

GENERAL ANNOUNCEMENT::LEASE OF LAND TO F&N FOODS (CAMBODIA) CO., LTD. FOR DAIRY MANUFACTURING FACILITY IN CAMBODIA

Issuer & Securities

Issuer/ Manager

FRASER AND NEAVE LIMITED.

Securities

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LEASE OF LAND TO F&N FOODS (CAMBODIA) CO., LTD. FOR DAIRY MANUFACTURING FACILITY IN CAMBODIA

Announcement Reference

SG240215OTHR6W86

Submitted By (Co./ Ind. Name)

Samuel Lee

Designation

Company Secretary

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

The Issuer attaches, for information, an announcement released on Bursa Malaysia Securities Berhad ("Bursa Securities") today by Fraser & Neave Holdings Bhd ("F&NHB") on the entry by F&N Foods (Cambodia) Co., Ltd. ("F&NFC") into a land lease agreement ("Land Lease") with Suvannaphum Investment Co., Ltd. ("SICL").

A wholly-owned subsidiary of F&NHB, F&NFC was incorporated in Cambodia yesterday with registered share capital of US\$5.5 million (approx. \$7.42 million) comprising 5.5 million shares, and will be principally engaged in manufacturing, sale, marketing, distribution, import and export of dairy products, beverages, confectionery and food products. The Issuer holds a 55.5% stake in F&NHB, which is listed on the Main Market of Bursa Securities. Pursuant to the Listing Requirements of Bursa Securities, SICL is a related

party to F&NHB and F&NFC, and the Land Lease is a related party transaction, details of which are set out in the attached announcement.

Attachments

[Announcement - Lease of Land.pdf](#)

Total size =177K MB

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : RELATED PARTY TRANSACTIONS FRASER & NEAVE HOLDINGS BHD ("F&NHB" OR "COMPANY") - LEASE OF LAND FROM SUVANNAPHUM INVESTMENT CO., LTD.

FRASER & NEAVE HOLDINGS BHD


| | |
|-------------|--|
| Type | Announcement |
| Subject | TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS |
| Description | FRASER & NEAVE HOLDINGS BHD ("F&NHB" OR "COMPANY") - LEASE OF LAND FROM SUVANNAPHUM INVESTMENT CO., LTD. |

The Board of Directors ("**Board**") of F&NHB wishes to announce that its wholly-owned subsidiary, F&N Foods (Cambodia) Co., Ltd. ("**Lessee**"), had on 15 February 2024 entered into a lease agreement with Suvannaphum Investment Co., Ltd. ("**Lessor**") ("**Lease Agreement**") for the lease of a parcel of land as described in Section 2.3 of this announcement ("**Land**") at a total lease consideration of US\$3,864,000 (approximately RM18,500,000) ("**Consideration**") and for a term of 50 years ("**Transaction**").

Details of the Transactions are set out in the attachment below.

Please refer attachment below.

Attachments

 Lease of Land.pdf
109.0 kB

Announcement Info

| | |
|------------------|------------------------------|
| Company Name | FRASER & NEAVE HOLDINGS BHD |
| Stock Name | F&N |
| Date Announced | 15 Feb 2024 |
| Category | General Announcement for PLC |
| Reference Number | GA1-15022024-00052 |

**FRASER & NEAVE HOLDINGS BHD ("F&NHB" OR "COMPANY")
RELATED PARTY TRANSACTION – LEASE OF LAND FROM SUVANNAPHUM INVESTMENT CO.,
LTD.**

1. INTRODUCTION

The Board of Directors ("**Board**") of F&NHB wishes to announce that its wholly-owned subsidiary, F&N Foods (Cambodia) Co., Ltd. ("**Lessee**"), had on 15 February 2024 entered into a lease agreement with Suvannaphum Investment Co., Ltd. ("**Lessor**") ("**Lease Agreement**") for the lease of a parcel of land as described in Section 2.3 of this announcement ("**Land**") at a total lease consideration of US\$3,864,000 (approximately RM18,500,000*) ("**Consideration**") and for a term of 50 years ("**Transaction**").

(* Based on the exchange rate US\$1: RM4.7859 published on the website of Bank Negara Malaysia on 14 February 2024)

2. DETAILS OF THE TRANSACTION

2.1 Information on the Lessor

The Lessor is a private limited company incorporated on 25 November 2008 pursuant to the laws of Cambodia. The Lessor is principally engaged in the development of Suvannaphum Special Economic Zone, Suvannaphum Dry Port and Customs services, transportation and logistics services, river port services, and warehouses for rent. The share capital of the Lessor is US\$6,200,000 comprising 6,200,000 shares.

The directors of the Lessor are:

1. Mr. Siripol Yodmuangchareon
2. Mr. Aswin Techajareonvikul
3. Mr. Chalermkeat Salakham
4. Mr. Khampun Keomony
5. Mr. Pattaphong Iamsuro
6. Mr. Terapon Kietsuranon
7. Mr. Surat Poobangkerdphol
8. Mr. Sucha Thisayakorn
9. Mrs. Nidda Theerawatanachai
10. Mr. Pornpong Opaspanich
11. Mr. Suwicha Boonsupa
12. Mr. Virote Jenjirawong

The shareholders of the Lessor are Suvannaphum Investment Holding (Cambodia) Co., Ltd. and Suvannaphum Land (BVI) Co., Ltd.

The Lessor is under the control of Y.Bhg. Tan Sri Charoen Sirivadhanabhakdi ("Tan Sri Charoen") and the estate of the late Y.Bhg. Puan Sri Wanna Sirivadhanabhakdi ("the estate of the late Puan Sri Wanna"), who are deemed major shareholders of F&NHB. Hence, the Lessor is deemed to be a person connected to these major shareholders and a related party to F&NHB.

2.2 Information on the Lessee

The Lessee is a private limited company incorporated on 14 February 2024 pursuant to the laws of Cambodia. The Lessee will be principally engaged in manufacturing, sale, marketing, distribution, import and export of dairy products, beverages, confectionery and food products. The registered share capital of the Lessee is US\$5,500,000 comprising 5,500,000 shares.

The sole director of the Lessee is Mr. Tiong Yean Yau, Director, Group Finance of F&NHB.

The sole shareholder of the Lessee is F&NHB.

2.3 Information on the Land

| Item | Description |
|------------------|--|
| Registered owner | Lessor |
| Location | Suvarnaphum Special Economic Zone at Samrong Kaer Village, Samrong Thom Commune, Kien Svay District, Kandal Province, Cambodia |
| Land area | 32,200 m ² |
| Land category | Industrial land |
| Existing use | Vacant |

2.4 Salient Terms of the Lease Agreement

The lease term shall be for 50 years commencing on 1 February 2024 and ending on 31 January 2074 ("**Lease Term**"). The Lease Agreement shall be renewed by mutual written agreement of the parties.

The total lease price of the Land for the Lease Term shall be US\$3,864,000 (approximately RM18,500,000*), which equals to US\$120 (approximately RM574*) per square meter, excluding all taxes and special assessments levied against the Land such as withholding tax over the Lease Agreement, tax on the Land and construction thereon ("**Lease Price**").

The Lessee shall be liable for the Value Added Tax ("**VAT**") over the Land in accordance with the applicable laws and regulations of Cambodia. The Lessee shall pay this VAT to the Lessor together with the Lease Price in order for the Lessor to pay this tax to the Cambodian taxation authority.

The Lease Price shall be paid by the Lessee within 2 weeks of completion of the incorporation and tax registration of the Lessee and receipt of a valid tax invoice.

The Lessee shall be responsible for payment of any and all government fees, charges and taxes, arising from the Lessee's use of the Land and related activities, including the fees, charges and taxes relating to registration of this Agreement with the competent authorities in Cambodia.

The Lessee shall execute a Management Service Agreement ("**MSA**") with the Lessor, specifying services and utilities to be provided by the Lessor, including, but not limited to, electricity, water, garbage collection and disposal, security and maintenance costs of the infrastructure.

The Lessor and Lessee shall register the Lease Agreement and obtain a Long-Term Lease Certificate issued by the Department of Land Management, Urban Planning, Construction and Cadastre of Kandal Province no later than 45 days from the execution date of the Lease Agreement.

2.5 Basis and justification for the Consideration

The Consideration was arrived at on a “willing-buyer willing-seller” basis after taking into account, inter-alia, the following:

- (i) The market value of US\$3,865,000 (approximately RM18,500,000*) for the Land, as appraised by an independent valuer, Knight Frank (Cambodia) Pte Ltd (“**Valuer**”) on 26 January 2024. The Valuer had adopted the Comparison Method in forming its opinion on the market value of the Land; and
- (ii) The suitability of the Land for the F&NHB Group’s manufacturing facility for dairy products in Cambodia.

2.6 Source of funding

The Consideration will be satisfied by internal funds.

2.7 Liabilities to be assumed

No liabilities will be assumed by the Lessee or F&NHB pursuant to the Transaction.

3. RATIONALE FOR THE TRANSACTION

The Lease Agreement was entered into for the purpose of setting up a manufacturing facility for dairy products to strengthen our presence in Cambodia. The manufacturing facility will produce sweetened beverage creamer in can and pouch. The total cost for the setting up of the manufacturing facility is estimated at US\$37.5 million (approximately RM179.5 million*) which includes the cost of leasing the land, construction of building and purchase of machinery. The manufacturing facility is expected to commence operations in the 1st quarter of 2026.

4. RISK FACTORS RELATING TO THE TRANSACTION

Save for the conditions in the Lease Agreement not being fulfilled, F&NHB does not see any other specific risk factors.

5. EFFECTS OF THE TRANSACTION

5.1 Share Capital and Substantial Shareholders’ Shareholdings

The Transaction 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.

5.2 Net Assets (“NA”) per F&NHB share and Gearing

The Transaction is not expected to have any material effect on the NA and gearing of F&NHB Group for the financial year ending 30 September 2024.

5.3 Earnings per F&NHB share

The Transaction is not expected to have any material effect on the earnings of the F&NHB Group for the financial year ending 30 September 2024.

6. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Transaction pursuant to Paragraph 10.02(g) of the Main Market Listing Requirement is 0.55%, computed based on the Consideration divided by the audited NA of F&NHB as at 30 September 2023, based on the latest available audited financial statements.

7. APPROVALS REQUIRED

The Transaction is not subject to the approvals of the Company’s shareholders and any government authorities.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

The direct and indirect shareholdings of the interested major shareholders as at the date of this announcement are as follows:

| Interested Major Shareholders | <-----Shareholdings-----> | | | |
|--|---------------------------|--------|------------------------|-----------------------|
| | <-----Direct-----> | | <-----Indirect-----> | |
| | No. of F&N Shares held | % | No. of F&N Shares held | % |
| Fraser and Neave, Limited (“F&N Ltd”) | 203,470,910 | 55.475 | - | - |
| Thai Beverage Public Company Limited (“ThaiBev”) | - | - | 203,470,910 | 55.475 ^(a) |
| Tan Sri Charoen | - | - | 203,470,910 | 55.475 ^(b) |
| The estate of the late Puan Sri Wanna | - | - | 203,470,910 | 55.475 ^(b) |

Notes:

(a) Deemed interested in F&NHB by virtue of its interest in F&N Ltd held through InterBev Investment Limited (“IBIL”), a wholly-owned subsidiary of International Beverage Holdings Limited (“IBHL”), pursuant to Section 8 of the Companies Act 2016 (“Act”).

(b) Deemed interested in F&NHB by virtue of their deemed interest in F&N Ltd held through TCC Assets Limited and ThaiBev (via IBIL, a wholly owned subsidiary of IBHL) which in turn is controlled by their private companies, namely Shiny Treasure Holdings Limited and Siriwana Company Limited, pursuant to Section 8 of the Act.

Save for the abovementioned interested major shareholders, none of the other major shareholders or Directors of F&NHB and/or persons connected to them have any interests, direct interests or indirect interests, in the Transaction.

9. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

| | | |
|----|---|---------------|
| 1. | Total value of recurrent related party transactions between the F&NHB Group and all persons connected to Tan Sri Charoen and the estate of the late Puan Sri Wanna for the preceding 12-month period from 18 January 2023 to 17 January 2024, being the latest practicable date | RM728,622,000 |
| 2. | Total value of recurrent related party transactions between the F&NHB Group and the Lessor for the preceding 12-month period from 18 January 2023 to 17 January 2024, being the latest practicable date | Nil |

10. STATEMENT BY AUDIT COMMITTEE

The audit committee of F&NHB has considered the Transaction and is of the view that the Transaction is fair, reasonable, and on commercial terms, in the best interest of F&NHB and not detrimental to the non-interested shareholders of F&NHB.

11. DIRECTORS' RECOMMENDATION

The Board having considered all aspects of the Transaction, is of the opinion that the Transaction is in the best interest of the F&NHB Group.

12. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Transaction is expected to be completed in the 2nd quarter of 2024.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Lease Agreement is available for inspection at the Registered Office of F&NHB at No. 1, Jalan Bukit Belimbing 26/38, Persiaran Kuala Selangor, Seksyen 26, 40400 Shah Alam, Selangor during normal office hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 15 February 2024.