FGV Enters Into a Conditional Shareholders' Agreement with BALADNA and TOUCH GROUP



KUALA LUMPUR, 8 August 2022 – FGV Holdings Berhad (FGV), via its wholly-owned subsidiary, FGV Integrated Farming Sdn Bhd (FGVIF), entered into a conditional shareholders' agreement (Conditional SHA) with Baladna for Trading and Investment W.L.L, a subsidiary of Baladna Q.P.S.C. (BALADNA), and Touch Group Holdings Sdn Bhd (TOUCH GROUP) for the development of an integrated dairy farming business in Chuping, Perlis.



Prime Minister, YAB Dato' Sri Ismail Sabri Yaakob together with the Minister of Agriculture and Food Industry, YB Datuk Seri Dr. Ronald Kiandee, Menteri Besar Perlis, YB Dato' Seri Azlan Man, Ambassador of Qatar to Malaysia and Chief Executive of NCIA witnessed the exchange of Conditional Joint Venture Agreement documents between the Chief Executive Officer of FGV Group, Dato' Mohd Nazrul Izam Mansor, Chief Executive Officer of BALADNA, Mr. Piet Hilarides and Group Chief Executive Officer of TOUCH GROUP, YM Raja Dato' Idris Raja Halid at the MAHA 2022 Launch Ceremony at MAEPS Serdang, Selangor.

The parties' corresponding shareholding will be FGVIF (40%), BALADNA (40%) and TOUCH GROUP (20%), while the project, which is to be developed within an area comprising 3,259 hectares (8,053 acres) in FGV Chuping Agro Valley (FCAV), is expected to involve an investment of up to RM 4.5 bil.

The signing ceremony was held last Saturday at the Malaysia Agriculture, Horticulture and Agrotourism 2022 Exhibition (MAHA 2022) in Serdang, witnessed by YAB Dato' Sri Ismail Sabri Yaakob, the Prime Minister of Malaysia, together with YB Datuk Seri Dr. Ronald Kiandee, the Minister of Agriculture and Food Industries (MAFI) and YB Dato' Seri Azlan Man, Menteri Besar of Perlis.

The Conditional SHA was signed between Dato' Mohd Nazrul Izam Mansor, Group Chief

Executive Officer of FGV, Mr. Piet Hilarides, Chief Executive Officer of BALADNA, and YM Raja Dato' Idris Raja Halid, Group Chief Executive Officer of TOUCH GROUP.

Also present among the guests of honour at the event were HE Fahad Mohammed Kafoud, Ambassador of the State of Qatar to Malaysia, YB Tan Sri Idris Jusoh, Chairman of FELDA, and Dato' Dzulkifli Abd Wahab, Chairman of FGV along with representatives from the board and senior management of FGV, BALADNA, TOUCH GROUP and Northern Corridor Implementation Authority (NCIA).



"This joint venture will be a springboard for FGV to become one of the world's leading integrated and sustainable agribusinesses. As an organisation which is already involved in the food industry, our latest venture into this integrated dairy farming business strongly positions us in a growing milk and dairy industry, thus strengthening our presence in the food industry," said Dato' Mohd Nazrul.

With an aim to strengthen the National Food Security Agenda, this project is also aligned with FGV's long-term plan to position FGV Chuping Agro Valley (FCAV) as one of the leading agro-valley hubs in Malaysia, delivering sustainable value for its stakeholder and better living conditions to the local community as well as addressing food security concerns of the country, under the supervision of the NCIA. The establishment of the integrated dairy farming business is expected to create more than 2,000 job opportunities.

Expected to be commercially operational by 2025, the project aims to produce 100 million litres of fresh milk per annum within the first three years and is expected to reach 300 million litres of fresh milk in 10 years.

“Malaysia’s dairy market grew at a compounded annual growth rate (CAGR) of 4.5% from 2015 to 2020. The outlook for the dairy sector is positive, and FGV is optimistic that this strategic direction will support national goals to gain 50% self-sufficiency levels for liquid milk and 100% for fresh milk by 2028, doubling the production of fresh milk in Malaysia, reducing imports and providing fresh milk to consumers,” he added.

Based on the “grass to glass” concept, the joint venture will be fully integrated, operating from animal feed, milking cows and milk processing, to the sale, marketing and distribution of dairy related products, especially fresh milk.

Mr. Hilarides said, “As a partner, Baladna will use its extensive experience in fresh milk production and brand development to substantially improve Malaysia’s self-sufficiency in milk. We are delighted to be able to partner with FGV Holdings Berhad and Touch Group Holdings”

Prior to the economic blockade imposed on Qatar by neighbouring countries in 2017, Qatar was 90% import dependent. Today, Baladna is the largest dairy company in Qatar with over 250 SKUs and has achieved a remarkable 100% self-sufficiency for fresh milk in Qatar.

TOUCH GROUP is a Malaysian holding company involved in various business activities including telecommunications, renewable energy, property management, agriculture, security services, hospitality, construction, tourism, F&B, and ICT.

“We hope that our participation in this joint venture would strengthen and add value to the composition of the shareholders of the joint venture, in line with the National Food Security Agenda,” said Raja Dato’ Idris.

The Conditional SHA is tied to several terms, among others, satisfactory results of the financial viability study on the project and the obtainment of respective approvals from the board of directors of the parties to proceed with the proposed investment in the project.

In August 2021, FGV announced its collaboration with FELCRA Berhad (FELCRA) and BALADNA to carry out a comprehensive feasibility and technical study on the opportunity to co-invest in an integrated dairy farm business. FELCRA’s board has decided to withdraw its participation in April 2022 due to its objectives to strengthen the Group by focusing on group-wide transformation initiatives and re-focusing its core before embarking on new business ventures.

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