

General Announcement for PLC (v13)

RELEASED

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Company Name	FRASER & NEAVE HOLDINGS BHD		
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CONTACT DETAIL			
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MAIN	
Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
Description	FRASER & NEAVE HOLDINGS BHD ("F&NHB" OR "COMPANY") PROPOSED ACQUISITION OF APPROXIMATELY 4,453.92 HECTARES OF LEASEHOLD LAND LOCATED IN MUKIM CHUPING, DAERAH PERLIS, NEGERI PERLIS ("LADANG CHUPING") FOR A CASH CONSIDERATION OF RM156.00 MILLION ("PROPOSED ACQUISITION")
Shareholder Approval	No

Announcement Details/Table Section	
<p>The Board of Directors ("Board") of F&NHB wishes to announce that its direct wholly-owned subsidiary, F&N AgriValley Sdn Bhd (formerly known as Rimba Perkasa Sdn Bhd) ("F&N AgriValley") had on 8 October 2019 entered into a conditional sale and purchase agreement ("SPA") with MSM Perlis Sdn Bhd ("MSM Perlis), a direct wholly-owned subsidiary of MSM Malaysia Holdings Berhad ("MSM Holdings"), in relation to the Proposed Acquisition for a total cash consideration of RM156.00 million ("Purchase Price").</p> <p>Details of the Proposed Acquisition are set out in the attachment below.</p> <p>This announcement is dated 8 October 2019.</p>	
Attachment	No File Name Size
	1 Acquisition of Ladang Chuping.pdf 202.7KB

**FRASER & NEAVE HOLDINGS BHD ("F&NHB" OR "COMPANY")
 PROPOSED ACQUISITION OF APPROXIMATELY 4,453.92 HECTARES OF LEASEHOLD
 LAND LOCATED IN MUKIM CHUPING, DAERAH PERLIS, NEGERI PERLIS ("LADANG
 CHUPING") FOR A CASH CONSIDERATION OF RM156.00 MILLION ("PROPOSED
 ACQUISITION")**

1. INTRODUCTION

The Board of Directors ("**Board**") of **F&NHB** wishes to announce that its direct wholly-owned subsidiary, F&N AgriValley Sdn Bhd (formerly known as Rimba Perkasa Sdn Bhd) ("**F&N AgriValley**") had on 8 October 2019 entered into a conditional sale and purchase agreement ("**SPA**") with MSM Perlis Sdn Bhd ("**MSM Perlis**"), a direct wholly-owned subsidiary of MSM Malaysia Holdings Berhad ("**MSM Holdings**"), in relation to the Proposed Acquisition for a total cash consideration of RM156.00 million ("**Purchase Price**").

Further details of the SPA are set out in the Appendix to this Announcement.

2. THE PROPOSED ACQUISITION

2.1 Background information on Ladang Chuping

2.1.1 Salient features of Ladang Chuping

Ladang Chuping, which comprises of nine pieces of leasehold land measuring in total approximately 4,453.92 hectares, is located in Mukim Chuping, Daerah Perlis in the state of Perlis. Details of the Ladang Chuping property are set out below:

No.	Title Details	Category of Land Use	Land Area (Hectares)	Tenure
1.	H.S.(D) 145, No. PT. 5726, Mukim Chuping, Daerah Perlis, Negeri Perlis	Agricultural (<i>Pertanian</i>)	1,027.8619	Leasehold 90 years; Expiring 12 January 2062
2.	PN 39, Lot 2035, Mukim Chuping, Daerah Perlis, Negeri Perlis	Agricultural (<i>Pertanian</i>)	1,268.1079	Leasehold 90 years; Expiring 15 October 2061
3.	PN 43, Lot 2037, Mukim Chuping, Daerah Perlis, Negeri Perlis	Agricultural (<i>Pertanian</i>)	277.1783	Leasehold 90 years; Expiring 12 June 2061
4.	PN 40, Lot 2038, Mukim Chuping, Daerah Perlis, Negeri Perlis	Agricultural (<i>Pertanian</i>)	288.8774	Leasehold 90 years; Expiring 12 June 2061
5.	PN 37, Lot 2040, Mukim Chuping, Daerah Perlis, Negeri Perlis	Agricultural (<i>Pertanian</i>)	523.9398	Leasehold 90 years; Expiring 12 June 2061

No.	Title Details	Category of Land Use	Land Area (Hectares)	Tenure
6.	PN 41, Lot 2041, Mukim Chuping, Daerah Perlis, Negeri Perlis	Agricultural (<i>Pertanian</i>)	92.2017	Leasehold 90 years; Expiring 12 June 2061
7.	PN 1755, Lot 18794, Mukim Chuping, Daerah Perlis, Negeri Perlis	Agricultural (<i>Pertanian</i>)	952.8	Leasehold 90 years; Expiring 12 June 2061
8.	PN 1754, Lot 18795, Mukim Chuping, Daerah Perlis, Negeri Perlis	Agricultural (<i>Pertanian</i>)	10.15	Leasehold 90 years; Expiring 12 June 2061
9.	PN 1989, Lot 2454, Mukim Chuping, Daerah Perlis, Negeri Perlis (previously referred to as H.S.(D) 2587, PT 349, Mukim Chuping, Daerah Perlis, Negeri Perlis)	Agricultural (<i>Pertanian</i>)	12.81	Leasehold 90 years; Expiring 1 August 2072

Ladang Chuping is situated approximately 28 kilometers to the north-east of the town of Kangar or approximately 8 kilometers to the south of the town of Padang Besar. Eight out of the nine parcels are located along the north-eastern side of the Ulu Pauh/Padang Besar main trunk road or situated adjoining and to the south of the newly established Chuping Valley Industrial Area. The remaining parcel (PT349) is located along the eastern side of the Bukit Ketri railway station to Kubang Tiga metaled road. It is situated about 9.0 kilometers to the south-west of the Ulu Pauh/Padang Besar main trunk road.

The surrounding properties are generally agricultural in nature with rubber and palm oil as the main cultivations. Other nearby developments include housing facilities, surau or place of worship, community hall, police station, schools, petrol station, mini-markets, etc.

Ladang Chuping is presently being used as a palm oil, rubber and mango plantation.

Crop Details

The type of plantation, maturity of trees and the production for the past three years are as shown in the following tables.:

a) Rubber

Year Planted	Area (hectare)	Age of Tree
2011	45.69	8
2012	939.23	7
2013	1,315.74	6
2014	641.82	5
2015	70.30	4

Yield – Cup Lump	2016	2017	2018
Area (ha)	-	44.54	44.54
Weight (buyer) (kg) - wet	-	11,555	34,711

b) Palm oil

Year Planted	Number of Trees	Age of Tree
2000	800	19
2011	14,000	8

Yield	2016	2017	2018
Overall (mt)	1,152.74	2,303.12	2,585.86
Yield/ha (mt)	10.89	21.75	24.42

c) Harumanis Mango

Year Planted	Area (hectare)	Age of Tree
2012	619	7
2013	279	6
2014	479	5
2016	439	3
2017	911	2

Yield	2016	2017	2018
Weight (kg)	-	3,075	618

2.2 Background information on MSM Perlis

MSM Perlis was incorporated in Malaysia under Companies Act, 1965 as a private limited company under the name of Kilang Gula Felde Perlis Sdn Bhd on 26 May 1971, and subsequently changed to its present name on 2 October 2014. The share capital of MSM Perlis is RM37,354,500 comprising of 37,354,500 ordinary shares. MSM Perlis is principally involved in the raw sugar refining, rubber and oil palm plantations business. The directors of MSM Perlis are Dato' Khairil Anuar bin Aziz and Ab Aziz bin Ismail.

As at 31 December 2018, the substantial shareholders of MSM Perlis and their shareholdings in MSM Perlis are as follows:

No.	Name of Shareholder	Direct	Indirect		
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	MSM Holdings Bhd	37,354,500	100	-	-
2.	FGV Sugar Sdn Bhd ("FGV Sugar")	-	-	37,354,500 ¹	100
3.	FGV Holdings Berhad ("FGV Holdings")	-	-	37,354,500 ²	100

Notes:

- (1) Deemed interested by virtue of its interest in shares in MSM Holdings pursuant to Section 8(4) of the Companies Act 2016.
- (2) Deemed interested by virtue of its interest in shares in MSM Holdings and its interest in FGV Sugar, which is the wholly-owned subsidiary of FGV Holdings, pursuant to Section 8(4) of the Companies Act 2016.

2.3 Consideration

The Purchase Price will be satisfied in the following manner:

- (a) RM25,000 was paid to MSM Perlis on 28 February 2019 as earnest deposit ("**Earnest Deposit**");
- (b) RM15,575,000 representing 10% of the Purchase Price less the Earnest Deposit ("**Balance Deposit**") was paid upon the execution of the SPA in the following manner:
 - (i) a sum equivalent to 3% of the Purchase Price amounting to RM4,680,000 ("**Retention Sum**") to Zul Rafique & Partners ("**Vendor's Solicitors**"), being the solicitors for MSM Perlis, as stakeholder; and
 - (ii) the remaining sum of RM10,895,000 to MSM Perlis; and

- (c) RM140,400,000 representing the balance 90% of the Purchase Price ("**Balance Payment**") shall be paid within 3 months from the date the SPA becomes unconditional ("**Completion Period**"). The obligation to pay the Balance Payment may be delayed in accordance with the SPA if, among others, the state, condition, nature and character of Ladang Chuping is inconsistent with the state, condition, nature and character of Ladang Chuping as at 26 September 2019, when F&N AgriValley carried out an inspection on Ladang Chuping. The Balance Payment will only be paid where all the irregularity on Ladang Chuping has been rectified by MSM Perlis.

Ladang Chuping shall be purchased on an "as is where is" basis in its present state and condition with no warranty of any kind as to state, condition, fitness, suitability or otherwise of the Ladang Chuping or any part thereof and subject to existing conditions of title, express or implied, and restrictions in interest (if any) on the titles to and affecting the Ladang Chuping free from all encumbrances, caveats, charges and liens.

2.4 Basis and justification of the Consideration

The Purchase Price of RM156.00 million was arrived at on a "willing-buyer willing-seller" basis after taking into account, inter-alia, the market valuation prepared by an independent valuer, Henry Butcher Malaysia (Kedah) Sdn Bhd ("**Valuer**") on 12 February 2019 (which valued Ladang Chuping at RM150.00 million). Due consideration was given to factors such as location, size, availability of natural resources (for example, water), existing infrastructure, accessibility to the land, land use, improvements and amenities, and other relevant factors. The Valuer also formed their opinion of the current market value of Ladang Chuping by comparing nearby recently transacted or listed for sale agriculture properties. Premised on this, the Board approved the offer for Ladang Chuping for a consideration of RM156.00 million.

2.5 Source of funding

The Proposed Acquisition will be funded via internally generated funds and/or external borrowings. The exact funding mix will be decided by the management of F&NHB ("**Management**") at a later stage after taking into consideration F&NHB's gearing level, interest costs as well as internal cash requirements for F&NHB and its subsidiaries' ("**F&NHB Group**") business operations.

2.6 Liabilities to be Assumed

Assuming no external bank borrowings are obtained, there are no liabilities to be assumed by F&NHB pursuant to the Proposed Acquisition.

3. RATIONALE AND BENEFIT OF THE PROPOSED ACQUISITION

The business intention for F&N AgriValley in acquiring this large contiguous land is to explore the upstream fresh milk business for downstream production and distribution of fresh milk. The large contiguous land enables F&NHB to own a vertical integration on locally grown crop for feed to our dairy and in turn lowering the value chain cost per litre. This enables F&NHB to be less dependent on imported milk and promote local agricultural industry.

4. PROSPECTS OF LADANG CHUPING

Our master plan for Ladang Chuping in relation to the vertical integration model will be based on a sustainability agenda, using precision agronomy technology and good practices that will reduce the overall carbon footprint of the farm. The dairy operations that may be implemented would include temperate-controlled barns for dairy production, manufacturing facilities for processing and packing of fresh milk at the farm. This fully integrated model currently being contemplated may include or involve green technology such as solar panels, biodigestion system, solid effluent and others. The plan may also include research and development elements related to dairy and crop farming.

5. RISK FACTORS RELATING TO THE PROPOSED ACQUISITION AND LADANG CHUPING

The Proposed Acquisition is subject to the terms and conditions of the SPA namely the government approvals under conditions precedent. There is no definitive assurance that the Proposed Acquisition will not be exposed to risk such as non-approval by the relevant authorities within the time period stipulated under the SPA.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposed Acquisition has no effect on the share capital and substantial shareholders' shareholdings of F&NHB as it does not involve issuance of shares in F&NHB.

6.2 Net Assets ("NA") per F&NHB share and Gearing

For illustrative purposes, based on the latest audited consolidated financial statements of F&NHB Group as at 30 September 2018 and assuming that the Proposed Acquisition had been effected on that date, the proforma effects of the Proposed Acquisition on the NA, NA per F&NHB share and gearing of F&NHB Group are shown in the table below.

Notwithstanding that the Purchase Price may be partly or wholly funded via bank borrowings, the Proposed Acquisition is not expected to have a material impact on the gearing of the F&NHB Group.

	Audited as at 30 September 2018 RM'000	Proforma effects After the Proposed Acquisition RM'000
Share capital	816,770	816,770
Treasury shares	(1,716)	(1,716)
Shares held by Share Grant Plan ("SGP") Trust	(4,039)	(4,039)
Reserves	1,501,321	1,501,321
Equity attributable to owners of the Company / NA	2,312,336	2,312,336
No. of shares in issue ¹	366,541,401	366,541,401

NA per F&NHB share (RM) ²	6.31	6.31
Total borrowings (RM'000) ^{3 & 4}	335,524	491,524
Gearing (times) ⁵	0.15	0.21

Notes:

- (1) Number of shares after deducting 237,100 treasury shares held by F&NHB as at 30 September 2018 from its issued shares of 366,778,501 F&NHB shares.
- (2) Computed based on shareholders' funds / NA over number of F&NHB shares, net of treasury shares.
- (3) The Proposed Acquisition will be satisfied in cash which shall be funded through internally generated funds and/or bank borrowings. The exact funding mix will be decided by the Management at a later stage after taking into consideration of the F&NHB Group's gearing level, interest costs as well as internal cash requirements for the F&NHB Group's business operations.
- (4) Included in total borrowings is Medium Term Note amounting to RM150,000,000 which was repaid in October 2018.
- (5) Computed based on total borrowings over NA.

6.3 Earnings per F&NHB share

For illustrative purposes, based on the audited consolidated financial statements of F&NHB Group for the financial year ended 30 September 2018 and the assumption that the Proposed Acquisition had been effected at the beginning of that financial year, the Proposed Acquisition is not expected to have a material effect on the consolidated earnings and EPS of the F&NHB Group as shown below:

	PAT RM'000	Basic EPS (sen)	Diluted EPS (sen)
Profit for the year attributable to owners of the Company (PAT)	385,133	104.9	104.5
Less: Depreciation ¹	(3,734)	(1.0)	(1.0)
Less: Finance cost and estimated expenses for the Proposed Acquisition ²	(5,000)	(1.4)	(1.4)
	376,399	102.5	102.1
<i>Weighted average number of F&NHB ordinary shares in issue net of treasury shares and shares held by SGP trust for the financial year ended 30 September 2018</i>		367,242	
<i>Adjusted weighted average number of F&NHB ordinary shares in issue net of treasury shares and shares held by SGP trust for the financial year ended 30 September 2018</i>			368,457

Note:

- (1) Depreciation is calculated based on Purchase Price and directly attributable costs allocated to the leasehold land only.
- (2) The Proposed Acquisition will be satisfied in cash which shall be funded through internally generated funds and/or bank borrowings. The exact funding mix will be decided by the Management at a later stage after taking into consideration of the F&NHB Group's gearing level, interest costs as well as internal cash requirements for the F&NHB Group's business operations.

7. APPROVALS REQUIRED IN RESPECT OF PROPOSED ACQUISITION

The Proposed Acquisition is subject to the following:

- (a) approval / exemption / confirmation by the Ministry of Economic Affairs (*formerly known as the Economic Planning Unit of the Prime Minister's Department of Malaysia*) ("**EPU**") in respect of the purchase of Ladang Chuping by F&N AgriValley from MSM Perlis, pursuant to the Guideline on the Acquisition of Properties (effective 1 March 2014) issued by the EPU or such other guideline which EPU may issue from time to time in replacement, substitution or amendment of the same;
- (b) approval granted to F&N AgriValley by the relevant governmental authority in Perlis having jurisdiction over Ladang Chuping ("**State Authority**") for the acquisition of Ladang Chuping, pursuant to Section 433B of the National Land Code of Malaysia ("**NLC**");
- (c) approval granted to MSM Perlis by the Estate Land Board (as defined under the NLC) for the sale and transfer of Ladang Chuping from MSM Perlis to F&N AgriValley, pursuant to Section 214A of the NLC; and
- (d) written approval granted to MSM Perlis by the State Authority for transfer of Ladang Chuping from MSM Perlis to F&N AgriValley by virtue of the restriction-in-interest and/or express conditions endorsed on the issue documents of title for Ladang Chuping.

F&N AgriValley or MSM Perlis (as applicable) will submit the application to obtain the relevant consents/approvals as soon as possible.

The Proposed Acquisition is not subject to the approval of the shareholders of F&NHB because the highest percentage ratio applicable to the Proposed Acquisition is **6.75%**.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

Save for Datuk Mohd Anwar bin Yahya, none of the directors, major shareholders of F&NHB and/or persons connected to them have any interests, direct or indirect, in the Proposed Acquisition.

Datuk Mohd Anwar bin Yahya is interested in the Proposed Acquisition in that he is also an independent non-executive director of FGV Holdings. FGV Holdings holds 10.97% of the issued share capital of MSM Holdings and FGV Holdings' wholly owned subsidiary, FGV Sugar, holds 40.03% of the issued share capital of MSM Holdings. In turn, MSM Holdings wholly owns MSM Perlis.

Datuk Mohd Anwar bin Yahya has abstained from all discussions, deliberations and any decision making process on the Proposed Acquisition.

9. DIRECTORS' RECOMMENDATION

The Board (save for Datuk Mohd Anwar bin Yahya, who is an interested director), having considered all aspects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the F&NHB Group.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the fulfilment of the conditions precedent under the SPA (as set out in the Appendix to this Announcement), the Proposed Acquisition is expected to be completed in the 2nd quarter of 2020.

11. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA and the valuation report dated 12 February 2019 issued by the Valuer are 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 8 October 2019.

APPENDIX 1 - SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:

1. Conditions Precedent :
 - (a) The Proposed Acquisition is conditional upon obtaining all the approvals set out in Section 7 of the Announcement, on or before the expiry of the relevant conditional period stipulated in the SPA ("**Conditional Period**").
 - (b) In the event any of the conditions precedent cannot be fulfilled or obtained on or before the expiry of the Conditional Period due to no fault of the party responsible to fulfill the outstanding conditions precedent, the timeline for fulfilment of the outstanding conditions precedent on or before expiry of the Conditional Period by the relevant Party shall automatically be extended for 3 months ("**Extended Conditional Period**"). If any of the conditions precedent still cannot be fulfilled or obtained on or before the expiry of the Extended Conditional Period due to no fault of the party responsible to fulfill the outstanding conditions precedent, then the timeline for fulfilment of such outstanding conditions precedent by the relevant Party may be further extended with the mutual agreement and approval of the parties ("**Further Extended Conditional Period**").
 - (c) Either F&N AgriValley or MSM Perlis shall be entitled to rescind the SPA without any penalty, fee or charge, if:
 - (i) any application to any relevant authority is refused or rejected; or
 - (ii) any condition precedent is not fulfilled or met by the expiry of the Conditional Period, Extended Conditional Period or the Further Extended Conditional Period (if applicable), as the case may be, despite all reasonable efforts by F&N AgriValley and MSM Perlis and such condition precedent is not waived in accordance with the SPA.
2. RPGT :
 - (a) In compliance with the Real Property Gains Tax Act 1976 ("**RPGT Act**"):
 - (i) F&N AgriValley covenants and undertakes that:
 - (A) F&N AgriValley shall execute all such documents and shall submit or cause to be submitted the relevant notifications in the prescribed forms to the Director General of Inland Revenue of Malaysia ("**DGIR**") together with the Retention Sum (which MSM Perlis shall procure the Vendor's Solicitors to release and pay to the DGIR) within 45 days from the date all conditions precedent have been fulfilled or waived (as applicable) ("**Unconditional Date**") for the purposes of payment of real property gain tax for the account of MSM Perlis in accordance with the RPGT Act; and
 - (B) F&N AgriValley shall within 3 business days after payment of the Retention Sum to the DGIR, forward or cause to be forwarded a copy of the cover letter to the DGIR to the Vendor's Solicitors together with a copy of the official receipt issued by the DGIR in respect of the payment of the Retention Sum, to the Vendor's Solicitor.
 - (ii) MSM Perlis covenants and undertakes that MSM Perlis shall execute all such documents and shall submit or caused to be submitted the relevant notifications in the prescribed forms to the DGIR within 60 days from the Unconditional Date in accordance with the provisions of the RPGT Act.
 - (b) MSM Perlis confirms and acknowledges that it shall be MSM Perlis' obligation to pay real property gains tax arising from the disposal of Ladang Chuping and MSM Perlis shall indemnify and keep F&N AgriValley indemnified

against any such liability, including all actions, proceedings, costs, claims and demands in respect of or arising from any failure by MSM Perlis to pay all real property gains tax chargeable on the disposal of Ladang Chuping.

3. Vacant Possession : Vacant possession of Ladang Chuping will be delivered by MSM Perlis to F&N AgriValley upon payment of the consideration and subject to terms as set out in Section 2.3 of the Announcement.
4. Representation and warranties : MSM Perlis warrants and represents with F&N AgriValley that, in relation to Ladang Chuping:
 - (a) MSM Perlis is the legal registered proprietor and beneficial owner of Ladang Chuping;
 - (b) MSM Perlis has not entered into any agreement or arrangement, to sell, transfer, dispose, charge, mortgage, assign, novate or in any manner whatsoever encumber or deal with Ladang Chuping or any part thereof;
 - (c) that save as disclosed, Ladang Chuping is not affected by any encumbrance (other than the existing tenancies for the employees of MSM Perlis) and save as disclosed, MSM Perlis is not a party to, nor bound by any order, agreement or instrument under which MSM Perlis is, required to create, permit or assume any encumbrance in respect of Ladang Chuping;
 - (d) to the best of MSM Perlis' information and knowledge, no receiver of the undertakings or assets or any part thereof, of MSM Perlis has been appointed nor have any judgments been obtained against MSM Perlis nor has any execution or process of any court or authority been issued against or levied or enforced upon MSM Perlis or its assets or any part thereof which will cause the non-registration of the transfer of Ladang Chuping by MSM Perlis in favour of F&N AgriValley;
 - (e) save as disclosed and to the best of MSM Perlis' information and knowledge, MSM Perlis has complied with all conditions, restrictions and category of land use affecting Ladang Chuping and all payments or fees which are due in respect of Ladang Chuping have been paid and there are no amounts outstanding;
 - (f) save as disclosed and to the best of MSM Perlis' information and knowledge, MSM Perlis has at all times complied with all environmental legislations, regulations, orders, guidelines and by-laws in relation to and applicable to Ladang Chuping and MSM Perlis is not aware of any breaches of any environmental related laws, contamination and/or hazardous discharges to Ladang Chuping;
 - (g) save as disclosed and to the best of MSM Perlis' information and knowledge, there are no villages, settlements or any occupants (with or without consent of MSM Perlis) or any buildings or erections within Ladang Chuping;
 - (h) save as disclosed, MSM Perlis does not have any existing contracts or arrangements with any third parties in relation to or for the harvesting or extracting of any produce, crops or products or any other items (including minerals) from Ladang Chuping which will continue after the date vacant possession to Ladang Chuping is delivered to F&N AgriValley;

- (i) save as disclosed, MSM Perlis has not granted to other persons any interests in and to Ladang Chuping or part thereof;
 - (j) to the best of MSM Perlis' information and knowledge, MSM Perlis is not aware of any religious premises, places of worship or altars of any kind and no cemeteries, graves or graveyards within Ladang Chuping (whether or not used by MSM Perlis or its agents, employees, independent contractors, licensees, visitors or guests); and
 - (k) save as disclosed and to the best of MSM Perlis' information and knowledge, there has been no incursions or security threats at the Thai Border affecting Ladang Chuping.
5. Environmental Related Matters :
- (a) If pursuant to the environmental related due diligence, F&N AgriValley discovers any non-compliance with the applicable laws and regulations caused by the effluent discharged from MSM Perlis' factory, F&N AgriValley shall notify MSM Perlis in writing such that MSM Perlis will be given the opportunity to rectify the same, at MSM Perlis' costs and expenses, prior to the date of MSM Perlis' receipt of the Balance Payment ("**Completion Date**").
 - (b) Within seven (7) days following the Completion Date, F&N AgriValley shall arrange for a further environmental related due diligence on Ladang Chuping and share the relevant due diligence report prepared by F&N AgriValley's appointed consultant with MSM Perlis within seven (7) days of F&N AgriValley's receipt thereof. In the event the relevant report states that there is contamination to Ladang Chuping caused by the effluent discharged from MSM Perlis' factory, then F&N AgriValley shall notify MSM Perlis and MSM Perlis shall, as soon as practicable, at MSM Perlis' costs and expenses, take steps to rectify such non-compliance and/or contamination.
 - (c) MSM Perlis agrees that for the time period of six (6) months from the Completion Date, MSM Perlis shall be responsible for any liabilities arising from any notice issued by the relevant authorities to F&N AgriValley, within the aforesaid six (6) months period, in respect of non-compliance and/or contamination caused by the effluent discharged from MSM Perlis' factory, in particular with respect to the effluent ponds on Ladang Chuping and MSM Perlis undertake to pay all fines and penalties arising therefrom.
6. F&N AgriValley's default :
- (a) It shall be an event of default of the SPA on the part of F&N AgriValley if:
 - (i) F&N AgriValley fails to pay any part of the Purchase Price in accordance with the provisions of the SPA; or
 - (ii) F&N AgriValley fails, neglects or refuses to observe or perform or comply with any of its material obligations, undertakings, warranties and covenants on its parts herein to be performed under the SPA and fails, neglects, or refuses to rectify such breach within 30 days from the date of MSM Perlis' written notice requiring F&N AgriValley to remedy such breach; or
 - (iii) any of F&N AgriValley's representations or warranties is found to be untrue or inaccurate or misleading and F&N AgriValley fails, neglects or refuses to rectify such breach within 30 days from the date of MSM Perlis' written notice requiring F&N AgriValley to remedy such breach; or

- (iv) during the Completion Period or the period of 30 days from the day immediately after the last day of the Completion Period or such longer period as the parties may mutually agree in writing ("**Extension Period**"), as the case may be, F&N AgriValley is liquidated, wound up or enters into any composition or arrangement with its creditors or make a general assignment for the benefit of its creditors or an action (including a winding-up notice is received or resolution for winding-up is passed) is taken or occurs with respect to any of the above.
 - (b) Upon the occurrence of any aforementioned event of default, MSM Perlis shall be entitled to terminate the SPA by giving written notice to F&N AgriValley.
7. MSM Perlis' Default :
- (a) It shall be an event of default of the SPA on the part of MSM Perlis if:
 - (i) MSM Perlis fails, neglects or refuses to:
 - (A) complete the Proposed Acquisition in accordance with the terms of the SPA; or
 - (B) observe or perform or comply with any of its material obligations, undertakings and covenants on its parts to be performed under the SPA (other than any breach of MSM Perlis' representations and warranties);

and after F&N AgriValley has provided MSM Perlis a written notice in respect of such failure, neglect or refusal and MSM Perlis does not rectify or make good such failure, neglect or refusal within 30 days, from MSM Perlis' receipt of the written notice from; or
 - (ii) during the Completion Period or the Extension Period, as the case may be, MSM Perlis is liquidated, wound up or enters into any composition or arrangement with its creditors or make a general assignment for the benefit of its creditors or an action (including a winding-up notice is received or resolution for winding-up is passed) is taken or occurs with respect to any of the above.
 - (b) Upon the occurrence of any aforementioned event of default, F&N AgriValley shall be entitled to terminate the SPA by giving written notice to MSM Perlis.
 - (c) If (i) MSM Perlis discloses any matter after the date of the SPA but prior to Completion Date or (ii) if F&N AgriValley becomes aware of any matter or issue, which would render any of MSM Perlis' representations and warranties untrue, MSM Perlis shall, at MSM Perlis' costs and expenses, take all reasonable steps to remedy such material breach within a period of 30 days from the date of receipt of the written notice from F&N AgriValley requiring MSM Perlis to remedy such breach. Where the said breach is not remediable or MSM Perlis has failed, neglected or refused to remedy such breach within 30 days, F&N AgriValley may terminate the SPA by giving a written notice to MSM Perlis.
8. Governing Law and Jurisdiction :
- The SPA shall be governed by and construed in all respects in accordance with the laws of Malaysia and F&N AgriValley and MSM Perlis submit to the exclusive jurisdiction of the Courts of Malaysia.