Berhad (Registration No. 200201015261 (582924-P))
FPE	- Financial period ended
FYE	- Financial year(s) ended / ending, as the case may be
GP	- Gross profit
Interested Person	- A director, major shareholder or chief executive of BHB or a holding company of BHB
LAT	- Loss after taxation

DEFINITIONS (CONT'D)

LBT	- Loss before taxation
LPS	- Loss per Share
Listing Requirements	- Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	- 26 March 2021, being the latest practicable date prior to the printing of this Circular
Market Day(s)	- Any day on which Bursa Securities is open for trading in securities
NA	- Net assets
Official List	- The official list of the Main Market of Bursa Securities
PAT	- Profit after tax
PBT	- Profit before tax
Placement Shares	- Up to 70,885,600 new BHB Shares to be issued pursuant to the Proposed Private Placement
PN	- Practice Note
Prescribed Criteria	- The prescribe criteria under Paragraph 2.1(a) of PN17 of the Listing Requirements in which the shareholders' equity of the listed issuer on a consolidated basis is 25% or less of the share capital (excluding treasury shares) of the listed issuer and such shareholders' equity is less than RM40 million.
Proposed Private Placement	- Proposed private placement of up to 70,885,600 Placement Shares, representing up to approximately 30% of the total number of issued Shares to the following parties:- (i) Dato' Seri Ibrahim, of up to 17,720,000 Placement Shares, representing approximately 7.50% of the total number of issued Shares; and (ii) independent third-party investor(s) to be identified later, of up to 53,165,600 Placement Shares, representing approximately 22.50% of the total number of issued Shares, at an issue price to be determined later.
Record of Depositors	- A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
RM and sen	- Ringgit Malaysia and sen respectively
Rules of Bursa Depository	- The Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, as amended from time to time
Shareholders	- Registered holders of BHB Shares
TA Securities or the Principal Adviser or Placement Agent	- TA Securities Holdings Berhad (Registration No. 197301001467 (14948-M))
VWAP	- Volume-weighted average market price

DEFINITIONS (CONT'D)

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, 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 day in this Circular shall be a reference to Malaysia time, unless otherwise stated. Any discrepancies in the tables included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

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BRAHIM'S HOLDINGS BERHAD

(Registration No. 198201002985 (82731-A))
(Incorporated in Malaysia)

Registered Office

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

6 April 2021

Board of Directors

Dato' Seri Ibrahim bin Haji Ahmad (Executive Chairman)
Dato' Choo Kah Hoe (Non-Independent Non-Executive Director)
Tay Ben Seng, Benson (Non-Independent Non-Executive Director)
Professor Dr Jinap binti Salamet (Independent Non-Executive Director)
Kamil bin Dato' Haji Abdul Rahman (Independent Non-Executive Director)
Maj (R) Mejar Dato' Ismail Bin Ahmad (Independent Non-Executive Director)
Ahmad Fahimi bin Ibrahim (Alternate Director to Dato' Seri Ibrahim bin Haji Ahmad)

To: The Shareholders

Dear Sir / Madam,

PROPOSED PRIVATE PLACEMENT

1. INTRODUCTION

On 28 February 2019, the Board announced that BHB was classified as an affected listed issuer under PN17 of the Listing Requirements. The classification was pursuant to the Company triggering the Prescribed Criteria ("**First PN17 Announcement**").

On 13 February 2020, BHB announced that an application has been submitted to Bursa Securities for the extension of time to comply with Paragraph 8.04(3) and PN17 of the Listing Requirements. On 16 March 2020, Bursa Securities had, vide its letter dated 13 March 2020 granted the Company an extension of time until 27 August 2020 to submit its regularisation plan to the relevant authorities subject to the conditions imposed by Bursa Securities.

On 26 March 2020, Bursa Securities issued a circular granting the extension of time for the submission of regularisation plans (from 12 months to 24 months) to PN17 companies for which the first announcement in relation to triggering of the Prescribed Criteria was made between 2 January 2019 to 31 December 2019. In relation thereto, BHB is required to submit its regularisation plan by 27 February 2021 (i.e. 24 months from 28 February 2019, the date of the First PN17 Announcement).

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On 4 January 2021, BHB announced that the Company is still in the midst of formulating its regularisation plan and has approximately 2 months (until 27 February 2021) to submit its regularisation plan to the relevant authorities. An application for an extension of time to comply with Paragraph 8.04(3) and PN17 of the Listing Requirements has been submitted to Bursa Securities on 13 January 2021, and Bursa Securities has vide its letter dated 17 February 2021 granted the Company an extension of time until 27 August 2021 for the Company to submit its regularisation plan to the relevant authorities.

On 24 February 2021, TA Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Private Placement. For the avoidance of doubt, the Proposed Private Placement is not part of the regularisation plan to be formulated by the Company pursuant to its obligations under PN17 of the Listing Requirements. In this respect, the Proposed Private Placement was undertaken to raise the necessary funds for the Group's on-going operations, particularly during the COVID-19 pandemic which has significantly affected the Group's businesses.

On 22 March 2021, TA Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter on even date, approved the listing and quotation of the Placement Shares.

The approval of Bursa Securities is subject to the conditions as set out in Section 8 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED PRIVATE PLACEMENT AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED PRIVATE PLACEMENT WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDIX BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE FORTHCOMING EGM.

2. PROPOSED PRIVATE PLACEMENT

2.1 Size of placement

As at the LPD, the issued share capital of the Company is RM268,265,682 comprising 236,285,500 Shares. The Company does not have any treasury shares and convertible securities.

Based on the above, the Proposed Private Placement would entail the issuance of up to 70,885,600 Placement Shares, representing approximately 30% of the total number of issued Shares.

2.2 Placement arrangement

The Placement Shares are intended to be placed to the following parties:-

- (i) Dato' Seri Ibrahim, the Executive Chairman and a major shareholder of the Company of up to 17,720,000 Placement Shares, representing approximately 7.50% of the total number of issued Shares; and
- (ii) independent third-party investor(s) to be identified later of up to 53,165,600 Placement Shares, representing approximately 22.50% of the total number of issued Shares. Such investor(s) shall qualify under Schedules 6 and 7 of the CMSA. The Placement Shares are not intended to be placed to the following persons:-

- (a) Interested Person;
- (b) a person connected with an Interested Person; or
- (b) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

While it is Dato' Seri Ibrahim's intention to subscribe for the Placement Shares allocated to him, his subscription of such Shares will depend on various factors including the pricing for such Shares and his sufficiency of financial resources at the relevant point in time. If Dato' Seri Ibrahim does not subscribe for the Placement Shares allocated to him, the Company shall endeavour to place these Placement Shares to independent third-party investor(s) to be identified.

The Proposed Private Placement may be implemented in 1 or more tranches within a period of 6 months from the date of approval from Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities or any extended period as may be approved by Bursa Securities, subject to the prevailing market conditions. The implementation of the Proposed Private Placement in multiple tranches would provide flexibility to BHB to procure interested investors to subscribe for the Placement Shares expediently within the period as approved by Bursa Securities.

The issue price for each tranche of the Placement Shares will be determined separately. The basis of determining the issue price of the Placement Shares will be in accordance with market-based principles.

2.2.1 Information on Dato' Seri Ibrahim

Dato' Seri Ibrahim, the Executive Chairman (appointed to the Board on 15 May 2008) and a major shareholder of the Company, had vide its letter of intent dated 18 February 2021, expressed his interest to subscribe for up to 17,720,000 Placement Shares at an issue price to be determined later, with a discount of not more than 20% to the 5-day VWAP of BHB Shares immediately preceding the price-fixing date.

Further details of Dato' Seri Ibrahim's shareholdings are set out in Section 6.3 of this Circular.

Dato' Seri Ibrahim does not hold any directorship in other public companies. He is the father of Ahmad Fahimi bin Ibrahim, an alternate director to Dato' Seri Ibrahim.

2.3 Ranking of the Placement Shares

The Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividend, rights, allotment and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares.

2.4 Listing and quotation of the Placement Shares

The Placement Shares to be issued will be listed on the Main Market of Bursa Securities.

2.5 Basis and justification of the issue price of the Placement Shares

The Placement Shares will be issued based on a discount of not more than 20% to the 5-day VWAP of BHB Shares immediately preceding the price-fixing date, to be determined by the Board after taking into consideration prevailing market conditions. This was determined by the Board's intention to issue the Placement Shares at a maximum discount of 20%. The maximum discount of 20% allows more flexibility for the Company to fix an issue price which is deemed sufficiently attractive to entice subscription by potential investors.

As the Proposed Private Placement may be implemented in several tranches within 6 months, there could potentially be several price-fixing dates and issue prices.

For illustrative purposes only, based on an illustrative issue price of RM0.2350 per Placement Share, the issue price of the Placement Shares would represent a discount of approximately 12.93% to the 5-day VWAP of BHB Shares up to and including the LPD of RM0.2699 (Source: Bloomberg).

3. UTILISATION OF PROCEEDS

Based on an illustrative issue price of RM0.2350 per Placement Share, the gross proceeds to be raised from the Proposed Private Placement are intended to be utilised in the following manner:-

Utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Private Placement	Amount (RM'000)
(i) Working capital	Within 6 months	16,258
(ii) Estimated expenses for the Proposed Private Placement	Immediate	400
Total		16,658

In the event of any excess / shortfall in the actual amount of proceeds raised from the Proposed Private Placement, the proceeds are intended to be utilised in the following order of priority:-

- (1) Estimated expenses for the Proposed Private Placement; and
 - (2) Working capital.
- (i) **Working capital**

The Group intends to utilise proceeds of up to RM16.26 million for the Group's working capital purposes, in the following manner:-

Working capital	Amount (RM'000)
Working capital for catering business ⁽¹⁾	15,000
Other administrative and operating expenses ⁽²⁾	1,258
Total	16,258

Notes:-

- (1) These include the working capital requirements of the Group's catering business. The breakdown are as follows:-

Catering business	Amount (RM'000)
Online catering business	3,000
Staff costs	5,000
Purchase of raw materials	7,000
Total	15,000

Online catering business

In view of the on-going COVID-19 pandemic which has adversely affected the existing in-flight catering business of the Group, the Group intends to utilise spare capacity of its in-flight kitchen to prepare food to be sold online. In this respect, BSFS had on 11 November 2020 entered into a HOA with FDC to collaborate and leverage off each other's business (see Section 5.6 for further details).

Based on the foregoing, the Group intends to allocate RM3.00 million to set up an online platform and remodification of kitchen facilities to cater for the above plan, as follows:-

Online catering business	Amount (RM'000)
Online platform ^(a)	1,500
Remodification of kitchen facilities ^(b)	1,500
Total	3,000

Notes:-

(a) These include hardware and software costs to be incurred for setting up an online platform for the Group's online catering business, which is envisaged to include salient features such as orders management, payment system and delivery management.

The hardware and software costs will include the IT infrastructure required for setting up the online platform such as servers, e-commerce software and applications including the necessary licenses as well as cloud facilities. Further, this will also include the necessary consultation and service costs for commissioning of the said online platform.

(b) The existing setup of the Group's in-flight kitchen has been catered towards preparing in-flight meals. Therefore, the entire spare capacity of the in-flight kitchen (i.e. approximately 180 square metres) will be required to undergo remodification to cater for the online catering business. Such remodification will include integration of the meal preparation facilities with the online platform.

The online catering business is expected to provide the Group with an alternative avenue to generate income with its spare kitchen capacity, in light of the COVID-19 pandemic and Movement Control Order ("MCO").

The Group takes cognisance that the online catering business may gain traction and may require additional financial and human resources in the future. With this in mind, the Group will continuously monitor the progress of the online catering business and may employ additional resources for this business, depending on the availability of such resources, at the relevant point in time. The Group will also take into consideration of the needs of the online catering business in the eventual regularisation plan to be undertaken.

Staff costs

The Group intends to allocate RM5.00 million for its kitchen staff costs. These are kitchen staffs based at the Group's in-flight kitchen ranging from chefs to kitchen / department managers.

With the imposition of travel bans by the Malaysian Government and international borders being closed, the production of the in-flight kitchen has declined. After due consideration on the current level of operations, the Group undertook a Mutual Separation Scheme ("MSS") (further details are set out in Section 5.6 below), which resulted in the number of staffs being reduced from more than 1,400 as at 31 December 2019 to less than 600 as at the LPD.

In line with the Group's plan to move into the online catering business, the Group will be able to mobilise some of its kitchen staffs to prepare food to be sold online. The proceeds of RM5.00 million is estimated to fund the Group's kitchen staff costs for a period of approximately 5 months in the interim whilst the Group is formulating its regularisation plan. These funds are expected to further ease the Group's financial burden for the payment of staff salaries.

Purchase of raw materials

The Group intends to allocate RM7.00 million for the purchase of raw materials for its catering business. These are mainly raw ingredients necessary for the preparation of the Group's in-flight meal as well as the online catering business.

Currently, the Group is still providing in-flight meals to airlines for local flights despite international borders being closed due to the COVID-19 pandemic. While the catering business is expected to suffer from the effects of the COVID-19 pandemic and MCO, the continual provision of in-flight meals (being the major revenue contributor of the Group) is vital for the Group to continue operating and meet its fixed operating costs.

- (2) These include, amongst others, rental, utilities, insurance, transportation costs, upkeep of office, day-to-day operating expenses and other miscellaneous items. The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual administrative requirements of the Group at the relevant time.

(ii) Estimated expenses for the Proposed Private Placement

The breakdown of the estimated expenses for the Proposed Private Placement is illustrated below:-

Estimated expenses	Amount (RM'000)
Professional fees ⁽¹⁾	250
Fees to relevant authorities	27
Printing, despatch and advertising expenses	50
Miscellaneous expenses and contingencies	73
Total	400

Note:-

- (1) These include advisory fees, placement commission and other professional fees payable to the Principal Adviser, company secretary and share registrar in relation to the Proposed Private Placement.

Pending utilisation of the proceeds to be raised from the Proposed Private Placement, the proceeds may be placed in deposits with financial institutions and/or short-term money market instruments. The interest derived from the deposits with financial institutions and/or any gains arising from the short-term money market instruments will be used as additional funds for working capital requirements of the Group.

4. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

As detailed in Section 3 of this Circular, the proceeds to be raised from the Proposed Private Placement will be utilised mainly for the Group's working capital while the Company is in the midst of formulating its regularisation plan.

Despite international borders being closed due to the COVID-19 pandemic, the Group is still providing in-flight meals to airlines for local flights to support the airline industry, albeit at a smaller scale. As a result of the MSS, the Group has less than 600 staffs as at the LPD to support its on-going business operations. In this respect, the proceeds will enable the Group to:-

- (i) manage its working capital requirements and ease cash flow constraints to mitigate the impact of COVID-19 on its existing businesses during this unprecedented time; and
- (ii) provide the Group with an alternative avenue to generate income from the online catering business with its spare kitchen capacity.

After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed Private Placement is the most appropriate avenue of fund raising at this juncture as the Group may not be able to secure additional bank borrowings in light of its status as a PN17 affected listed issuer.

On the other hand, other fund-raising exercises such as a rights issue may not be suitable as it will involve a cash call from existing Shareholders. Moreover, it will also require the Company to identify certain Shareholders to provide irrevocable undertakings to subscribe for a minimum number of rights shares or, alternatively, procure underwriting arrangements (which will incur additional cost), in order to achieve a minimum subscription level. In addition, a rights issue exercise is likely to take a longer time to complete as compared to a private placement exercise.

The Company has not undertaken any equity fund raising exercises in the past 12 months prior to the date of this Circular.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

5.1 Overview and prospects of the Malaysian economy

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order on a number of states since mid-October. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: +18.2%).

For Malaysia, the momentum in economic recovery was affected by the resurgence in COVID-19 cases and the introduction of targeted containment measures in several states in the fourth quarter. While there were minimal restrictions on production capacity, the movement restrictions implemented in selected states partly affected domestic demand during the quarter.

For 2021, while near-term growth will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI, and higher production from existing and new facilities in the manufacturing and mining sectors. The vaccine rollout from February onwards is also expected to lift sentiments.

(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2020, BNM)

5.2 Food & beverages and accommodation industry in Malaysia

The food & beverages and accommodation subsector declined by 19.9% in the first half of 2020 due to stringent travel restrictions on movement and business operations. With a continuous drop in international tourist arrivals, the subsector is projected to contract by 7.3% in the second half of 2020. For the whole year, the subsector is anticipated to decline by 13.3%, mainly due to the sluggish performance of the accommodation segment following the significant drop in tourist arrivals. Nevertheless, an increase in demand for online food delivery and domestic tourism activities are expected to cushion the subsector.

The subsector is expected to expand markedly by 10.7% in 2021, mainly backed by domestic tourism-related activities with support from several initiatives. These initiatives include tax exemptions on tourism and accommodation services as well as an extension of income tax relief of up to RM1,000 on domestic travel services. In addition, attractive packages coupled with promotions, marketing and campaigns via digital platforms to restore public confidence is expected to revitalise the domestic tourism industry. The implementation of the Reciprocal Green Lane and Periodic Commuting Arrangement between Malaysia and Singapore for official cross-border travel for businesses and work purposes will also help to spur the subsector. The Government's effort to promote travel bubbles with more destinations is anticipated to further support the subsector.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

5.3 Services industry in Malaysia

The services sector contracted by 6.7% in the first half of 2020 largely due to worldwide travel bans, domestic movement restrictions and quarantines, which severely affected the tourism-related subsectors and airlines. Among the subsectors that have been severely affected include wholesale and retail trade, food & beverages and accommodation, transportation and storage as well as real estate and business services. Nevertheless, the information and communication subsector expanded as online transactions increased significantly during the MCO. The services sector is expected to record a smaller decline of 1% in the second half of the year, reflecting the gradual resumption of economic activities. Overall, the sector is projected to contract by 3.7% in 2020 before rebounding by 7% in 2021. With the normalisation of economic activities in 2021, all subsectors are projected to record positive growth.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

5.4 Logistics industry in Malaysia

The logistics industry, which includes transportation and storage, accounted for 3.8% of GDP in 2019 and is a crucial enabler for economic development. According to the Logistics Performance Index (LPI), in 2016, Malaysia was ranked at 32nd position out of 160 countries and dropped to 41st in 2018 (World Bank, 2018). Malaysia scored lower in all critical dimensions of the LPI, namely customs, infrastructure, international shipments, logistics quality and competence, tracking and tracing, and timeliness. As the industry is highly integrated across various sectors, poor logistics services hinder trade efficiency and thus, impact economic development.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

5.5 Prospects and future plans of the Group

BHB Group is primarily involved in the business of (i) catering services; (ii) warehousing and logistics related services and (iii) investment holding. The catering services business has been the main revenue contributor of the Group, accounting for more than 95% of the Group's total revenue for the past 3 financial years. The Group's catering services business is mainly operated through BSFS.

BSFS is the principle in-flight catering service provider at Kuala Lumpur International Airport (“**KLIA**”), KLIA 2 and Penang International Airport. BSFS caters to an average of 220 aircrafts per day and prepares an average of 45,000 in-flight meals per day from its huge and highly sophisticated halal in-flight kitchen located at KLIA. For the FYE 31 December 2019, BSFS continues to serve 35 international airlines.

In November 2019, the Group has divested its 51% equity interest in Dewina HOST Sdn Bhd (“**DHSB**”) (a joint venture company of the Group) in line with the Group’s strategy to realign its focus on its in-flight catering business. DHSB is one of the major restaurant and café operators in KLIA and KLIA 2. Following the disposal, the Group’s catering services business is now solely operated through BSFS.

For the FYE 31 December 2018, the financial performance of the Group was affected by a one-off impairment of goodwill amounting to RM88.61 million for its catering business, primarily due to a deterioration of financial performance from the said business. This was due to lower air passenger volume from major customers of the Group as well as higher operating costs. As a result, the Company triggered the Prescribed Criteria and was classified as an affected listed issuer under PN17 of the Listing Requirements. As set out in Section 1 of this Circular, the Company is in the midst of formulating its regularisation plan and has until 27 August 2021 to submit its regularisation plan to the relevant authorities pursuant to its obligations under PN17 of the Listing Requirements.

Thereafter, the business of the Group has remained challenging, seeing a reduction in air passenger traffic volume and higher operating costs. Further, the business of the Group worsened with the travel restrictions and flight cancellations due to the COVID-19 pandemic and MCO introduced in March 2020. Airline companies nationwide have been facing difficulty in sustaining their businesses and this has affected the Group’s in-flight catering business. As the Group’s financial performance deteriorates, the Group has undertaken various steps to improve its financial condition, details of which are set out in Section 5.6 of this Circular.

The Proposed Private Placement will enable the Group to raise the requisite funds for working capital purposes to address its immediate working capital requirement and to provide the Group with an alternative avenue to generate income from the online catering business with its spare kitchen capacity. The Group is currently exploring new opportunities and reviewing its capital and business structure to gear itself towards the exit of PN17.

(Source: Management of BHB)

5.6 Steps undertaken or to be undertaken to improve the financial condition of the Group

BHB has undertaken several initiatives to improve its financial condition, which includes, amongst others:-

- (a) On 29 November 2019, the Board announced that the Company had entered into a sale and purchase of shares agreement with HMSHost International B.V. (“**HMSH**”) for the disposal of its entire 51% equity interest in DHSB comprising 178,500 ordinary shares to HMSH for a total cash consideration of RM7,878,495.

The said disposal was undertaken as part of the Group’s internal restructuring plan to divest its non-core assets, which was expected to provide immediate cash flow to be channelled towards the business operations of the Group as well as the repayment of bank borrowings. The disposal was completed on 29 November 2019.

- (b) On 20 December 2019, the Board announced that the Company had entered into a HOA with MRI VC Berhad (“**MRI**”) to set out the basis of MRI’s participation in the Company’s regularisation plan to be formulated pursuant to its obligations under PN17 of the Listing Requirements.

Pursuant to the HOA, the fund-raising exercise forming part of the regularisation plan (including but not limited to a proposed private placement and proposed rights issue) was expected to include MRI's participation. In return, the Company shall award to MRI and/or its subsidiaries monthly contracts worth an amount in aggregate of up to RM500,000 each for a duration of 2 years (with an option to extend for further 2 years upon expiry).

On 15 September 2020, the Company announced that the HOA was terminated mutually after taking into consideration the uncertainties surrounding the Group as well as the global economy and financial markets.

- (c) On 1 September 2020, the Company provided an update on its business operations in light of the impact of COVID-19 pandemic and MCO. It was stated that the main operating subsidiary of the Group, BSFS has been struggling since the MCO was announced on 18 March 2020, requiring non-essential businesses to stop operations.

With the imposition of travel bans by the Malaysian Government and international borders being closed, the production of BSFS has declined drastically. Following this, the Group undertook a MSS exercise which resulted in the number of staffs being reduced to approximately half of the initial number (over 1,400 kitchen staffs). The MSS is expected to ease BSFS cashflows and reduce its losses.

- (d) On 11 November 2020, the Board announced that BSFS had entered into a HOA with FDC to collaborate and leverage off each other's business. FDC has been a major shareholder of the Company since 9 October 2020.

Through the HOA, BSFS intends to utilise the spare capacity of its flight kitchen in KLIA by preparing food to be sold through online avenues (previously BSFS only caters for in-flight meals).

The HOA was entered into by the Group with the intention to explore BHB's expansion of its non-airline catering business to reduce its dependence on its in-flight catering business.

As at LPD, the parties are in the midst of finalising a commercial agreement outlining the financials, commitment of resources, offtake agreements, potential investment quantum's and schedules of implementation of the potential collaboration.

The Group will continue to explore new opportunities and review its capital and business structure to gear itself towards the exit of PN17.

5.7 Impact of the Proposed Private Placement and value creation to the Group and its shareholders

The Proposed Private Placement will enable the Group to raise funds without the need to secure additional bank borrowings, which may be difficult in view of its status as a PN17 affected listed issuer.

Notwithstanding this, the consolidated EPS / LPS of the Group shall be diluted as a result of the increase in the number of Shares arising from the Proposed Private Placement. Further details on the effects of the Proposed Private Placement on the NA and gearing as well as the earnings and EPS of the Group are set out in Section 6 of this Circular.

The Proposed Private Placement is expected to aid the Group to meet its immediate working capital requirements. This is vital for the Group to ride through this difficult time of the COVID-19 pandemic whilst it is in the midst of formulating its regularisation plan.

5.8 Adequacy of the Proposed Private Placement in addressing the financial requirements of the Group

Notwithstanding that the Company is classified as an affected listed issuer under PN17 of the Listing Requirements, the losses recorded in the previous financial years / periods had weakened the financial position of the Group and depleted its cash and bank balances available for operations. After due consideration and deliberation, the Company had concluded to proceed with the Proposed Private Placement as a measure to resolve its immediate funding requirements for working capital of its existing businesses.

In addition, the Proposed Private Placement will allow the Group to raise the requisite funds expeditiously without the need to secure additional bank borrowings, which may be difficult in view of its status as a PN17 affected listed issuer.

Premised on the above, the Board is of the view that the Proposed Private Placement is adequate to address its immediate funding requirement for working capital.

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6. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

6.1 Share capital

The pro-forma effects of the Proposed Private Placement on the issued share capital of the Company are as follows:-

	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	236,285,500	268,265,682
To be issued pursuant to the Proposed Private Placement	70,885,600	16,258,116 ⁽¹⁾
Enlarged issued share capital	307,171,100	284,523,798

Note:-

(1) Based on an illustrative issue price of RM0.2350 per Placement Share and after deducting estimated expenses to be incurred in relation to the Proposed Private Placement of RM0.40 million.

6.2 NA and gearing

The pro-forma effects of the Proposed Private Placement on the NA and gearing of the Group are as follows:-

	Audited as at 31 December 2019 (RM'000)	After the Proposed Private Placement ⁽¹⁾ (RM'000)
Share capital	268,266	284,524
Accumulated losses	(247,881)	(247,881)
Shareholders' equity / NA	20,385	36,643
Non-controlling interest	90,830	90,830
Total equity	111,215	127,473
No. of Shares in issue ('000)	236,286	307,171
NA per Share (RM)	0.09	0.12
Total borrowings (RM'000)	95,982	95,982
Gearing (times)	0.86	0.75

Note:-

(1) Based on the issuance of 70,885,600 Placement Shares at an illustrative issue price of RM0.2350 and after deducting estimated expenses to be incurred in relation to the Proposed Private Placement of RM0.40 million.

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6.3 Substantial Shareholders' shareholdings

The pro-forma effects of the Proposed Private Placement on the substantial Shareholders' shareholdings are as follows:-

Substantial shareholders	As at the LPD		After the Proposed Private Placement			
	Direct		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
Brahim's International Franchises Sdn Bhd	33,005,000	13.97	-	-	33,005,000	10.74
Fahim Capital Sdn Bhd	-	-	33,005,000 ⁽³⁾	13.97	-	-
Semantan Capital Sdn Bhd	-	-	33,005,000 ⁽³⁾	13.97	33,005,000 ⁽³⁾	10.74
Dato' Seri Ibrahim	-	-	58,253,300 ⁽⁴⁾	24.65	17,720,000	5.77
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	1,050,000	0.44	33,005,000 ⁽⁵⁾	13.97	1,050,000	0.34
IBH Capital (Labuan) Limited	25,000,000	10.58	-	-	25,000,000	8.14
Dato' Choo Kah Hoe	-	-	25,000,000 ⁽⁶⁾	10.58	-	-
Urusharta Jamaah Sdn Bhd	45,553,450	19.28	-	-	45,553,450	14.83
Focus Dynamics Centre Sdn Bhd	38,000,000	16.08	-	-	38,000,000	12.37

Notes:-

- (1) Computed based on 236,285,500 BHB Shares as at the LPD.
- (2) Computed based on 307,171,100 BHB Shares following the completion of the Proposed Private Placement.
- (3) Deemed interested by virtue of their shareholdings in Brahim's International Franchises Sdn Bhd pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of his shareholdings in IBH Capital (Labuan) Limited and Fahim Capital Sdn Bhd (a shareholder of Brahim's International Franchises Sdn Bhd) pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of his shareholdings in Semantan Capital Sdn Bhd (a shareholder of Brahim's International Franchises Sdn Bhd) pursuant to Section 8 of the Act.
- (6) Deemed interested by virtue of his shareholdings in IBH Capital (Labuan) Limited pursuant to Section 8 of the Act.

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6.4 Earnings and EPS

The Proposed Private Placement is not expected to have an immediate material effect on the EPS of the Company, save for the dilution to EPS as a result of the increase in the number of Shares pursuant to the issuance of Placement Shares.

Although the EPS will be diluted as a result of the increase in the number of Shares, the Proposed Private Placement is expected to contribute positively to the earnings of the Company thereafter in view of the utilisation of proceeds as set out in Section 3 of this Circular.

6.5 Convertible securities

The Company does not have any other outstanding convertible securities as at the LPD.

7. TENTATIVE TIMELINE

The tentative timeline of events leading to the completion of the Proposed Private Placement is as follows:-

Date	Events
21 April 2021	EGM for the Proposed Private Placement
August 2021	Listing and quotation of the Placement Shares on the Main Market of Bursa Securities and completion of the Proposed Private Placement

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Private Placement is subject to the following approvals being obtained:-

- (i) the approval of Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities.

The approval by Bursa Securities for the above was obtained via its letter dated 22 March 2021, subject to the following conditions:-

Conditions	Status of compliance
(a) BHB and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;	To be met
(b) BHB and TA Securities are required to inform Bursa Securities upon completion of the Proposed Private Placement; and	To be met
(c) TA Securities is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.	To be met

- (ii) the approval of Shareholders at the forthcoming EGM; and
- (iii) the approvals / consents of any other relevant authorities and/or parties, if required.

The Proposed Private Placement is not conditional upon any other proposals undertaken or to be undertaken by the Company.

9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Private Placement, there are no other corporate exercises which have been announced by the Company but are pending completion before the date of this Circular.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors, major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Private Placement:-

- (i) Dato' Seri Ibrahim, the Executive Chairman and a major shareholder of BHB via his indirect shareholding in BHB, had via its letter of intent dated 18 February 2021, expressed his interest to subscribe for up to 17,720,000 Placement Shares at an issue price to be determined later, with a discount of not more than 20% to the 5-day VWAP of BHB Shares immediately preceding the price-fixing date. In view that he is an identified placee under the Proposed Private Placement, he is deemed interested in the Proposed Private Placement;
- (ii) Ahmad Fahimi bin Ibrahim, an alternate director of Dato' Seri Ibrahim is deemed interested in the Proposed Private Placement by virtue of him being the son of Dato' Seri Ibrahim;
- (iii) Brahim's International Franchises Sdn Bhd, a major shareholder of BHB via its direct shareholding in BHB, is a subsidiary of Fahim Capital Sdn Bhd, which is ultimately controlled by Dato' Seri Ibrahim;
- (iv) Fahim Capital Sdn Bhd, a major shareholder of BHB via its indirect shareholding in BHB, is controlled by Dato' Seri Ibrahim;
- (v) IBH Capital (Labuan) Limited, a major shareholder of BHB via its direct shareholding in BHB, is controlled by Dato' Seri Ibrahim.

(Collectively, all the parties above are referred to as the "**Interested Parties**" while Dato' Seri Ibrahim and Ahmad Fahimi bin Ibrahim are referred to as the "**Interested Directors**")

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in relation to the Proposed Private Placement.

The Interested Parties will abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the resolution pertaining to Proposed Private Placement at the forthcoming EGM.

Further, the Interested Parties will also ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the resolution pertaining to the Proposed Private Placement at the forthcoming EGM.

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11. BOARD'S RECOMMENDATION

The Board (save for the Interested Directors), having considered the current and prospective financial position, needs and capacity of the Group, and after careful deliberation and taking into consideration the rationale, utilisation of proceeds and all other aspects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interests of the Company.

Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolution pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM.

12. EGM

The EGM, the notice of which is enclosed in this Circular, will be held through live streaming from the Broadcast Venue at Brahim's Holdings Berhad, 7-05, 7th Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, with or without modifications, to give effect to the Proposed Private Placement.

Date and time of the EGM : Wednesday, 21 April 2021 at 10.30 a.m.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible as follows not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof:-

(a) Deposit the Form of Proxy in hardcopy

Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia

(b) Deposit the Form of Proxy electronically

Share Registrar, Boardroom Share Registrars Sdn Bhd via Boardroom Investor Portal at <https://boardroomlimited.my>

The completion and lodgement of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

13. FURTHER INFORMATION

You are requested to refer to the enclosed appendix for further information.

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

DATO' SERI IBRAHIM BIN HAJI AHMAD
Executive Chairman

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENTS AND CONFLICT OF INTEREST

TA Securities, being the Principal Adviser and Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

TA Securities has confirmed that there is no conflict of interest or any circumstances which would or is likely to give rise to a possible conflict of interests in relation to its roles as the Principal Adviser and Placement Agent for the Proposed Private Placement.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**Material commitments**

As at LPD, there are no material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group.

Contingent liabilities

As at LPD, there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group.

4. MATERIAL LITIGATION

As at the LPD, save as disclosed below, BHB Group is not involved in any material litigation, claims or arbitration and the Board confirmed that there are no proceedings pending or threatened involving the BHB Group, or of any facts likely to give rise to any such proceedings:-

**Shah Alam High Court (“Court”) Suit No. BA-22NCVC-208-06/20220
Edynis Services Sdn Bhd v Brahim’s SATS Food Services Sdn Bhd**

Edynis Services Sdn Bhd (“Edynis” or “Plaintiff”) has commenced an action against BSFS based on the termination on the two contracts entered namely “Contract For the Cleaning Of Soiled Flight Equipment, Maintenance And Cleaning At BSFS” and “Tender Contract Of Cutleries Preparations At BSFS” (collectively, the “Contracts”). Below are the claims made by Edynis against BSFS:-

- (a) a declaration that the Contracts were wrongfully terminated by BFSB;
- (b) BSFS to pay an outstanding sum of RM757,648.00;
- (c) damages originating from the balance payment of Contracts calculated from 1 April 2020 till 31 December 2020 amounting to RM2,439,112.50 as compensation for the wrongful termination of Contracts by BSFS;

APPENDIX I – FURTHER INFORMATION (CONT'D)

- (d) interest at the rate of 5% on the total sum claimed from the date of filing of the writ of summons to the day of final payment;
- (e) costs; and
- (f) whatever orders or other reliefs that the court sees fit.

In addition, any appropriate general damages which is befitting which the Court deem to be arising from: -

- (i) damage to the reputation of Edynis as a cleaning service contractor;
- (ii) damage to the reputation of Edynis as an employer to the affected employees; and
- (iii) the credibility of Edynis is affected in regards to bidding for any government or private tender, especially for airlines, resulting in the loss of business opportunities.

BHB has on 4 August 2020 filed their defence and counterclaim against the Plaintiff to deny allegations made by the Plaintiff in their claims. BSFS has counter-claimed against Edynis for:-

- (i) a sum of RM516,356.80 being the penalty sum;
- (ii) general damages;
- (iii) costs; and
- (iv) whatever orders and other reliefs that the court sees fit.

At the first case management held on 10 March 2021, the Court had informed that Edynis had filed an application for Summary Judgment under Order 14 of the Rules of Court on 2021 on 10 March 2021 and the hardcopy of which was served to BFSB on 16 March 2021

Edynis and BFSB are to exhaust affidavits for the application for Summary Judgement before the next case management which is fixed on 16 April 2021.

BFSB had initiated for a mediation proceeding to take place and in line with the Court's direction, BFSB is filing an Affidavit in Reply.

The solicitors representing BFSB are of the opinion that BSFS have a good defence as they have submitted the penalties for non-performance of contract onto Edynis prior to the termination of the Contracts and prior to issuance of the notice of demand. Should Edynis succeed in their claim, the solicitors are of the opinion that the maximum liabilities of BSFS would be for the outstanding sum of RM757,648.00 and damages amounting to RM2,439,112.50.

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APPENDIX I – FURTHER INFORMATION (CONT'D)

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of BHB Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

	High	Low
	RM	RM
2021		
March	0.300	0.230
February	0.280	0.240
January	0.325	0.230
2020		
December	0.335	0.250
November	0.410	0.250
October	0.340	0.190
September	0.245	0.170
August	0.200	0.095
July	0.130	0.095
June	0.140	0.100
May	0.150	0.130
April	0.175	0.110
Last transacted market price on 23 February 2021, being the last Market Day immediately prior to the first announcement of the Proposed Private Placement	0.240	
Last transacted market price on the LPD	0.270	

(Source: Bloomberg)

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APPENDIX I – FURTHER INFORMATION (CONT'D)

6. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

The following table sets out a summary of the audited financial performance of the Group for the past 3 FYEs 31 December as well as unaudited financial performance for the FYE 31 December 2020:-

	Audited			Unaudited
	FYE 31 December 2017	FYE 31 December 2018	FYE 31 December 2019	FYE 31 December 2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	291,563	274,271	305,798	82,389
Cost of sales	(159,467)	(191,046)	(208,626)	(38,673)
GP	132,096	83,225	97,172	43,716
Other income	1,378	639	987	2,047
Administrative expenses	(115,506)	(86,751)	(80,591)	(123,305)
Impairment loss on financial instruments	(856)	(2,714)	(291)	-
Reversal of impairment losses on financial instruments	-	139	3,730	-
Other expenses	(9,961)	(111,362)	(22,279)	(130,942)
Profit / (loss) from operations	7,151	(116,824)	(1,272)	(208,484)
Finance income	-	155	852	-
Finance costs	(6,969)	(5,912)	(8,390)	(5,985)
Share of results in joint venture	496	1,436	903	-
PBT / (LBT)	678	(121,145)	(7,907)	(214,469)
Tax income / (expense)	(2,463)	5,152	(5,412)	(18,165)
Zakat	(383)	-	(181)	-
LAT	(2,168)	(115,993)	(13,500)	(232,634)
LAT attributable to owners of the Company	(6,937)	(61,581)	(15,353)	(153,209)
GP margin (%)	45.31	30.34	31.78	53.06
LAT margin (%)	(0.74)	(42.29)	(4.41)	(282.36)
Weighted average no. of Shares in issue ('000)	236,286	236,286	236,286	236,286
Basic / diluted LPS ⁽¹⁾	(2.94)	(26.06)	(6.50)	(64.84)

Note:-

(1) The Company has not issued any dilutive potential ordinary shares and hence, the diluted LPS is equal to the basic LPS.

(i) FYE 31 December 2020 vs FYE 31 December 2019

Revenue decreased by RM223.41 million or 73.06% to RM82.39 million for the FYE 31 December 2020 from RM305.80 million for the previous year. This was mainly due to the decreased revenue from the in-flight catering business as a result of the COVID-19 pandemic where international borders remained closed. Therefore, flight activities have been substantially reduced with only local flights in operations.

In line with the decrease in revenue, GP decreased by RM53.45 million or 55.01% to RM43.72 million (GP margin of 53.06%) for the FYE 31 December 2020 from RM97.17 million (GP margin of 31.78%) for the previous year. The increase in GP margin was mainly due to the decrease in raw material costs for the in-flight business.

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APPENDIX I – FURTHER INFORMATION (CONT'D)

LAT increased by RM219.13 million or 1,623.19% to RM232.63 million for the FYE 31 December 2020 from RM13.50 million for the previous year. The increase in LAT was mainly due to:-

- (a) decrease in GP by RM53.45 million in line with the decrease in revenue;
- (b) increase in administrative expenses by RM42.72 million mainly due to cost from the MSS; and
- (c) increase in other expenses by RM108.66 million mainly due to impairment loss of goodwill and property, plant and equipment.

(ii) FYE 31 December 2019 vs FYE 31 December 2018

Revenue increased by RM34.53 million or 12.59% to RM305.80 million for the FYE 31 December 2019 from RM274.27 million for the previous year. This was mainly due to an increase in airlines customers secured as well as higher customer orders for in-flight meals from the in-flight catering business.

In line with the increase in revenue, GP increased by RM13.94 million or 16.75% to RM97.17 million (GP margin of 31.78%) for the FYE 31 December 2019 from RM83.23 million (GP margin of 30.34%) for the previous year.

LAT decreased by RM102.49 million or 88.36% to RM13.50 million for the FYE 31 December 2019 from RM115.99 million for the previous year. The decrease in LAT was mainly due to:-

- (a) increase in GP by RM13.94 million in line with the increase in revenue;
- (b) decrease in administrative expenses by RM6.16 million; and
- (c) decrease in other expenses by RM89.08 million, mainly as a result of one-off impairment loss on goodwill allocated to the Group's catering business amounting to RM88.61 million provided in the previous year. The said impairment loss was mainly due to the management assessing the recoverable amount to be lower than the carrying amount of the said goodwill.

Notwithstanding, the decrease in LAT was partially mitigated by a loss on disposal of a joint venture amounting to RM10.24 million as a result of the disposal of DHSB (a joint venture company of the Group principally involved in the operation of food and beverage outlets at KLIA and KLIA2) which was completed on 29 November 2019.

(iii) FYE 31 December 2018 vs FYE 31 December 2017

Revenue decreased by RM17.29 million or 5.93% to RM274.27 million for the FYE 31 December 2018 from RM291.56 million for the previous year. This was mainly due to the decreased revenue from the in-flight catering business as a result of lower air passenger volume, resulting in lower customer orders as well as lower average selling price achieved for the in-flight meals.

In line with the decrease in revenue, GP decreased by RM48.87 million or 36.99% to RM83.23 million (GP margin of 30.34%) for the FYE 31 December 2018 from RM132.10 million (GP margin of 45.31%) for the previous year. The decrease in GP margin was due to the lower average selling price achieved for the sale of in-flight meals for the Group's catering business.

APPENDIX I – FURTHER INFORMATION (CONT'D)

LAT increased by RM113.82 million or 5,245.16% to RM115.99 million for the FYE 31 December 2018 from RM2.17 million for the previous year. The increase in LAT was mainly due to:-

- (a) decrease in GP by RM48.87 million in line with the decrease in revenue; and
- (b) one-off impairment loss on goodwill allocated to the Group's catering business amounting to RM88.61 million provided in FYE 31 December 2018. The said impairment loss was mainly due to the management assessing the recoverable amount to be lower than the carrying amount of the said goodwill.

Notwithstanding, the increased in LAT was partially mitigated by a decrease in by administrative expenses by RM28.76 million as a result of lower general administrative cost from the reduced business activity.

(iv) FYE 31 December 2017 vs FYE 31 December 2016

Revenue increased by RM25.20 million or 9.46% to RM291.56 million for the FYE 31 December 2017 from RM266.36 million for the previous year. This was mainly due to an increase in airlines customers secured as well as higher customer orders for in-flight meals from the in-flight catering business.

In line with the increase in revenue, GP increased by RM11.67 million or 9.69% to RM132.10 million (GP margin of 45.31%) for the FYE 31 December 2017 from RM120.43 million (GP margin of 45.21%) for the previous year.

LAT decreased by RM120.25 million or 98.23% to RM2.17 million for the FYE 31 December 2017 from RM122.42 million for the previous year. The decrease in LAT was mainly due to:-

- (a) one-off impairment of RM7.50 million provided for the intangible assets in the previous year. The said impairment was on the Group's license to manufacture refined sugar and molasses which has an indefinite useful life. The impairment was provided for as the Group had not commenced the sugar refinery operations and the said operations had remained dormant;
- (b) one-off impairment loss on goodwill allocated to the Group's catering business amounting to RM91.60 million provided in the previous year. The said impairment loss was mainly due to the management assessing the recoverable amount to be lower than the carrying amount of the said goodwill;
- (c) decrease in impairment loss on trade and other receivables by RM3.49 million; and
- (d) one-off provision for legal cases of RM6.90 million in the previous year, further details of which are set out in Section 4, Appendix I of this Circular.

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7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM:-

- (i) Constitution of BHB;
- (ii) audited consolidated financial statements of BHB for the past 3 FYEs 31 December 2017 to 31 December 2019 as well as the unaudited consolidated financial statements of BHB for the FYE 31 December 2020;
- (iii) the letters of consent referred to in Section 2 of Appendix I above; and
- (iv) the relevant cause papers in respect of the material litigation as set out in Section 4 of Appendix I above.

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BRAHIM'S HOLDINGS BERHAD

(Registration No. 198201002985 (82731-A))

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**” or “**Meeting**”) of Brahim’s Holdings Berhad (“**BHB**” or the “**Company**”) will be held on Wednesday, 21 April 2021 at 10.30 a.m. as a fully virtual meeting via live streaming from the Broadcast Venue at Brahim’s Holdings Berhad, 7-05, 7th Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution with or without any modifications:-

ORDINARY RESOLUTION 1

PROPOSED PRIVATE PLACEMENT OF UP TO 70,885,600 NEW ORDINARY SHARES IN BHB, REPRESENTING UP TO APPROXIMATELY 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF BHB

“**THAT** subject to the approval of all the relevant authorities, approval be and is hereby given to the Board of Directors of the Company (“**Board**” or “**Directors**”) to issue and allot up to 70,885,600 new ordinary shares in the Company (“**BHB Shares**” or “**Shares**”) (“**Placement Shares**”) by way of private placement to the following parties:-

- (i) Dato’ Seri Ibrahim bin Haji Ahmad, the Executive Chairman and a major shareholder of the Company of up to 17,720,000 Placement Shares; and
- (ii) Independent third-party investor(s), who qualify under Schedule 6 and Schedule 7 of the Capital Markets and Services Act, 2007 to be identified later of up to 53,165,600 Placement Shares,

in one or more tranches at an issue price for each tranche to be determined at a later date by the Board (“**Price-Fixing Date**”) upon such terms and conditions as disclosed in the Circular to the shareholders of the Company (“**Shareholders**”) dated 6 April 2021 (“**Circular**”) (“**Proposed Private Placement**”).

THAT the issue price for each tranche of the Placement Shares will be determined based on a discount of not more than 20% to the 5-day volume-weighted average market price of BHB Shares up to and including the Price-Fixing Date.

THAT the Directors be and are hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement for such purposes as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of the utilisation of such proceeds from the Proposed Private Placement in the manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities and in the best interest of the Company.

THAT such Placement Shares shall, upon allotment, issuance and full payment of the issue price, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividend, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares.

AND THAT the Directors be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Private Placement.”

By Order of the Board
BRAHIM'S HOLDINGS BERHAD

TEO MEE HUI (SSM PC No. 202008001081 & MAICSA 7050642)
TAN KOK SIONG (SSM PC No. 202008001592 & LS 0009932)
Company Secretaries
Kuala Lumpur
6 April 2021

Notes:-

- (1) Please refer to the Administrative Guide at <https://boardroomlimited.my> for the procedures to register and participate in the virtual meeting.
- (2) The Broadcast Venue, which is the main venue of the extraordinary general meeting (“EGM”) is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the EGM is to inform shareholders where the electronic EGM production and streaming would be conducted from. NO SHAREHOLDER(S)/PROXY(IES) from the public will be allowed to be physically present at the Broadcast Venue.
- (3) A member of the Company entitled to participate and vote at the meeting is entitled to appoint a proxy to participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- (4) A member may appoint not more than two (2) proxies to participate the same meeting. However, where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an authorised nominee appoints 2 or more proxies, the appointment shall not be valid unless the member specifies the proportion of its shareholding to be represented by each proxy.
- (5) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (6) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (7) The instrument appointing a proxy and the power of attorney or other attorney, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited as follows not less than 48 hours before the time appointed for holding the extraordinary general meeting or at any adjournment thereof:-
 - (a) Deposit the Form of Proxy in hardcopy
Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan
 - (b) Deposit the Form of Proxy electronically
Share Registrar, Boardroom Share Registrars Sdn. Bhd. via Boardroom Investor Portal at <https://boardroomlimited.my>
- (8) The Date of Record of Depositors for the purpose of determining members’ entitlement to participate, vote and speak at the meeting is 14 April 2021.



BRAHIM'S HOLDINGS BERHAD
(Registration No. 198201002985 (82731-A))
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.
No. of Shares held

I/We, *NRIC No./Passport No./Registration No.....
of
(Address)

being a member of Brahim's Holdings Berhad, hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held through live streaming from the Broadcast Venue at Brahim's Holdings Berhad, 7-05, 7th Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia on Wednesday, 21 April 2021 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	Proposed Private Placement	Ordinary Resolution		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Dated this.....

Signature/Common Seal of Shareholder

Notes:-

- (1) Please refer to the Administrative Guide at <https://boardroomlimited.my> for the procedures to register and participate in the virtual meeting.
- (2) The Broadcast Venue, which is the main venue of the extraordinary general meeting ("EGM") is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the EGM is to inform shareholders where the electronic EGM production and streaming would be conducted from. NO SHAREHOLDER(S)/PROXY(IES) from the public will be allowed to be physically present at the Broadcast Venue.
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- (5) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (6) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.



- (7) The instrument appointing a proxy and the power of attorney or other attorney, if any, under which it is signed or a notorially certified copy of that power or authority shall be deposited as follows not less than 48 hours before the time appointed for holding the extraordinary general meeting or at any adjournment thereof:-
- (a) Deposit the Form of Proxy in hardcopy
Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan
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AFFIX
STAMP

BRAHIM'S HOLDINGS BERHAD
(Registration No. 198201002985 (82731-A))
c/o Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

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Fold This Flap For Sealing