

GENERAL ANNOUNCEMENT::PROPOSAL TO ACQUIRE ENTIRE EQUITY INTEREST IN COCOALAND BY MBRS' SCHEME OF ARRANGEMENT

Issuer & Securities

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FRASER AND NEAVE LIMITED.

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Proposal To Acquire Entire Equity Interest in Cocoaland by Mbrs' Scheme of Arrangement

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Submitted By (Co./ Ind. Name)

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Designation

Company Secretary

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

Fraser and Neave, Limited (the "Company") refers to its announcement yesterday on the request for trading halt by F&NHB (the "Previous Announcement"). Capitalised terms used in this announcement shall, unless otherwise defined herein, have the same meaning ascribed to them in the Previous Announcement.

Further to the Previous Announcement, the Company attaches, for information, an announcement released on Bursa Malaysia today by F&NHB on its submission of a formal proposal to the board of directors of Cocoaland Holdings Berhad ("Cocoaland") for the acquisition by F&NHB and/or its nominee(s) of the entire equity interest in Cocoaland not already owned by F&NHB (the "Proposed Acquisition"). Cocoaland is listed on Bursa Malaysia, and F&NHB holds a stake of approximately 27.66% in Cocoaland. The Proposed Acquisition is to be undertaken by Cocoaland by way of members' scheme of arrangement pursuant to section 366 of the Malaysia Companies Act, 2016.

Attachments

[FNHB Announcement - Proposed Privatisation 3.6.2022.pdf](#)

Total size =252K MB

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS FRASER & NEAVE HOLDINGS BHD ("F&NHB" OR THE "COMPANY") PROPOSED ACQUISITION BY F&NHB AND/OR ITS NOMINEE(S), OF THE ENTIRE EQUITY INTEREST IN COCOALAND HOLDINGS BERHAD ("COCOALAND") NOT ALREADY OWNED BY F&NHB TO BE UNDERTAKEN BY COCOALAND BY WAY OF MEMBERS SCHEME OF ARRANGEMENT PURSUANT TO SECTION 366 OF THE COMPANIES ACT, 2016 ("ACT") ("PROPOSED PRIVATISATION")

FRASER & NEAVE HOLDINGS BHD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
Description	FRASER & NEAVE HOLDINGS BHD ("F&NHB" OR THE "COMPANY") PROPOSED ACQUISITION BY F&NHB AND/OR ITS NOMINEE(S), OF THE ENTIRE EQUITY INTEREST IN COCOALAND HOLDINGS BERHAD ("COCOALAND") NOT ALREADY OWNED BY F&NHB TO BE UNDERTAKEN BY COCOALAND BY WAY OF MEMBERS SCHEME OF ARRANGEMENT PURSUANT TO SECTION 366 OF THE COMPANIES ACT, 2016 ("ACT") ("PROPOSED PRIVATISATION")

On behalf of the Board of Directors ("**Board**") of F&NHB, AmInvestment Bank Berhad wishes to announce that the Company has today submitted a formal proposal ("**Proposal Letter**") to the Board of Cocoaland Holdings Berhad ("**Cocoaland**") in respect of the Proposed Privatisation for its consideration. The Board of Cocoaland is to revert to F&NHB no later than 5.00 p.m. on 17 June 2022, with its decision whether to put forward the Proposed Privatisation to Cocoaland's shareholders for consideration.

Please refer to the attachment for further details of the Proposed Privatisation.

This Announcement is dated 3 June 2022.

Please refer attachment below.

Attachments

[FNHB - Announcement \(3.6.2022\).pdf](#)
180.3 kB

Company Name	FRASER & NEAVE HOLDINGS BHD
Stock Name	F&N
Date Announced	03 Jun 2022
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Reference Number	GA1-26052022-00008

FRASER & NEAVE HOLDINGS BHD (“F&NHB” OR “COMPANY”)

PROPOSED ACQUISITION BY F&NHB AND/OR ITS NOMINEES, OF THE ENTIRE EQUITY INTEREST IN COCOALAND HOLDINGS BERHAD (“COCOALAND”) NOT ALREADY OWNED BY F&NHB TO BE UNDERTAKEN BY COCOALAND BY WAY OF MEMBERS’ SCHEME OF ARRANGEMENT PURSUANT TO SECTION 366 OF THE COMPANIES ACT, 2016 (“ACT”) (“PROPOSED PRIVATISATION”)

This announcement is dated 3 June 2022 (“**Announcement**”).

1. INTRODUCTION

On behalf of the Board of Directors (“**Board**”) of F&NHB, AmInvestment Bank Berhad (“**AmInvestment Bank**”) wishes to announce that today, the Company has submitted a formal proposal (“**Proposal Letter**”) to the Board of Cocoaland in respect of the Proposed Privatisation for its consideration. The Board of Cocoaland is to revert to F&NHB no later than 5.00 p.m. on 17 June 2022, with its decision whether to put forward the Proposed Privatisation to the shareholders of Cocoaland for consideration. Subject to Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) approval, the completion of the Proposed Privatisation would result in the delisting of Cocoaland from the Main Market of Bursa Securities.

As at 31 May 2022, being the latest practicable date prior to the date of this Announcement (“**LPD**”):-

- (i) the issued and paid up share capital of Cocoaland is RM130,154,539 comprising 457,600,000 ordinary shares (“**Cocoaland Shares**”) (including 7,746,000 treasury shares);
- (ii) F&NHB directly holds 124,422,932 Cocoaland Shares, representing approximately 27.66% equity interest in Cocoaland; and
- (iii) there are no persons acting in concert with F&NHB (in accordance with Section 216 of the Capital Market and Services Act, 2007) that hold shares in Cocoaland.

2. THE PROPOSED PRIVATISATION

The Proposed Privatisation which is to be undertaken by way of members’ scheme of arrangement under Section 366 of the Act between Cocoaland and all the shareholders of Cocoaland, other than F&NHB (“**Scheme Shareholders**”) involves the acquisition by F&NHB and/or its nominees and transfer of all the Cocoaland Shares owned by the Scheme Shareholders (“**Scheme Shares**”) to F&NHB and/or its nominee(s) (“**Scheme**”).

F&NHB will acquire the Scheme Shares: (i) free from all moratorium, claims, charges, liens, pledge, encumbrances, options, rights of pre-emption, third party rights and equities from the date of sanction of the Scheme by the High Court of Malaya (“**High Court**”); and (ii) with all the rights, benefits and entitlements attached thereto.

In consideration of the acquisition and transfer of each Scheme Share from the Scheme Shareholders to F&NHB and/or its nominee(s) pursuant to the Scheme, F&NHB shall pay RM1.50 for each Scheme Share (“**Offer Price**”) which shall be satisfied entirely in cash (“**Cash Consideration**”).

Based on 325,431,068 Cocoaland Shares held by the Scheme Shareholders as at LPD, representing approximately 72.34% of the share capital of Cocoaland, the total consideration for the Proposed Privatisation is approximately RM488,146,602 which shall be satisfied in cash (“**Total Cash Consideration**”).

If Cocoland declares, makes or pays any dividends and/or other distributions (“**Distributions**”) on or after the date of the Proposal Letter but prior to the completion of the Proposed Privatisation and the Scheme Shareholders shall be entitled to retain such Distributions, F&NHB will reduce the Offer Price by the quantum of the net Distributions per Cocoland Share which the Scheme Shareholders are entitled to.

It is the intention of F&NHB not to maintain the listing status of Cocoland and accordingly, upon completion of the Proposed Privatisation and subject to Bursa Securities’ approval, Cocoland Shares will be delisted from the Main Market of Bursa Securities.

Upon completion of the Proposed Privatisation, Cocoland will become a wholly-owned subsidiary of F&NHB.

2.1 Undertaking from Leverage Success Sdn Bhd (“Leverage Success”)

Leverage Success is a major shareholder of Cocoland. As at LPD, Leverage Success holds 182,873,256 shares in Cocoland representing 40.65% equity interest.

On 3 June 2022, the Company has received the following:-

- (i) an irrevocable and unconditional undertaking from the shareholders of Leverage Success dated 3 June 2022, (a) to cause Leverage Success to vote in favour of the Scheme at the Court convened meeting; (b) not to sell any of their respective equity interest in Leverage Success from the date of the undertaking until the date of full settlement by F&NHB of the consideration for the acquisition and transfer of the Scheme Shares from the Scheme Shareholders to F&NHB and/or its nominee(s) pursuant to the Scheme (“**Completion**”); and (c) to ensure that Leverage Success maintains its shareholding in Cocoland at no less than 182,873,256 ordinary shares representing 40.65% of voting equity interest in Cocoland and Leverage Success will not dispose any of its shares in Cocoland from the date of the undertaking until Completion;
- (ii) an irrevocable and unconditional undertaking from Leverage Success dated 3 June 2022, (a) to vote in favour of the Scheme at the Court convened meeting; and (b) to ensure that Leverage Success maintains its shareholding in Cocoland at no less than 182,873,256 ordinary shares representing 40.65% of voting equity interest in Cocoland and Leverage Success will not dispose any of its shares in Cocoland from the date of the undertaking until Completion; and
- (iii) irrevocable and unconditional letters of undertaking from the following persons dated 3 June 2022, to resign as directors and or legal representatives in Cocoland and/or its subsidiary companies with effect from the date of Completion:-
 - (a) Lau Kee Von;
 - (b) Lau Pak Lam;
 - (c) Lau Kim Chew;
 - (d) Liew Fook Meng;
 - (e) Liew Yoon Kee;
 - (f) Lau Kwai Choon; and
 - (g) Lew Foo Chay @ Lau Foo Chay.

(Collectively, referred to as the “**Cocoland Directors**”)

Each of the Cocoaland Directors has given an irrevocable and unconditional undertaking not to engage in competing business, solicit customers and employees of Cocoaland and its group of companies ("**Cocoaland Group**") after Completion. Each of the directors named in paragraph (iii)(a) – (d) above, namely Lau Kee Von, Lau Pak Lam, Lau Kim Chew and Liew Fook Meng have also given an irrevocable and unconditional undertaking to remain in Cocoaland and/or its subsidiary companies as employees (but not directors), for a period of 6 months after the Completion in order to, among others, facilitate the handover of business operations to the management under the control of F&NHB and to immediately resign as employees with effect from the date falling 6 months after the Completion.

2.2 Liabilities to be assumed

Save for the borrowings to be undertaken to finance the Proposed Privatisation, there are no liabilities, including contingent liabilities and guarantees, to be assumed by F&NHB pursuant to the Proposed Privatisation.

2.3 Financial commitment

F&NHB does not expect to incur any material financial commitment to put Cocoaland Group on-stream as the Cocoaland Group is an operating entity.

2.4 Financial resources for the Total Cash Consideration

F&NHB has confirmed that the Proposed Privatisation would not fail due to insufficient financial capability of F&NHB to pay the Total Cash Consideration. F&NHB intends to finance the Proposed Privatisation via bank borrowings.

AmInvestment Bank is satisfied that the Proposed Privatisation would not fail due to insufficient financial capability of F&NHB and that every Scheme Shareholder will be paid the cash consideration in full.

3. BASIS AND JUSTIFICATION FOR THE OFFER PRICE

The Offer Price is derived after taking into consideration the following:-

- (i) The market prices of Cocoaland Shares prior to the date of the Proposal Letter;
- (ii) Cocoaland's audited consolidated net assets ("**NA**") attributable to equity holders of RM243.32 million or RM0.54 per Cocoaland Share as at 31 December 2021, which implies a price to book ratio of 2.77 times; and
- (iii) Cocoaland's audited consolidated adjusted earnings before interest, taxation, depreciation and amortization ("**EBITDA**") of RM32.80 million and RM33.53 million for the financial year ended ("**FYE**") 31 December 2020 and 2021 respectively. This implies an enterprise value to EBITDA ratio of 18.47 times and 17.74 times for the FYE 31 December 2020 and 2021 respectively.

The Offer Price represents a premium over the following historical market prices of Cocoaland Shares:-

	Share price	Premium	
	(RM)	(RM)	(%)
Last traded price as at LPD	1.1900	0.3100	26.1
5-day volume weight average market price (" VWAP ") up to LPD	1.1818	0.3182	26.9
1-month VWAP up to the LPD	1.1708	0.3292	28.1
3-month VWAP up to the LPD	1.2311	0.2689	21.8
6-month VWAP up to the LPD	1.1753	0.3247	27.6
1-year VWAP up to the LPD	1.1451	0.3549	31.0

(Source: Bloomberg)

4. RATIONALE

The Proposed Privatisation is in line with F&NHB's ambition to be a stable and sustainable food and beverage leader in ASEAN, with halal packaged food as its fourth pillar of growth. The investment will add established Malaysian confectionery and snack brands to F&NHB's portfolio of renowned brands, and at the same time serves as a platform to build on and expand into other packaged food segments. F&NHB believes that the addition of Cocoaland into the F&NHB group will also enhance the group's expansion in the overseas markets.

The Proposed Privatisation also presents an opportunity for the Scheme Shareholders to unlock and realise their investment in Cocoaland.

5. RISK FACTORS AND PROSPECTS

The Proposed Privatisation is not expected to give rise of new risks which F&NHB is not already exposed to as F&NHB currently has 27.66% equity interest in Cocoaland. The prospect of Cocoaland Group is not expected to change materially as a consequence of the Proposed Privatisation.

However, the Proposed Privatisation is subject to completion risk as there can be no assurance that the Proposed Privatisation will be successful as it is conditional upon the approvals set out in Section 8 of this Announcement which include the approval of the High Court and the Scheme Shareholders.

6. INFORMATION ON COCOALAND

Cocoaland was incorporated in Malaysia on 6 June 2000 as a public limited company. Cocoaland was listed on the Second Board of Bursa Securities on 18 January 2005 and later transferred to Main Board (now known as the Main Market) of Bursa Securities on 18 July 2006.

The principal activity of Cocoaland is investment holding. Through its subsidiaries, Cocoaland is involved in activities such as manufacturing and trading all kinds of processed and preserved foods and fruits. It is also involved in the wholesale and retail of processed and preserved foods as well as wholesale, import and export of gummies and other products.

As at LPD, the issued share capital of Cocoland is RM130,154,539 comprising 457,600,000 Cocoland Shares (including 7,746,000 Cocoland Shares held as treasury shares).

As at LPD, the board of directors of Cocoland are as follows:-

Name of Director	Designation
Dato' Azman Bin Mahmood	Chairman/Independent Non-Executive Director
Tan Sri Dato' Sri Koh Kin Lip	Senior Independent Non-Executive Director
Liew Fook Meng	Executive Director
Lau Kee Von	Executive Director
Lau Pak Lam	Executive Director
Lau Kim Chew	Executive Director
Tai Chun Wah	Executive Director
Chow Kee Kan @ Chow Tuck Kwan	Independent Non-Executive Director
Lim Yew Hoe	Non-Independent Non-Executive Director
Soh Swee Hock @ Soh Say Hock	Non-Independent Non-Executive Director
Lau Cheng Yew	Alternate Director to Lim Yew Hoe

Please refer to Appendix I for the financial information of Cocoland.

7. EFFECTS OF THE PROPOSED PRIVATISATION

7.1 Share capital and substantial shareholdings

The Proposed Privatisation 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.

7.2 NA and gearing

For illustrative purposes only, based on the latest audited consolidated financial statements of F&NHB Group as at 30 September 2021 and on the assumption that the Proposed Privatisation had been effected on that date, the pro forma effects of the Proposed Privatisation on the NA, NA per F&NHB share and consolidated gearing are as follows:

	Audited consolidated financial statements as at 30 September 2021 (RM'000)	Pro forma effects after the Proposed Privatisation (RM'000)
Share capital	816,770	816,770
Shares held by Share Grant Plan ("SGP") Trust	(4,626)	(4,626)
Reserves	2,006,821	⁽¹⁾ 2,004,271
Equity attributable to owners of the Company/NA	<u>2,818,965</u>	<u>2,816,415</u>
No. of shares in issue ('000)	366,779	366,779
No. of shares in issue, net of shares held by SGP Trust ('000)	366,615	366,615
NA per F&NHB share (RM) ⁽²⁾	7.69	7.68
Total borrowings including lease liabilities (RM'000)	65,047	⁽³⁾ ⁽⁴⁾ 553,991
Gearing (times) ⁽⁵⁾	0.02	0.20

Notes:-

- (1) Adjusted for estimated expenses relating to the Proposed Privatisation of approximately RM2.55 million. Such estimated expenses consist of professional fees, stamp duty and other incidental expenses relating to the Proposed Privatisation.
- (2) Computed based on NA over number of F&NHB shares in issue, net of shares held by SGP Trust.
- (3) Include lease liabilities of Cocoaland.
- (4) The Total Cash Consideration for the Proposed Privatisation will be satisfied in cash which shall be funded fully through bank borrowings.
- (5) Computed based on total loans and borrowings including lease liabilities over NA.

The Proposed Privatisation is not expected to have a material effect on the NA of F&NHB Group. The consolidated gearing of F&NHB will increase in view that the consideration for the Proposed Privatisation will be fully satisfied via bank borrowings.

7.3 Earnings and earnings per share (“EPS”)

Upon completion of the Proposed Privatisation, F&NHB will consolidate 100% of the financial results of Cocoaland.

For illustrative purposes only, based on the audited consolidated financial statements of F&NHB Group for the FYE 30 September 2021 and the assumption that the Proposed Privatisation had been effected on 1 October 2020 being the beginning of the FYE 30 September 2021, the pro forma effects of the Proposed Privatisation on the consolidated earnings and EPS of F&NHB are as follows:

	Profit after tax (RM'000)	Basic EPS (sen)	Diluted EPS (sen)
Audited consolidated financial statements for the FYE 30 September 2021	395,164	107.8	107.6
Adjustment for pro forma effects of the Proposed Privatisation:			
Share of profit of equity accounted associate, net of tax ⁽¹⁾	(5,624)		
Cocoaland's profit for the year attributable to owners of the Company ⁽²⁾	21,864		
Estimated expenses for the Proposed Privatisation ⁽³⁾	(2,550)		
Estimated finance costs to finance the Proposed Privatisation ⁽⁴⁾	(22,000)		
	(8,310)		
After the Proposed Privatisation	386,854	105.5	105.3

Weighted average number of F&NHB ordinary shares in issue net of shares held by SGP Trust for the FYE 30 September 2021 ('000)

366,738

Adjusted weighted average number of F&NHB ordinary shares in issue, net of shares held by SGP Trust for the FYE 30 September 2021 ('000)

367,373

Notes:-

- (1) Based on the latest audited consolidated financial statements of F&NHB for the FYE 30 September 2021.
- (2) Based on the latest audited consolidated financial statements of Cocoaland for the FYE 31 December 2021.

- (3) *Adjusted for estimated expenses relating to the Proposed Privatisation of approximately RM2.55 million. Such estimated expenses consist of professional fees, stamp duty and other incidental expenses relating to the Proposed Privatisation.*
- (4) *Estimated finance cost of RM22.0 million to finance the entire Total Cash Consideration for the Proposed Privatisation at an estimated interest rate of 4.5% per annum.*

The Proposed Privatisation is not expected to have a material effect on the consolidated earnings and EPS of the F&NHB Group. The Proposed Privatisation is expected to contribute positively to F&NHB Group's future earnings.

7.4 Existing convertible securities

As at LPD, F&NHB does not have any convertible securities in issue.

8. APPROVALS REQUIRED

The Scheme shall become effective and binding on Cocoland, F&NHB and all the Scheme Shareholders subject to the fulfilment of the following being obtained:-

- (i) approval of the Scheme (by way of poll) by at least a majority in number of shareholders and 75% in value to the votes attached to the disinterested shares that are cast either in person or by proxy at the meeting of Cocoland to be convened pursuant to an order of the High Court under Section 366 of the Act for the purpose of the Scheme ("**Court Convened Meeting**"), provided that the value of votes cast against the resolution for the Scheme at the Court Convened Meeting is not more than 10% of the votes attaching to all disinterested shares of the total voting shares of Cocoland;
- (ii) sanction of the Scheme by the High Court under Section 366 of the Act and the lodgement of an office copy of the sealed order of the High Court obtained with the Registrar of Companies Malaysia; and
- (iii) where required, the approval, waiver and/or consent of any other relevant authorities and/or parties.

The Proposed Privatisation is not conditional upon any other corporate exercises undertaken or to be undertaken by F&NHB.

9. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Privatisation pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements is approximately 17.32%, computed based on the Total Cash Consideration divided by the audited NA of F&NHB as at 30 September 2021.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND CONNECTED PERSONS

None of the Directors and/or major shareholders of F&NHB or persons connected with them have any interest, direct or indirect, in the Proposed Privatisation.

11. DIRECTORS' STATEMENT

The Board after having considered all aspects of the Proposed Privatisation, including rationale, the terms and conditions and the financial effects of the Proposed Privatisation, is of the opinion that the Proposed Privatisation is in the best interest of F&NHB Group.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances and subject to the Board of Cocoland putting forward the Proposed Privatisation to the Scheme Shareholders and all the required approvals being obtained, the Proposed Privatisation is expected to be completed in the 4th quarter of 2022.

13. ADVISER

F&NHB has appointed AmInvestment Bank as the Principal Adviser for the Proposed Privatisation.

14. DOCUMENT FOR INSPECTION BY SHAREHOLDERS

The Proposal Letter in relation to the Proposed Scheme will be made available for inspection at the Registered Office of F&NHB at Level 3A, F&N Point, No.3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur, Wilayah Persekutuan during normal office hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

Financial information of Cocoaland

Cocoaland's audited consolidated financial results for FYE 31 December 2019 to 2021 are as follows:-

	←	Audited	→
	FYE 31 December 2019	FYE 31 December 2020	FYE 31 December 2021
	(RM'000)	(RM'000)	(RM'000)
Revenue	254,066	216,246	210,299
Profit before tax	47,316	27,262	29,835
Profit after tax ("PAT")	35,732	20,418	21,864
Profit attributable to:-			
Owners of Cocoaland	35,732	20,418	21,864
Share capital	130,155	130,155	130,155
Treasury shares	-	(3,664)	(7,348)
Foreign currency translation reserves	188	188	163
Retained earnings	118,700	120,950	120,351
Shareholders' funds/NA	249,043	247,629	243,321
No. of Cocoaland Shares in issued (excluding treasury shares) ('000)	228,800	226,664	449,155
NA per Cocoaland Share (RM) ⁽¹⁾	1.08	1.09	0.54
Basic EPS (sen)	15.62	8.95	4.86

Note:-

(1) Computed based on the NA divided by the number of Cocoaland Shares as at the end of the respective financial years as disclosed in the respective financial statements.