

## ASSET ACQUISITIONS AND DISPOSALS::PROPOSED ACQUISITION OF SHARES IN SRI NONA COMPANIES

### Issuer & Securities

#### Issuer/ Manager

FRASER AND NEAVE LIMITED.

#### Securities

FRASER AND NEAVE, LIMITED - SG1T58930911 - F99

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No

### Announcement Details

#### Announcement Title

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Proposed Acquisition of Shares in Sri Nona Companies

#### Announcement Reference

SG201215OTHR3Z6

#### Submitted By (Co./ Ind. Name)

Hui Choon Kit

#### Designation

Company Secretary

#### Description (Please provide a detailed description of the event in the box below)

Fraser and Neave, Limited (the "Company" and together with its subsidiaries, the "F&N Group") attaches, for information, a voluntary Bursa Malaysia announcement (the "Bursa Announcement") by Fraser & Neave Holdings Bhd ("F&NHB") today, regarding the entry by its direct wholly-owned subsidiary, Awana Citra Sdn Bhd into a conditional share sale agreement to acquire the entire issued share capital of the Sri Nona Companies for the aggregate cash consideration of up to RM60,000,000. Capitalised terms used but not defined herein shall have the same meanings ascribed to them in the Bursa Announcement.

The Company holds a stake of approximately 55.5% in F&NHB, which is listed on Bursa Malaysia.

Payment of the Purchase Consideration will be made in two tranches in the manner set out in paragraph 2.2 of the Bursa Announcement. The basis and justification of the Purchase Consideration and the source of funding for the Proposed Acquisition are set out in paragraphs 2.3 and 2.4 of the Bursa Announcement.

If completed, the Sri Nona Companies will become wholly-owned subsidiaries of F&NHB, and indirect subsidiaries of the Company.

The Proposed Acquisition is not expected to have a material effect on the net tangible assets or earnings per share of the F&N Group for the current financial year.

None of the Directors of the Company has any interest, direct or indirect, in the Proposed Acquisition other than through their shareholdings in the Company.

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## Attachments

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[Bursa Announcement-Sri Nona Companies.pdf](#)

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Total size =178K MB

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**TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS SHARE SALE AGREEMENT RELATING TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN EACH OF THE 3 COMPANIES, AS DEFINED IN PARAGRAPH 2.1 BELOW ("SRI NONA COMPANIES") WHOSE PRINCIPAL ACTIVITIES ARE THE MANUFACTURE, DISTRIBUTION AND SALE OF, AMONG OTHERS, RICE CAKES AND CONDIMENTS FOR A CASH CONSIDERATION OF RM60,000,000 (THE "PROPOSED ACQUISITION")**

**FRASER & NEAVE HOLDINGS BHD**

<b>Type</b>	Announcement
<b>Subject</b>	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
<b>Description</b>	SHARE SALE AGREEMENT RELATING TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN EACH OF THE 3 COMPANIES, AS DEFINED IN PARAGRAPH 2.1 BELOW ("SRI NONA COMPANIES") WHOSE PRINCIPAL ACTIVITIES ARE THE MANUFACTURE, DISTRIBUTION AND SALE OF, AMONG OTHERS, RICE CAKES AND CONDIMENTS FOR A CASH CONSIDERATION OF RM60,000,000 (THE "PROPOSED ACQUISITION")

The Board of Directors ("**Board**") of F&NHB wishes to announce that its direct wholly-owned subsidiary, Awana Citra Sdn Bhd ("**Awana Citra**" or the "**Purchaser**") had on 13 December 2020 entered into a conditional share sale agreement (the "**Share Sale Agreement**") with Mr. Siew Yun Sing and Mdm. Tong Saw Man (both together hereinafter referred to as the "**Vendors**"), in relation to the Proposed Acquisition. Subject to the terms and conditions of the Share Sale Agreement, the aggregate cash consideration for the Sri Nona Companies is up to RM60,000,000 (the "**Purchase Consideration**").

Details of the Proposed Acquisition are set out in the attachment below.

This announcement is dated 15 December 2020.

Please refer attachment below.

**Attachments**

Proposed Acquisition of Sri Nona Companies.pdf  
111.9 kB

**Announcement Info**

<b>Company Name</b>	FRASER & NEAVE HOLDINGS BHD
<b>Stock Name</b>	F&N
<b>Date Announced</b>	15 Dec 2020
<b>Category</b>	General Announcement for PLC
<b>Reference Number</b>	GA1-15122020-00012

**FRASER & NEAVE HOLDINGS BHD ("F&NHB" OR "COMPANY")**  
**CHAPTER 10 VOLUNTARY ANNOUNCEMENT – TRANSACTIONS WITH PERCENTAGE RATIO BELOW 5%**

**SHARE SALE AGREEMENT RELATING TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN EACH OF THE 3 COMPANIES, AS DEFINED IN PARAGRAPH 2.1 BELOW ("SRI NONA COMPANIES") WHOSE PRINCIPAL ACTIVITIES ARE THE MANUFACTURE, DISTRIBUTION AND SALE OF, AMONG OTHERS, RICE CAKES AND CONDIMENTS FOR A CASH CONSIDERATION OF RM60,000,000 (THE "PROPOSED ACQUISITION")**

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## **1. INTRODUCTION**

The Board of Directors ("**Board**") of F&NHB wishes to announce that its direct wholly-owned subsidiary, Awana Citra Sdn Bhd ("**Awana Citra**" or the "**Purchaser**"), had on 13 December 2020 entered into a conditional share sale agreement (the "**Share Sale Agreement**") with Mr. Siew Yun Sing and Mdm. Tong Saw Man (both together hereinafter referred to as the "**Vendors**"), in relation to the Proposed Acquisition. Subject to the terms and conditions of the Share Sale Agreement, the aggregate cash consideration for the Sri Nona Companies is up to RM60,000,000 (the "**Purchase Consideration**").

The percentage ratio applicable to the Proposed Acquisition is 2.37% and the Purchase Consideration for the Proposed Acquisition is to be satisfied in cash. As the percentage ratio of the Proposed Acquisition does not exceed 5%, pursuant to Paragraph 10.05(1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("**Bursa Listing Requirements**"), the Company is not required to announce the Proposed Acquisition to Bursa Malaysia Securities Berhad.

However, the Company wishes to voluntarily announce the Proposed Acquisition under paragraph 10.05(2) of the Bursa Listing Requirements.

## **2. DETAILS OF THE PROPOSED ACQUISITION**

### **2.1 Proposed Acquisition of Sri Nona Companies**

Pursuant to the Share Sale Agreement, Awana Citra has agreed to acquire from the Vendors the entire issued share capital in each of the following companies, free from all charges, pledges or liens or any other encumbrances for the Purchase Consideration to be satisfied in cash:-

- (i) Sri Nona Food Industries Sdn Bhd ("**SNFI**");
- (ii) Sri Nona Industries Sdn Bhd ("**SNI**"); and
- (iii) Lee Shun Hing Sauce Industries Sdn Bhd ("**LSH**"),

(SNFI, SNI and LSH are collectively referred to as, the "**Sri Nona Companies**").

### **2.2 Purchase Consideration**

The Purchase Consideration for the shares representing 100% of the issued share capital of

each of the Sri Nona Companies (the “**Sale Shares**”) will be satisfied in the following manner:

- (a) RM57,000,000 to be paid to the Vendors at completion of the Share Sale Agreement being the date falling thirty (30) days from the satisfaction or fulfillment of all the conditions precedent contained in the Share Sale Agreement (“**Completion Date**”); and
- (b) the balance consideration of RM3,000,000 (“**Retention Amount**”) to be paid to the Vendors’ solicitors’ interest-bearing client account as a retention sum which shall be dealt with:
  - (i) in the manner set out in the Appendix pending completion of an audit to be conducted by the Purchaser and/or its nominated auditor to determine the consolidated net tangible assets (“**Final Consolidated NTA**”) of each of the Companies as at Completion Date (or nearest month-end prior to Completion Date); and
  - (ii) fulfilment of the post completion undertaking obligations set out in the Share Sale Agreement.

### **2.3 Basis and Justification of the Purchase Consideration**

The Purchase Consideration was arrived at on a “willing-buyer willing-seller” basis after taking into account, inter alia, the net asset value, brands and earnings of the Sri Nona Companies.

Based on the unaudited financial statements of the Sri Nona Companies for the period ended 30 June 2020, the net asset value attributable to the Sale Shares was approximately RM21,400,000.

### **2.4 Source of funding**

The Proposed Acquisition will be funded via the Company’s internally generated funds.

### **2.5 Liabilities to be assumed**

Save for the liabilities in the financial statements of each of the Sri Nona Companies, which will be consolidated into the results of the Company’s group of companies, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by the Company arising from the Proposed Acquisition.

### **2.6 Estimated Time for Completion**

Barring any unforeseen circumstances and subject to the fulfilment of the conditions precedent under the Share Sale Agreement, the Proposed Acquisition is expected to be completed in the 1st quarter of 2021.

## **3. INFORMATION ON THE SRI NONA COMPANIES**

Each of the Sri Nona Companies was incorporated in Malaysia pursuant to the Companies Act 1965. The principal activities of the Sri Nona Companies are the manufacture, distribution and sale of rice cakes (ketupat), condiments (oyster sauce and paste), beverages (ginger tea powder), desserts (pudding and jelly powder), jams and spreads under the “NONA” and “Lee Shun Hing” brands owned by the relevant Sri Nona Companies.

#### **4. RATIONALE AND BENEFIT OF THE PROPOSED ACQUISITION**

The Proposed Acquisition is in line with F&NHB's ambition to be a stable and sustainable food and beverage leader in Malaysia, with Halal food as our new pillar of growth. The investment will add an established Malaysian household food brand to F&N's portfolio of renowned brands and will serve as a platform to build on and expand into more food segments.

#### **5. NO APPROVALS REQUIRED**

The Proposed Acquisition does not require the approval of F&NHB's shareholders as the highest percentage ratio applicable to the Proposed Acquisition is **2.37%**.

#### **6. RISK FACTORS**

Save as disclosed below which are by no means exhaustive, the Board does not foresee any other additional risks arising from the Proposed Acquisition:

##### **Completion Risk**

The Proposed Acquisition may not be completed if any of the conditions precedent cannot be fulfilled and/or waived, as the case may be, within the stipulated timeframe. Any delay in the fulfilment of the conditions precedent of the Share Sale Agreement may lead to a delay in the completion and/or termination of the Proposed Acquisition.

To mitigate such risk, the Company will take reasonable steps to ensure and/or procure that the conditions precedent of the Share Sale Agreement are fulfilled within the stipulated timeframe and that every reasonable effort is made to fulfil the conditions precedent in order to complete the Proposed Acquisition in a timely manner.

#### **7. EFFECTS OF THE PROPOSED ACQUISITION**

##### **7.1 Share capital and substantial shareholders' shareholding**

The Proposed Acquisition will not have any effect on the issued and paid-up share capital of F&NHB and the shareholding of its substantial shareholders as the Proposed Acquisition does not entail any issuance of new ordinary shares in the Company and/or convertible securities in the Company.

##### **7.2 Net assets ("NA"), NA per F&NHB share and gearing**

The Proposed Acquisition is not expected to have a material effect on the NA, NA per F&NHB share and gearing of the F&NHB Group for the financial year ending 30 September 2021.

##### **7.3 Earnings per share**

The Proposed Acquisition is not expected to have a material effect on the consolidated earnings and EPS of the F&NHB Group.

**8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

None of the major shareholders of F&NHB and/or persons connected to them has any interests, direct or indirect, in the Share Sale Agreement.

None of the directors of F&NHB and/or persons connected to them has any interests, direct or indirect, in the Share Sale Agreement.

**9. DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposed Acquisition, including the terms of the Share Sale Agreement, rationale and benefits of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the F&NHB Group.

This announcement is dated 15 December 2020.

## APPENDIX

### SALIENT TERMS OF THE SHARE SALE AGREEMENT

The salient terms of the Share Sale Agreement are as follows:

1. Conditions Precedent : The matters, acts or transactions set out in Schedule 2 of the Share Sale Agreement to be performed, satisfied or fulfilled within the period of forty five (45) days commencing on the day immediately after the date of the Share Sale Agreement.
2. Completion : Completion shall take place within thirty (30) days from the date the Share Sale Agreement becomes unconditional upon the satisfaction, fulfilment or waiver (as the case may be) of all the matters, acts or transactions set out in Schedule 2 of the Share Sale Agreement unless extended further by mutual agreement in writing between the parties.
3. Post Completion Undertaking : Upon Completion, the Vendors undertake to assist the Sri Nona Companies to fulfil the post completion undertakings set out in Schedule 7 of the Share Sale Agreement within twelve (12) months from the Completion Date ("**Post Completion Period**").
  - (i) In the event the Vendors fulfil all their post completion undertakings to the satisfaction of the Purchaser and there is a balance from the Retention Amount after payments made as provided in paragraph 4 below, the Purchaser shall authorise the Vendors' Solicitors to pay the Vendors, in proportion to their respective shareholdings the Retention Amount or the balance thereof together with the accrued interest thereof, no later than seven (7) days immediately after the fulfilment of the last of the post completion undertakings.
  - (ii) In the event the Vendors fail to fulfil any of their post completion undertakings to the satisfaction of the Purchaser and:
    - (a) where there is a balance from the Retention Amount after the payments made as provided in paragraph 4 below, the Purchaser shall notify the Vendors and the Vendors shall procure the Vendors' Solicitors to refund to the Purchaser, the Retention Amount or the balance thereof together with the accrued interest no later than seven (7) days immediately after the Post Completion Period; or
    - (b) where there is no balance from the Retention Amount after the payments made as provided in paragraph 4 below, the Vendors jointly and severally undertake and agree to indemnify fully, hold harmless and defend the Purchaser or each of the Companies (as the Purchaser may choose), from and against any and all loss, cost, expense, damage, consequence and third party's claim for damages, suffered directly by the Purchaser or each of the Companies (as the Purchaser may choose) which shall be limited to a maximum of Ringgit Malaysia One Million Five Hundred Thousand (RM1,500,000.00) only arising from any breach by the Vendors of their post completion undertakings.
4. Adjustment of Purchase Consideration : If the Final Consolidated NTA is less than the minimum consolidated net tangible assets of the Sri Nona Companies of RM21,600,000 (the "Minimum Consolidated NTA"), the Purchase Consideration shall be reduced by the amount equal to that difference ("Shortfall Amount"), and where



- (i) the Shortfall Amount is less than the Retention Amount the Vendors shall procure the Vendors' Solicitors in writing, to refund to the Purchaser, (1) the Shortfall Amount from the Retention Amount; and (2) the accrued interest in respect of such refunded amount no later than one hundred and twenty (120) days from the Completion Date;
- (ii) the Shortfall Amount is equal to the Retention Amount, the Vendors shall procure the Vendors' Solicitors in writing, to refund to the Purchaser the Retention Amount and the accrued interest in respect of the Retention Amount no later than one hundred and twenty (120) days from the Completion Date;
- (iii) the Shortfall Amount is more than the Retention Amount,
  - (aa) the Vendors shall procure the Vendors' Solicitors in writing, to refund to the Purchaser the Retention Amount and the accrued interest in respect of the Retention Amount; and
  - (bb) the Vendors shall pay the difference between the Shortfall Amount and the Retention Amount to the Purchaser,no later than one hundred and twenty (120) days from the Completion Date;
- (a) upon finalisation of the Completion Accounts and the determination of the Final Consolidated NTA, if the Final Consolidated NTA is equivalent to or more than the Minimum Consolidated NTA, there shall be no adjustment to the Purchase Consideration; and
- (b) the Purchaser shall pay to the Vendors, as performance bonus, in proportion to their respective shareholdings in each of the Companies an aggregate sum equivalent to the difference between the Final Consolidated NTA and Minimum Consolidated NTA, no later than one hundred and twenty (120) days from the Completion Date.