

FGV Divests its 100% equity interest in FGV China Oils Ltd (FGVCO)

FGV Holdings Berhad (FGV) had on 10 July 2019 inked an Equity Transfer Agreement with Grand Industrial Holding Co., Ltd (GIH) for the divestment of its 100% equity interest in FGV China Oils Ltd (FGVCO) for a cash consideration of RMB165 million (approximately RM100 million). GIH is a China incorporated entity listed in the Shenzhen Stock Exchange. FGVCO's shareholders funds as at 31 December 2018 is RMB107 million.

FGVCO is FGV's wholly owned subsidiary, located in Dongguan, China. It is principally involved in the processing, refining, storage and marketing of edible oils for the China markets. FGVCO has been incurring losses due to market disparity arising from competition coming from regional suppliers. The disposal will not have any material impact on FGV's current China business or its strategic plans for the China market.

In a filing with Bursa Malaysia, FGV stated that the proposed disposal of FGVCO was in line with its transformation plan to divest non-performing assets and to focus on maximising returns from core and performing businesses. The proceeds from the proposed disposal will be used for the general working capital requirements of the company.

The proposed disposal is not expected to have any significant impact on the earnings per share of the FGV Group.

FGV expects the disposal to be completed between the end of 2019 and quarter 1 2020.

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