

General Announcement for PLC (v13)

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Company Name	FRASER & NEAVE HOLDINGS BHD		
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MAIN	
Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	SHARE SUBSCRIPTION IN F&N AGRIVALLEY SDN BHD (FORMERLY KNOWN AS RIMBA PERKASA SDN BHD), THE PURCHASER IN THE CONDITIONAL SALE AND PURCHASE AGREEMENT DATED 8 OCTOBER 2019 (SPA) FOR THE ACQUISITION OF 9 PIECES OF LEASEHOLD LAND IN MUKIM CHUPING, DAERAH PERLIS, NEGERI PERLIS (LADANG CHUPING)
Shareholder Approval	No

Announcement Details/Table Section
<p>Further to the announcements dated 8 and 11 October 2019, the Board of Fraser & Neave Holdings Bhd ("F&NHB") wishes to announce that F&NHB, F&N AgriValley Sdn Bhd ("F&N AgriValley") and D.Y.M.M. Tuanku Syed Sirajuddin Ibni Almarhum Tuanku Syed Putra Jamalullail ("DYMM Tuanku") had on 6 April 2020 entered into a shareholders' agreement pursuant to which DYMM Tuanku has subscribed for 30% of the issued and paid up share capital of F&N AgriValley in accordance with the terms of the Shareholders' Agreement.</p>

Further details of the above share subscription are attached below.

This announcement is dated 6 April 2020.

Attachment	No	File Name	Size	
	1	FNHB-Shareholders Agreement.pdf	176.9KB	

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**FRASER & NEAVE HOLDINGS BHD ("F&NHB" OR "COMPANY")
CHAPTER 10 ANNOUNCEMENT - RELATED PARTY TRANSACTION
SHARE SUBSCRIPTION IN F&N AGRIVALLEY SDN BHD (FORMERLY KNOWN AS RIMBA PERKASA SDN BHD), THE PURCHASER IN THE CONDITIONAL SALE AND PURCHASE AGREEMENT DATED 8 OCTOBER 2019 ("SPA") FOR THE ACQUISITION OF 9 PIECES OF LEASEHOLD LAND IN MUKIM CHUPING, DAERAH PERLIS, NEGERI PERLIS ("LADANG CHUPING")**

1. INTRODUCTION

On 8 October 2019, the Company announced that its wholly-owned subsidiary, F&N AgriValley Sdn Bhd (formerly known as Rimba Perkasa Sdn Bhd) ("**F&N AgriValley**") entered into a conditional SPA with MSM Perlis Sdn Bhd ("**MSM Perlis**"), a direct wholly-owned subsidiary of MSM Malaysia Holdings Berhad, to acquire Ladang Chuping from MSM Perlis upon the terms and conditions set out therein ("**Proposed Acquisition**").

Unless otherwise stated, the words and abbreviations used herein shall have the same meaning as defined in the Company's announcement dated 8 October 2019 (the "**Announcement**").

Further to our announcements dated 8 and 11 October 2019, the Board of F&NHB wishes to announce that F&NHB, F&N AgriValley and D.Y.M.M. Tuanku Syed Sirajuddin ibni Almarhum Tuanku Syed Putra Jamalullail ("**DYMM Tuanku**") had on 6 April 2020 entered into a shareholders' agreement ("**Shareholders' Agreement**") pursuant to which DYMM Tuanku has subscribed for 30% of the issued and paid-up share capital of F&N AgriValley in accordance with the terms of the Shareholders' Agreement.

Pursuant to the Shareholders' Agreement, F&NHB will be increasing its investment in F&N AgriValley by subscribing for an additional 6,999,900 ordinary shares at an issue price of RM1.00 per ordinary share. As this investment exceeds the relevant threshold under Paragraph 10.08(1) of the Bursa Malaysia Main Listing Requirements and DYMM Tuanku is a person who is a related party, being the brother of YAM Tengku Syed Badarudin Jamalullail, Chairman and a Non-Independent Non-Executive Director of the Company and also a Director of F&N AgriValley, F&NHB is making this announcement accordingly.

2. RE-ORGANISATION OF THE SHARE CAPITAL OF F&N AGRIVALLEY (the "Transaction")

Shareholding of F&NHB and DYMM Tuanku

At the time of the Announcement, F&N AgriValley had an issued and paid-up share capital of RM100 made of 100 ordinary shares. Pursuant to the Shareholders' Agreement, the issued and paid-up share capital of F&N AgriValley shall be increased to RM10,000,000 to be held in the following amount and proportion by F&NHB and DYMM Tuanku at an issue price of RM1.00 per ordinary share:

Shareholder	Number of ordinary shares	Shareholding percentage of ordinary shares
F&NHB	7,000,000	70%
DYMM Tuanku	3,000,000	30%
TOTAL	10,000,000	100%

F&NHB has subscribed for its portion of ordinary shares in F&N AgriValley from internally generated funds.

3. DYMM TUANKU

DYMM Tuanku is the current Raja of Perlis and served as the 12th Yang di-Pertuan Agong of Malaysia from 13 December 2001 to 12 December 2006. F&NHB and its subsidiaries do not have any transactions with DYMM Tuanku for the preceding 12 months.

DYMM Tuanku has indicated that he will nominate his brother, Y.A.M. Dato' Seri DiRaja Syed Razlan ibni almarhum Tuanku Syed Putra Jamalullail ("**Dato Seri Syed Razlan**") to be a Director of F&N AgriValley.

Dato Seri Syed Razlan holds multiple credentials and accolades from various universities and institutions of higher learning, in particular Bachelor of Science from Louisiana State University and Master of Science from North Carolina State University, USA.

An agriculturist by training, he is an agricultural entrepreneur pioneering the vision of self-sufficiency in local agricultural produce having also lectured at Universiti Putra Malaysia (formerly known as Universiti Pertanian Malaysia).

DYMM Tuanku and Dato Seri Syed Razlan are able to contribute value to F&N AgriValley in setting the vision beyond the dairies roadmap. Dato Seri Syed Razlan's background, training and expertise in animal science and ruminant nutrition will also be a valuable resource in an advisory capacity.

4. RATIONALE FOR THE RE-ORGANISATION OF THE SHARE CAPITAL OF F&N AGRIVALLEY

DYMM Tuanku, is fully supportive of the proposed integrated crop and dairy farming project that the F&NHB group will embark upon on the successful completion of the acquisition of Ladang Chuping. It is the intention of DYMM Tuanku together with F&NHB, through their investment in F&N AgriValley, to promote and facilitate the development of commercial agricultural activities which will bring further economic development to the State of Perlis. In the process of doing so, this will help the F&NHB group in achieving its long-term goal of providing fresh milk for the F&NHB group's downstream production and distribution of fresh milk nationwide.

DYMM Tuanku's 30% equity stake in F&N AgriValley will also facilitate the satisfaction of certain regulatory requirements pursuant to the conditions precedent under the sale and purchase agreement for the acquisition of the Ladang Chuping.

Subject to fulfilment of the conditions precedent under the SPA, F&N AgriValley will complete the acquisition of Ladang Chuping with a combination of internally generated funds and/or external funding and it is the intention that F&N AgriValley will be the registered proprietor of Ladang Chuping upon completion of the SPA. F&N AgriValley subsequently intends to enter into a lease agreement, to lease Ladang Chuping to a subsidiary of F&NHB, to be incorporated, which will undertake the development and operation of the integrated crop and dairy farming project.

5. SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT

a. Proposed Acquisition

DYMM Tuanku and F&NHB acknowledge that F&N AgriValley will need to make arrangements to procure funds to ensure that F&N AgriValley will be in a position to complete the Proposed Acquisition in accordance with the terms of the SPA. Accordingly, DYMM Tuanku and F&NHB agree that F&N AgriValley may obtain a loan or borrowing from a financial institution or any other third party or issue ordinary or preference shares, where such preference shares, may have terms to be agreed by the board of F&N AgriValley, which rank after the rights of the Preference Shares.

b. Board of directors of F&N AgriValley

Unless otherwise expressly agreed in writing by F&NHB and DYMM Tuanku, the board of directors of F&N AgriValley shall consist of 4 directors. F&NHB shall have the power to appoint 3 persons and DYMM Tuanku shall have the power to appoint 1 person, as directors of F&N AgriValley.

c. Right to convert into Preference Shares and rights attached to Preference Shares

- (i) DYMM Tuanku will have the right to convert half of his ordinary shares in F&N AgriValley into non-voting irredeemable non-convertible preference shares ("**Preference Shares**"). Upon DYMM Tuanku so electing, half of F&NHB's ordinary shares in F&N AgriValley will also be converted into the Preference Shares, ranking *pari passu* with the Preference Shares to be held by DYMM Tuanku ("**Conversion**").
- (ii) Each ordinary share shall be converted into 1 Preference Share. Upon Conversion, the shareholding proportion of F&NHB and DYMM Tuanku in F&N AgriValley shall remain the same as the shareholding proportion prior to Conversion i.e DYMM Tuanku 30% and F&NHB 70%.
- (iii) The Preference Shares shall have a right to a cumulative preferential dividend equivalent to fifteen percent (15%) of the initial subscription price of the Preference Shares, these rights to cumulative preferential dividend to be in priority to any other preferential dividend rights of any other class of preference shares issued or to be issued by F&N AgriValley unless the holders of the Preference Shares agree otherwise.
- (iv) The Preference Shares shall confer no other right to participate in the capital or profits of F&N AgriValley save as provided in the constitution of F&N AgriValley.

- (v) The holders of Preference Shares will not have the right to vote at any general meetings of F&N AgriValley except under the circumstances permitted under Companies Act 2016.
- (vi) The Preference Shares are irredeemable and non-convertible. Accordingly, the Preference Shares have no specific tenure.

d. Term and termination

The SHA shall take effect from the date of the SHA, and shall continue until:

- (i) terminated by agreement of F&NHB and DYMM Tuanku;
- (ii) terminated pursuant to transfer of ordinary shares in F&N AgriValley resulting in either F&NHB or DYMM Tuanku owning all issued ordinary shares of F&N AgriValley;
- (iii) terminated pursuant to an event of default (as provided under Clause 14.2 of the SHA);
- (iv) F&N AgriValley being put into liquidation; or
- (v) terminated following the occurrence of force majeure events (as provided under Clause 21.3 of the SHA).

e. Transfer of shares in F&N AgriValley

The transfer of shares in F&N AgriValley by F&NHB (save for transfer by F&NHB to a related corporation) or DYMM Tuanku to a party who is not a member of F&N AgriValley is subject to (amongst others) obtaining the consent from the other shareholder of F&N AgriValley who is not transferring the shares in F&N AgriValley ("**Non-selling Shareholder**"); the right of first refusal of the Non-Selling Shareholder; and where applicable, a tag along right exercisable by F&NHB.

6. RISK FACTOR

Save for the conditions precedent in the SPA not being fulfilled and F&N AgriValley being unable to obtain funds to complete the acquisition of Ladang Chuping in accordance with the terms of the SPA, F&N does not see any other specific risk factors.

7. EFFECTS OF THE RE-ORGANISATION OF THE SHARE CAPITAL OF F&N AGRIVALLEY

7.1 Share capital and substantial shareholders' shareholding

The Transaction will not have any effect on the issued and paid-up share capital of F&NHB and the shareholding of its substantial shareholders.

7.2 Net assets and earnings

The Transaction is not expected to have any effect on the net asset and earnings per share of F&NHB for the financial year ending 30 September 2020.

7.3 Gearing

The Transaction will not have any material effect on the gearing of F&NHB and its subsidiaries ("**F&NHB Group**").

8. STATEMENT BY AUDIT COMMITTEE

The audit committee of F&NHB has considered the Transaction and is of the view that the Transaction is:

- (i) in the best interest of F&NHB; and
- (ii) fair, reasonable and on normal commercial terms.

In considering the Transaction, the audit committee is of the view that the Transaction will benefit F&NHB and F&N AgriValley, in better enabling F&N AgriValley to satisfy certain regulatory conditions under the SPA and that with DYMM Tuanku's participation in F&N AgriValley, the parties can work together to promote and facilitate the development of commercial agricultural activities which will bring further economic development to the State of Perlis, which will ultimately enable the F&NHB group to achieving its long-term goal of providing fresh milk for the F&NHB group's downstream production and distribution of fresh milk nationwide.

9. APPROVALS REQUIRED

The Shareholders' Agreement does not require the approval of F&NHB's shareholders and/or any regulatory authorities.

10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save and except for YAM Tengku Syed Badarudin Jamalullail, Chairman and a Non-Independent Non-Executive Director of the Company and also a Director of F&N AgriValley, being the brother of DYMM Tuanku and Dato Seri Syed Razlan, none of the directors, major shareholders of F&NHB and/or persons connected to them has any interests, direct or indirect, in the Shareholders' Agreement.

11. DIRECTORS' RECOMMENDATION

Save and except YAM Tengku Syed Badarudin Jamalullail, who has abstained from deliberations and making any decision on the Shareholders' Agreement; the Board, having considered all aspects of the Shareholders' Agreement, is of the opinion that the entering into the Shareholders' Agreement is in the best interest of the F&NHB Group.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The Shareholders' Agreement is available for inspection at the Registered Office of F&NHB at F&N Point, No.3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 6 April 2020.