

CARLSBERG BREWERY MALAYSIA BERHAD (9210-K)

Stock Name : CARLSBG
Type : TRANSACTIONS – CHAPTER 10 OF LISTING REQUIREMENTS
- NON RELATED PARTY TRANSACTION
Subject : DISPOSAL OF INVESTMENT IN LUEN HENG F&B SDN BHD

1. INTRODUCTION

Pursuant to Paragraph 10.06 of the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors of CARLSBERG BREWERY MALAYSIA BERHAD (“CBMB”) wishes to announce that CBMB had on 15 May 2015 entered into a Share Sale Agreement (“SSA”) with CAPRIWOOD SDN BHD (Company No. 1134839-M) (“Capriwood”) to dispose of 2,100,000 ordinary shares of RM1.00 each (“the Sale Shares”), representing 70% equity interest in LUEN HENG F&B SDN BHD (“LHFB”) for a total cash consideration of RM19,500,000.00 (“The Disposal”).

2. INFORMATION ON LHFB

LHFB is a private limited company incorporated in 2008, a joint venture between CBMB and Luen Heng Agency Sdn Bhd (Company No. 9122-H) (“LHA”). The principal activities of LHFB are importation, distribution and sale of alcoholic and non-alcoholic beverages including beer, hard liquor, wine, food and non-food items. The present authorised capital of LHFB is RM5,000,000.00 divided into 5,000,000 ordinary shares of RM1.00 each and the issued and paid up capital is RM3,000,000.00 divided into 3,000,000 ordinary shares of RM1.00 each held by its shareholders in the following manner:-

Shareholders	No. of Shares held in LHFB	% of shareholdings
CBMB	2,100,000	70%
LHA	900,000	30%
Total	3,000,000	100%

The following financial information was extracted from the audited financial statements published by LHFB for its financial period ended 31 December 2014:

No.	Description	Quantum
(a)	Profit before tax	RM13,069,000
(b)	Profit after tax	RM10,086,000
(c)	Earnings per share (sen)	RM3.36
(d)	Net assets per share	RM15.05

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3. DETAILS OF THE DISPOSAL

3.1 Salient Terms of SSA

3.1.1 Basis of sale

The Sale Shares are sold:-

- (a) free from all claims, charges, liens, equities and encumbrances; and
- (b) with all rights attaching thereto (including all dividends and distributions declared in respect thereof) with effect from the Completion Date.

3.1.2 Consideration

The consideration payable by Capriwood for the Sale Shares is RM19,500,000.00 (Ringgit Malaysia Nineteen Million Five Hundred Thousand only) and shall be satisfied by Capriwood in the manner set out below.

Time	Tranche	Amount (RM)
Immediately upon the execution of the SSA	1	RM2,000,000.00
Within 90 days from the date of execution of the SSA	2	RM12,500,000.00
Within 180 days from the date of execution of the SSA	3	RM5,000,000.00
	Total	RM19,500,000.00

3.1.3 Pursuant to the Shareholders' Agreement dated 26 November 2008 ("Shareholders' Agreement"), CBMB and LHA had agreed to participate in the equity of LHFB in the manner set out in the Shareholders' Agreement, which govern the relationship of CBMB and LHA as shareholders of LHFB. Pursuant to the Shareholders' Agreement, in the event one of the shareholders intends to sell its shares ("the Seller"), the continuing shareholder is given certain rights as stipulated under the Shareholders' Agreement. On 15 May 2015, CBMB has given a Transfer Notice to LHA in accordance with the terms of the Shareholders' Agreement ("Transfer Notice").

3.1.4 Conditions precedent

3.1.4.1 Agreement conditional

- (a) The obligations of the parties under SSA are in all respects conditional upon LHA not exercising its rights granted under clause 12.5 of the Shareholders' Agreement within sixty (60) days from the date of LHA's receipt of the Transfer Notice.
- (b) If LHA does not reply to the Transfer Notice or LHA does not exercise its rights within sixty (60) days of LHA receiving the Transfer Notice, as referred to in 3.1.3 above, the provisions of clause 12.7 of the Shareholders' Agreement shall apply and SSA will become unconditional on the expiry of sixty (60) days.

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- (c) If LHA exercises its rights granted under clause 12.5(i) of the Shareholders' Agreement, SSA will become null and void.
- (d) If LHA exercises its rights granted under clause 12.5(ii) of the Shareholders' Agreement, SSA will become unconditional on the day upon which Capriwood agrees to purchase LHA's shares in accordance with the terms and conditions of SSA.
- (e) In the event LHA exercises its right stated in paragraph (d) above and Capriwood refuses to purchase all of LHA's shares on the same terms and conditions set out in SSA, SSA will become null and void.
- (f) Provided always if LHA agrees to waive its rights granted under clause 12.5 of the Shareholders' Agreement, SSA will become unconditional on the date of receipt of written notice of waiver from LHA to CBMB.
- (g) For the avoidance of doubt, unless and until SSA becomes unconditional, Capriwood shall be construed as the Proposed Purchaser and CBMB shall be construed as the Intending Vendor.

3.1.4.2 Upon SSA becoming unconditional, the Parties shall perform its respective obligations in accordance with the provisions of SSA.

3.1.4.3 In the event SSA becomes null and void, CBMB shall refund the sum of RM2,000,000.00 (Ringgit Malaysia Two Million only) to Capriwood.

3.1.5 Upon the SSA become unconditional, Completion Date shall mean the date CBMB receives payment of Tranche 2 from Capriwood.

3.2 Basis of Arriving at and Justification for the Consideration

The sale consideration is arrived at on a "willing buyer and willing seller" basis, after taking into consideration the valuation report prepared by a share valuer on 11th May 2015.

3.3 Expected Gain/Loss to CBMB

The Disposal will result in a gain of RM17.4 million at company level and an estimated loss of approximately RM10.9 million at Group level derived from the proceeds of RM19.5 million against the ownership of 70% of the net assets in LHFB amounted to RM43.4 million including Goodwill of RM5 million as at 30 April 2015.

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3.4 Utilisation of Proceeds

The Disposal Consideration will be utilised by CBMB for working capital purposes.

3.5 Liabilities to be Assumed

There is no liability to be assumed by CBMB arising from this Disposal.

3.6 Original Cost of Investment and Date of Investment

The original cost of investment and date of investment in LHFB is as tabulated below:

Original costs of investment	RM2,100,000.00
Date of investment	1 December 2008

3.7 Estimated Time Frame for Completion of the Disposal

Barring any unforeseen circumstances, the Disposal is expected to be completed on or before 90 days from 15 May 2015 unless otherwise extended by mutual agreement.

4. RATIONALE AND BENEFIT FOR THE DISPOSAL

CBMB partnership with LHFB over the last 7 years has been a strategic commercial tie up. The disposal is in line with our parent company Carlsberg Group's strategy to 'Focus on beer as core' and to maximize the return on capital investment. The wine and spirits business is very capital intensive due to in particular the high value of the products as well as the need for keeping inventories. Also, commercial synergies between beer and wine/liquor are limited.

We recognize that it is time to prioritize on our core business and make sound investment of higher return of capital investment in order to accelerate growth and intensify our focus on beer, stout and cider innovation.

5. EFFECTS OF THE DISPOSAL

The Disposal is not expected to have any material impact on the earnings per share, net assets per share, gearing of CBMB for the financial year ending 31 December 2015.

The Disposal will not have any effect on the issued share capital or shareholdings of substantial shareholders of CBMB.

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6. PERCENTAGE RATIO

The highest percentage ratio applicable to the Disposal is 13.9% pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS' AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders of CBMB and/or persons connected with them has any interest, direct or indirect, in the Disposal.

8. DIRECTORS' STATEMENT

The Board of Directors, having considered all pertinent aspects of the Disposal, is of the view that the Disposal is fair and reasonable and is in the best interest of CBMB.

9. APPROVAL OF SHAREHOLDERS AND RELEVANT AUTHORITIES

The Disposal is not subject to approval from shareholders of CBMB and any relevant authorities.

10. DOCUMENT FOR INSPECTION

The SSA is available for inspection at the registered office of CBMB situated at No. 55, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan during normal office hours from Monday to Friday (except public holidays) for a duration of three (3) months from the date of this announcement.

This announcement is dated 15 May 2015.

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS CARLSBERG BREWERY MALAYSIA BERHAD - DISPOSAL OF INVESTMENT IN LUEN HENG F&B SDN BHD

CARLSBERG BREWERY MALAYSIA BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
Description	CARLSBERG BREWERY MALAYSIA BERHAD - DISPOSAL OF INVESTMENT IN LUEN HENG F&B SDN BHD

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Please refer attachment below.

Attachments



[Press Release - Carlsberg Malaysia Prioritizes on Core Business.pdf](#)

158.2 kB



[Disposal of Investment in LHFB.pdf](#)

73.3 kB