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Singapore High Court dismisses interim injunction against F&N in Myanmar brewery dispute



MEHL had asked the High Court last Wednesday to order F&N to transfer its stake in Myanmar's biggest brewery to the Myanmar firm by Aug 20, 2015. PHOTO: BLOOMBERG

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SINGAPORE - Mainboard-listed Fraser & Neave announced on Monday that the Singapore High Court had on July 31 dismissed with costs an interim injunction requiring F&N to sell its 55 per cent stake in a Myanmar brewery to its joint venture partner, Myanma Economic Holdings (MEHL) for 500 billion kyat (S\$540 million).

In a battle going back to 2013, MEHL had asked the High Court last Wednesday to order F&N to transfer its stake in Myanmar's biggest brewery to the Myanmar firm by Aug 20.

MEHL also filed an application for an interim injunction requiring F&N to sell its stake for 500 billion kyat (S\$540 million) based on current exchange rates as stated by Bloomberg on the day before the sale is closed. At current exchange rates, 500 billion kyat would be equal to US\$407 million.

But F&N, backed by Thai tycoon Charoen Sirivadhanabhakdi, says the sale should be completed in US dollars based on a 2013 exchange rate, thus estimating the fair value of its stake to be US\$560 million (S\$770 million).

A jointly appointed independent valuer had arrived at the US\$560 million valuation after applying the exchange rate as at April 30, 2013.

The two firms have been at loggerheads since 2013, when F&N was taken over by parties linked to Mr Charoen.

MEHL, which holds a 45 per cent stake in MBL, said the takeover breached the joint venture agreement, which, in turn, entitled it to buy its partner's stake.

It initiated legal proceedings and won but that triggered the dispute over the exchange rate.

F&N added on Monday that it will make further announcements in due course to update shareholders of any material developments. In the meantime, it advised shareholders to exercise caution when dealing with its shares.