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Miscellaneous	
* Asterisks denote mandatory information	
Name of Announcer *	FRASER AND NEAVE, LIMITED
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Announcement submitted on behalf of	FRASER AND NEAVE, LIMITED
Announcement is submitted with respect to *	FRASER AND NEAVE, LIMITED
Announcement is submitted by *	Anthony Cheong Fook Seng
Designation *	Group Company Secretary
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>> Announcement Details	
The details of the announcement start here ...	

Announcement Title *	FRASER & NEAVE HOLDINGS BHD: DISPOSAL OF ICE-CREAM BUSINESS UNDER ITS DAIRIES DIVISION
Description	Fraser and Neave, Limited (the "Company"), attaches for information, an announcement made today by Fraser & Neave Holdings Bhd ("F&NHB"), its subsidiary listed on Bursa Malaysia and in which the Company has a shareholding interest of approximately 57% interest, on the disposal by F&N Dairies (Malaysia) Sdn Bhd, a subsidiary of F&NHB, of its ice-cream business to F&N Creameries (M) Sdn Bhd (the "Buyer"). The Buyer is wholly-owned by F&N Creameries (S) Pte Ltd, a subsidiary of the Company's subsidiary F&N Foods Pte Ltd.
Attachments	 FNHB-Disposal-of-Ice-Cream-Business-under-the-Dairies-Division.pdf Total size = 227K (2048K size limit recommended)





General Announcement

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Submitted

Company Information	
Main Market Company	
New Announcement	
Submitting Investment Bank/Advisor (if applicable)	
Submitting Secretarial Firm (if applicable)	
* Company name	FRASER & NEAVE HOLDINGS BHD
* Stock name	F&N
* Stock code	3689
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Type* Announcement
 Subject*: TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)
 RELATED PARTY TRANSACTIONS

Description*:-

(Note : Please enter the announcement description in this field and the announcement details in the Announcement Details/Table Section or attach the full announcement details as an attachment)

RELATED PARTY TRANSACTION - DISPOSAL OF ICE CREAM BUSINESS UNDER THE DAIRIES DIVISION

Announcement Details/Table Section :-

(This field is for the details of the announcement, if applicable)

1. INTRODUCTION

Fraser & Neave Holdings Bhd ("F&NHB" or "Company") wishes to announce that its wholly-owned subsidiary, F&N Dairies (Malaysia) Sdn Bhd ("F&ND(M)" or "Vendor"), has today entered into an agreement to dispose of its entire ice cream business ("Disposal") to F&N Creameries (M) Sdn Bhd ("Purchaser"), an indirect wholly-owned subsidiary of F&NHB's parent company, Fraser and Neave, Limited ("F&NL").

2. DETAILS OF THE DISPOSAL**2.1 Background**

The Dairies Division of F&NHB is the leading producer and distributor of sweetened condensed milk and evaporated milk in Malaysia and Thailand. It is also involved in the business of distributing pasteurized fresh milk, fruit juices and ice cream.

For the financial year 2009/2010, the Dairies Division recorded a revenue of RM1.975 billion and an operating profit of RM163 million. Its ice cream business contributed RM37 million and RM2 million respectively to the revenue and operating profit of the division. Its "Magnolia" ice cream business has an estimated market share of 10% in Malaysia.

F&ND(M), the distribution arm of the Dairies Division, is a non-exclusive distributor for F&NL's "Magnolia" ice cream in Malaysia pursuant to the current distribution arrangements which will cease upon completion of the Disposal.

In October 2010, F&NL announced the acquisition by F&N Foods Pte Ltd, its Singapore subsidiary, of King's Creameries (S) Private Limited, "a significant ice cream player in Malaysia and Singapore and which markets its products under its flagship brand "King's". In a related press release it was also mentioned that "The acquisition of King's Creameries is in line with our strategy to scale up our existing ice cream business in Singapore, Malaysia and Thailand, thereby strengthening its overall market presence and position. It paves the way for us to review our combined operations to extract synergies as well as consolidate and offer a complementary portfolio of brands and products to satisfy a diversity of consumer segments." The Purchaser, which was formerly known as King's Creameries (M) Sdn Bhd, is wholly-owned by King's Creameries (S) Private Limited. Following the acquisition, both companies underwent a name change to F&N Creameries (S) Pte Ltd and F&N Creameries (M) Sdn Bhd respectively.

The acquisition of the ice cream business from F&ND(M) constitutes a part of the overall consolidation process undertaken by F&NL for its ice cream business.

2.2 Consideration and Basis of Determining the Consideration

The cash consideration of RM11.5 million was agreed between the parties on a "willing buyer willing seller" basis and includes payment for freezers and trade inventory but excludes trade receivables employed in the business. The Disposal will generate a profit of RM2.9 million

In arriving at the above consideration of RM11.5 million, the Vendor has taken into account the range of fair values of the ice cream business as determined by an

independent external valuer. The said consideration falls within the upper end of the range.

2.3 Original Cost of Investment

The net book value of the freezers and trade inventory is RM8.6 million.

2.4. Information on the Vendor

The Vendor is a private limited company incorporated in Malaysia under the Companies Ordinances, 1940 to 1946, on 29 December 1965 under the initial name of Beatrice Foods Limited and assumed its present name on 30 March, 1989.

Its authorised share capital is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each of which 20,000,000 ordinary shares of RM1.00 each have been issued and fully paid up.

The Vendor is principally involved in the trading of dairy products.

2.5 Information on the Purchaser

The Purchaser is a private limited company incorporated in Malaysia under the Companies Act, 1965, on 28 October 1982 under the initial name of KINN'S CREAMERIES (M) SDN BHD and assumed its present name on 28 February 2011.

Its authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which 2,300,000 ordinary shares of RM1.00 each have been issued and fully paid up.

The Purchaser is principally involved in the marketing and trading of ice cream products.

2.6 Salient terms of the Sale and Purchase Agreement

The Disposal encompasses the benefits and obligations of all contracts entered into prior to completion by the Vendor in connection with the ice cream business, the freezers currently owned by the Vendor and used in connection with the ice cream business and the stock of ice cream products owned by the Vendor in connection therewith.

Amongst the items excluded from the Disposal are the accounts receivable.

The Purchaser and the Vendor shall conclude a unit count of the freezers within six (6) months from completion of the Disposal to determine the actual number of freezers. If there is a shortfall in the actual number of freezers as compared with the number of units identified and agreed between the parties and the shortfall exceeds an agreed percentage, the Vendor shall pay a compensation based on an agreed formula to the Purchaser.

The agreement is not subject to any conditions precedent.

3. RATIONALE FOR THE DISPOSAL

Please refer to the explanation in the sub-section entitled "Background" above.

With the Disposal, Dairies Division, Malaysia would be able to better focus its resources to further consolidate and grow its core canned milk business while continuing to nurture and expand the liquid milk and juice segments

4. UTILISATION OF PROCEEDS

The proceeds from the Disposal will form part of the working capital of the F&NHB Group.

5. RISKS FACTORS

Apart from the ordinary business risks, there are no other additional risks which are envisaged to arise from the Disposal.

6. EFFECTS OF THE DISPOSAL

6.1 Share Capital and shareholdings of substantial shareholders

The Disposal will not have any effect on the share capital and the shareholdings of substantial shareholders of F&NHB.

6.2 Earnings, Net Assets and Gearing

The Disposal is not expected to have a material effect on the earnings, net assets and gearing of the F&NHB group.

7. APPROVALS REQUIRED

The Disposal is not subject to shareholders' and governmental approvals.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the transaction pursuant to paragraph 10.02(g) of the Main Market Listing Requirements is 0.64%.

9. ESTIMATED TIME FRAME FOR COMPLETION

