

12 theSUN ON WEDNESDAY | OCTOBER 9, 2019

SUNBIZ

MSM sells land to F&N at 18% discount

PETALING JAYA: MSM Malaysia Holdings Bhd is disposing of its 4,453.92ha land in Chuping, Perlis to Fraser & Neave Holdings Bhd (F&N) for RM156 million, representing an 18% discount to its market value.

MSM is expected to incur a RM1.76 million disposal loss, computed based on net book value of RM157.76 million as at June 30, 2019, before deducting any expenses related to the proposed disposal.

The original cost of investment for the land is RM99 million and it has invested about RM72 million on the land from 2011 to 2019.

MSM told Bursa Malaysia that the

➤ Disposal of asset in Perlis is in the best interests of the group, says sugar producer

move is in line with the group's plans to rationalise its assets and to focus on core businesses, which will reduce its debt.

A sale and purchase agreement was signed between MSM's wholly owned subsidiary MSM Perlis Sdn Bhd and F&N's wholly owned subsidiary F&N Agrivalley Sdn Bhd.

MSM said the proceeds raised from the disposal will be used to

repaybank borrowings and for working capital.

MSM CEO Datuk Khairil Anuar Aziz said the group is focused on creating and delivering value in its core areas of expertise.

"To achieve this, we will continue to dispose of our non-core assets to unlock value and to ensure that management and financial resources are committed to our core business."

He said the disposal was effected via an open tender process, which commenced in January 2019.

"The entire process was conducted in a transparent manner. We were clear from the outset that the disposal should bring benefit not just to MSM but also to the state of Perlis and the communities that live in the area, to balance commercial and social values."

Despite the discount in selling price, MSM believes that the disposal is in the best interest of the group as it generates negligible revenues but requires unsustainable financial commitments due to the high operating costs of maintaining the

plantation activities.

Separately, F&N noted that the acquisition is to explore the upstream insourcing of fresh milk to support existing downstream production and distribution of fresh milk products.

F&NHB CEO Lim Yew Hoe said the vertical integration model for Ladang Chuping will enable the company to be less dependent on imported milk while promoting the local agricultural industry, in line with the nation's ambition to be more self-sufficient.

The acquisition will be funded via internally generated funds and/or external borrowings.