

CIRCULAR DATED 9 JANUARY 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

If you have sold or transferred all of your shares in the capital of Fraser and Neave, Limited (the “**Company**”), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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FRASER AND NEAVE, LIMITED

(Incorporated in Singapore)

(Company Registration No: 189800001R)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

IMPORTANT DATES AND TIMES:

- Last Date and Time for Lodgement of Proxy Form : 28 January 2015 at 10.00 a.m.
- Date and Time of Extraordinary General Meeting : 30 January 2015 at 10.00 a.m. (or as soon thereafter following the conclusion or adjournment of the 116th Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place)
- Place of Extraordinary General Meeting : Ballrooms II and III
Level 2, InterContinental Singapore
80 Middle Road
Singapore 188966

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated.

“CDP”	:	The Central Depository (Pte) Limited.
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore.
“Company”	:	Fraser and Neave, Limited.
“Directors”	:	The directors of the Company for the time being.
“EGM”	:	The extraordinary general meeting of the Company, notice of which is given on pages 28 to 30 of this Circular.
“EPS”	:	Earnings per Share.
“Group”	:	The Company and its subsidiaries.
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 12 December 2014.
“Listing Manual”	:	The listing manual of the SGX-ST, as amended up to the Latest Practicable Date.
“ROE”	:	Return on equity.
“Securities Accounts”	:	Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Share Purchase Mandate”	:	The mandate to enable the Company to purchase or otherwise acquire its issued Shares.
“Shareholders”	:	Registered holders of the Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with Shares.
“Shares”	:	Ordinary shares in the capital of the Company.
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers.
“S\$”, “\$” and “cents”	:	Singapore dollars and cents, respectively.
“%” or “per cent.”	:	Per centum or percentage.

DEFINITIONS

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual, or any modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or the Listing Manual, or any modification thereof, as the case may be.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

FRASER AND NEAVE, LIMITED

(Incorporated in Singapore)
(Company Registration Number: 189800001R)

Directors:

Mr Charoen Sirivadhanabhakdi
(Non-executive and non-independent Chairman)
Khunying Wanna Sirivadhanabhakdi
(Non-executive and non-independent Vice Chairman)
Tengku Syed Badarudin Jamalullail
(Non-executive and independent Director)
Mr Timothy Chia Chee Ming (Non-executive and independent Director)
Mr Koh Poh Tiong (Non-executive and non-independent Director)
Mrs Siripen Sitasuwan (Non-executive and independent Director)
Mr Chotiphat Bijananda (Non-executive and non-independent Director)
Mr Thapana Sirivadhanabhakdi
(Non-executive and non-independent Director)
Mr Sithichai Chaikriangkrai (Non-executive and non-independent Director)
Mr Prapakon Thongtheppairot (Non-executive and non-independent
Alternate Director to Mr Sithichai Chaikriangkrai)

Registered Office:

438 Alexandra Road
#20-00 Alexandra Point
Singapore 119958

9 January 2015

To: The Shareholders of Fraser and Neave, Limited

Dear Sir/Madam

1. INTRODUCTION

- 1.1 **EGM.** The Directors have convened the EGM to be held on 30 January 2015 to seek Shareholders' approval for the proposed renewal of the Share Purchase Mandate (the "**Proposal**").
- 1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the Proposal.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

- 2.1 **Background.** At the Extraordinary General Meeting of the Company held on 27 January 2014 (the "**2014 EGM**"), the Company obtained Shareholders' approval for the renewal of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire Shares. The rationale for, the authority and limitations on, and the financial effects of, the Share Purchase Mandate were set out in the Company's Circular to Shareholders dated 10 January 2014 and the Ordinary Resolution set out in the Notice of the 2014 EGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of the Ordinary Resolution at the 2014 EGM and will expire on the date of the forthcoming 116th Annual General Meeting of the Company (the "**2015 AGM**") which has been convened to be held on 30 January 2015. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the EGM, to be held immediately following the 2015 AGM.

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The Company has not undertaken any purchase or acquisition of its Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2014 EGM.

As at the Latest Practicable Date, 4,100 Shares purchased or acquired by the Company are held as treasury shares.

2.2 **Rationale.** The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) In managing the business of the Group, management will strive to increase Shareholders' value by improving, *inter alia*, the ROE of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced.
- (b) In line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders.

To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner.

- (c) The Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.
- (d) Shares which are purchased by the Company pursuant to the Share Purchase Mandate and held in treasury may be transferred for the purposes of employee share schemes implemented by the Company, to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole and/or affect the listing status of the Company on the SGX-ST.

2.3 **Authority and Limits.** The authority and limitations placed on the Share Purchase Mandate, if approved at the EGM, are the same as previously approved by Shareholders at the 2014 EGM. These are summarised below:

2.3.1 **Maximum Number of Shares**

The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares representing not more than 7% of the issued Shares as at the date of the EGM at which the Share Purchase Mandate is approved.

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Any Shares which are held as treasury shares will be disregarded for purposes of computing the 7% limit.

Purely for illustrative purposes, on the basis of 1,444,910,386 Shares in issue as at the Latest Practicable Date and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date, and assuming that:

- (a) no further Shares are issued;
- (b) no further Shares are purchased or acquired by the Company; and
- (c) no further Shares are held by the Company as treasury shares,

on or prior to the EGM, the purchase or acquisition by the Company of up to the maximum limit of 7% of its issued Shares will result in the purchase or acquisition of 101,143,440 Shares.

However, as stated in paragraph 2.2 above and paragraph 2.8 below, purchases or acquisitions pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would result in the Company being delisted from the SGX-ST. Thus, notwithstanding that the Share Purchase Mandate may enable purchases or acquisitions of up to 7% of the issued Shares (excluding treasury shares) to be carried out, it should be noted that in order to maintain the listing status of the Shares on the SGX-ST, the Company must ensure (pursuant to Rule 723 of the Listing Manual) that there is at all times a public float of not less than 10% of the issued Shares (excluding treasury shares). Accordingly, assuming solely for illustrative purposes that 173,388,754 Shares (or approximately 12% of the issued Shares (excluding treasury shares)) are held in public hands as at the Latest Practicable Date, in order to preserve the listing status of the Shares on the SGX-ST by maintaining a public float of not less than 10% in the issued Shares (excluding treasury shares), the Company would not purchase or acquire more than 28,898,125 Shares (or 2% of the issued Shares (excluding treasury shares) as at that date) pursuant to the Share Purchase Mandate as at the Latest Practicable Date. The public float in the issued Shares as at the Latest Practicable Date is disclosed in paragraph 2.8 below.

Notwithstanding the above, the Company anticipates that the public float percentage of the issued Shares will change from time to time consequent upon the dynamic changing profile of public shareholders of the Company. For this reason, the Company is therefore seeking Shareholders' approval to enable the Company to purchase or acquire Shares up to a maximum of 7% of the issued Shares (excluding treasury shares) for flexibility to prospectively cater to any future increase in the number of issued Shares held in public hands of up to 17%. If this occurs, the Company will be able to purchase or acquire in excess of 2% of its issued Shares (excluding Shares held in treasury) up to a maximum of 7%.

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2.3.2 *Duration of Authority*

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM, at which the renewal of the Share Purchase Mandate is approved, up to:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or
- (c) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

2.3.3 *Manner of Purchases or Acquisitions of Shares*

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases ("**Market Purchases**"), transacted through the SGX-ST's trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchases**"), otherwise than on a securities exchange, in accordance with an equal access scheme.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (I) the terms and conditions of the offer;
- (II) the period and procedures for acceptances; and
- (III) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

2.3.4 **Purchase Price**

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors pursuant to the Share Purchase Mandate (both Market Purchases and Off-Market Purchases) must not exceed 105% of the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition (the **"Maximum Price"**).

For the above purposes:

"Average Closing Price" means the average of the closing market prices of a Share over the last five market days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

"date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

- 2.4 **Status of Purchased Shares.** A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company, which are cancelled and are not held as treasury shares.

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2.5 **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act, are summarised below:

2.5.1 **Maximum Holdings**

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 **Voting and Other Rights**

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 **Disposal and Cancellation**

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury

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shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

- 2.6 **Source of Funds.** The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits.

The Company will use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will, principally, consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing.

- 2.7 **Financial Effects.** The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 30 September 2014, are based on the assumptions set out below.

2.7.1 ***Purchase or Acquisition out of Capital and/or Profits***

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of dividends by the Company will not be reduced.

2.7.2 ***Number of Shares Acquired or Purchased/Maximum Price***

As at the Latest Practicable Date, the Company has 1,444,910,386 Shares in issue (before disregarding 4,100 Shares held in treasury), and has granted awards under the F&N Restricted Share Plan and the F&N Performance Share Plan (the "Awards").

- (i) ***Scenario I: Purchase or acquisition of 2% of the issued Shares by the Company***

Purely for illustrative purposes, on the basis of 1,444,910,386 Shares in issue and a public float of approximately 12% as at the Latest Practicable Date,

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and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date, and assuming that:

- (a) no further Shares are issued;
- (b) no further Shares are purchased or acquired by the Company; and
- (c) no further Shares are held by the Company as treasury shares,

on or prior to the EGM, the exercise of the Share Purchase Mandate, on the Latest Practicable Date, up to an extent that would not affect adversely the listing status of the Shares on the SGX-ST, may result in the purchase or acquisition by the Company of 28,898,125 Shares representing 2% of such issued Shares (excluding treasury shares) (instead of a purchase or acquisition of 101,143,440 Shares representing 7% of such issued Shares (excluding treasury shares)).

Assuming that the Company purchases or acquires the 28,898,125 Shares at the Maximum Price of \$2.90 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 28,898,125 Shares is approximately \$83,804,563.

(II) ***Scenario II: Purchase or acquisition of 7% of the issued Shares by the Company***

The illustrative financial effects below are prepared assuming a prospective hypothetical scenario after the Latest Practicable Date whereby future circumstances permit up to 7% of the issued Shares (excluding Shares held in treasury) to be acquired or purchased by the Company without resulting in the listing status of the Shares on the SGX-ST being adversely affected.

Purely for illustrative purposes, on the basis of 1,444,910,386 Shares in issue and a public float of approximately 17% as at the Latest Practicable Date, and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date, and assuming that:

- (a) no further Shares are issued;
- (b) no further Shares are purchased or acquired by the Company; and
- (c) no further Shares are held by the Company as treasury shares,

on or prior to the EGM, the exercise of the Share Purchase Mandate, on the Latest Practicable Date, up to an extent that would not affect adversely the listing status of the Shares on the SGX-ST, may result in the purchase or

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acquisition by the Company of 101,143,440 Shares representing 7% of such issued Shares (excluding treasury shares).

Assuming that the Company purchases or acquires the 101,143,440 Shares at the Maximum Price of \$2.90 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 101,143,440 Shares is approximately \$293,315,976.

For the avoidance of doubt, the Company would not purchase or acquire more than 28,898,125 Shares (or 2% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date), unless the Company can ensure that there is at all times a public float of not less than 10% of the issued Shares (excluding treasury shares), pursuant to Rule 723 of the Listing Manual.

2.7.3 ***Illustrative Financial Effects***

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, and the consideration paid at the relevant time and whether the Shares purchased or acquired are cancelled or held as treasury shares.

For illustrative purposes only and on the basis of the assumptions set out in paragraph 2.7.2 above, the financial effects of:

- (a) the acquisition of 28,898,125 Shares representing 2% of such issued Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and held as treasury shares;
- (b) the acquisition of 28,898,125 Shares representing 2% of such issued Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of profits and cancelled;
- (c) the acquisition of 28,898,125 Shares representing 2% of such issued Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and cancelled;
- (d) the acquisition of 101,143,440 Shares representing 7% of such issued Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and held as treasury shares;

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- (e) the acquisition of 101,143,440 Shares representing 7% of such issued Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of profits and cancelled; and
- (f) the acquisition of 101,143,440 Shares representing 7% of such issued Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for the financial year ended 30 September 2014 are set out below:

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Scenario I

- (a) Purchases of 28,898,125 Shares representing 2% of such issued Shares (excluding treasury shares) made entirely out of capital and held as treasury shares⁽¹⁾

	Group		Company	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase \$'000
<u>As at 30 September 2014</u>				
Share Capital	844,585	844,585	844,585	844,585
Reserves	760,266	760,266	66,547	66,547
	1,604,851	1,604,851	911,132	911,132
Treasury Shares	(23)	(83,828)	(23)	(83,828)
Total Shareholders' Equity	1,604,828	1,521,023	911,109	827,304
Net Assets	1,604,828	1,521,023	911,109	827,304
Current Assets	1,069,037	1,069,037	13,369	13,369
Current Liabilities	(518,667)	(518,667)	(20,704)	(20,704)
Total Borrowings	(141,743)	(225,548)	-	(83,805)
Cash and Cash Equivalents	360,759	360,759	4,164	4,164
Net Debt	219,016	135,211	4,164	(79,641)
Number of Shares ('000) (excluding treasury shares)	1,444,906	1,416,008	1,444,906	1,416,008
Financial Ratios				
Net Asset Value per Share (\$)	1.11	1.07	0.63	0.58
Gross Debt Gearing (%) ⁽²⁾	8.8	14.8	-	10.1
Net Debt Gearing (%) ⁽²⁾	NA	NA	NA	9.6
Current Ratio (times)	2.06	2.06	0.65	0.65
Basic EPS (cents)				
(before fair value adjustment and exceptional items)	18.2	18.5	(4.6)	(4.8)
- continuing operations	10.0	10.1	(4.6)	(4.8)
- discontinued operations	8.2	8.4	-	-
(after fair value adjustment and exceptional items)				
	10.2	10.3	(3.9)	(4.1)
- continuing operations	3.1	3.0	(3.9)	(4.1)
- discontinued operations	7.1	7.3	-	-

Notes:

⁽¹⁾ 28,898,125 Shares to be held as treasury shares and is computed based on 1,444,906,286 Shares in issue as at the Latest Practicable Date (this is based on 1,444,910,386 Shares in issue as at Latest Practicable Date and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ Gross and Net Debt measured against Total Shareholders' Equity.

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- (b) *Purchases of 28,898,125 Shares representing 2% of such issued Shares (excluding treasury shares) made entirely out of profits and cancelled⁽¹⁾*

	Group		Company	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase \$'000
As at 30 September 2014				
Share Capital	844,585	844,585	844,585	844,585
Reserves	760,266	676,461	66,547	(17,258)
	1,604,851	1,521,046	911,132	827,327
Treasury Shares	(23)	(23)	(23)	(23)
Total Shareholders' Equity	1,604,828	1,521,023	911,109	827,304
Net Assets	1,604,828	1,521,023	911,109	827,304
Current Assets	1,069,037	1,069,037	13,369	13,369
Current Liabilities	(518,667)	(518,667)	(20,704)	(20,704)
Total Borrowings	(141,743)	(225,548)	-	(83,805)
Cash and Cash Equivalents	360,759	360,759	4,164	4,164
Net Debt	219,016	135,211	4,164	(79,641)
Number of Shares ('000) (excluding treasury shares)	1,444,906	1,416,008	1,444,906	1,416,008
Financial Ratios				
Net Asset Value per Share (\$)	1.11	1.07	0.63	0.58
Gross Debt Gearing (%) ⁽²⁾	8.8	14.8	-	10.1
Net Debt Gearing (%) ⁽²⁾	NA	NA	NA	9.6
Current Ratio (times)	2.06	2.06	0.65	0.65
Basic EPS (cents) (before fair value adjustment and exceptional items)	18.2	18.5	(4.6)	(4.8)
- continuing operations	10.0	10.1	(4.6)	(4.8)
- discontinued operations	8.2	8.4	-	-
(after fair value adjustment and exceptional items)	10.2	10.3	(3.9)	(4.1)
- continuing operations	3.1	3.0	(3.9)	(4.1)
- discontinued operations	7.1	7.3	-	-

Notes:

⁽¹⁾ 28,898,125 Shares to be cancelled and is computed based on 1,444,906,286 Shares in issue as at the Latest Practicable Date (this is based on 1,444,910,386 Shares in issue as at the Latest Practicable Date and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ Gross and Net Debt measured against Total Shareholders' Equity.

LETTER TO SHAREHOLDERS

- (c) *Purchases of 28,898,125 Shares representing 2% of such issued Shares (excluding treasury shares) made entirely out of capital and cancelled⁽¹⁾*

	Group		Company	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase \$'000
<u>As at 30 September 2014</u>				
Share Capital	844,585	760,780	844,585	760,780
Reserves	760,266	760,266	66,547	66,547
	1,604,851	1,521,046	911,132	827,327
Treasury Shares	(23)	(23)	(23)	(23)
Total Shareholders' Equity	1,604,828	1,521,023	911,109	827,304
Net Assets	1,604,828	1,521,023	911,109	827,304
Current Assets	1,069,037	1,069,037	13,369	13,369
Current Liabilities	(518,667)	(518,667)	(20,704)	(20,704)
Total Borrowings	(141,743)	(225,548)	-	(83,805)
Cash and Cash Equivalents	360,759	360,759	4,164	4,164
Net Debt	219,016	135,211	4,164	(79,641)
Number of Shares ('000) (excluding treasury shares)	1,444,906	1,416,008	1,444,906	1,416,008
Financial Ratios				
Net Asset Value per Share (\$)	1.11	1.07	0.63	0.58
Gross Debt Gearing (%) ⁽²⁾	8.8	14.8	-	10.1
Net Debt Gearing (%) ⁽²⁾	NA	NA	NA	9.6
Current Ratio (times)	2.06	2.06	0.65	0.65
Basic EPS (cents)				
(before fair value adjustment and exceptional items)	18.2	18.5	(4.6)	(4.8)
- continuing operations	10.0	10.1	(4.6)	(4.8)
- discontinued operations	8.2	8.4	-	-
(after fair value adjustment and exceptional items)				
- continuing operations	3.1	3.0	(3.9)	(4.1)
- discontinued operations	7.1	7.3	-	-

Notes:

⁽¹⁾ 28,898,125 Shares to be cancelled and is computed based on 1,444,906,286 Shares in issue as at the Latest Practicable Date (this is based on 1,444,910,386 Shares in issue as at the Latest Practicable Date and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ Gross and Net Debt measured against Total Shareholders' Equity.

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Scenario II

- (d) *Purchases of 101,143,440 Shares representing 7% of such issued Shares (excluding treasury shares) made entirely out of capital and held as treasury shares⁽¹⁾*

	Group		Company	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase \$'000
<u>As at 30 September 2014</u>				
Share Capital	844,585	844,585	844,585	844,585
Reserves	760,266	760,266	66,547	66,547
	1,604,851	1,604,851	911,132	911,132
Treasury Shares	(23)	(293,339)	(23)	(293,339)
Total Shareholders' Equity	1,604,828	1,311,512	911,109	617,793
Net Assets	1,604,828	1,311,512	911,109	617,793
Current Assets	1,069,037	1,069,037	13,369	13,369
Current Liabilities	(518,667)	(518,667)	(20,704)	(20,704)
Total Borrowings	(141,743)	(435,059)	-	(293,316)
Cash and Cash Equivalents	360,759	360,759	4,164	4,164
Net Debt	219,016	(74,300)	4,164	(289,152)
Number of Shares ('000) (excluding treasury shares)	1,444,906	1,343,763	1,444,906	1,343,763
Financial Ratios				
Net Asset Value per Share (\$)	1.11	0.98	0.63	0.46
Gross Debt Gearing (%) ⁽²⁾	8.8	33.2	-	47.5
Net Debt Gearing (%) ⁽²⁾	NA	5.7	NA	46.8
Current Ratio (times)	2.06	2.06	0.65	0.65
Basic EPS (cents)				
(before fair value adjustment and exceptional items)	18.2	19.2	(4.6)	(5.4)
- continuing operations	10.0	10.3	(4.6)	(5.4)
- discontinued operations	8.2	8.9	-	-
(after fair value adjustment and exceptional items)	10.2	10.6	(3.9)	(4.6)
- continuing operations	3.1	2.9	(3.9)	(4.6)
- discontinued operations	7.1	7.7	-	-

Notes:

⁽¹⁾ 101,143,440 Shares to be held as treasury shares and is computed based on 1,444,906,286 Shares in issue as at the Latest Practicable Date (this is based on 1,444,910,386 Shares in issue as at Latest Practicable Date and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ Gross and Net Debt measured against Total Shareholders' Equity.

LETTER TO SHAREHOLDERS

- (e) *Purchases of 101,143,440 Shares representing 7% of such issued Shares (excluding treasury shares) made entirely out of profits and cancelled⁽¹⁾*

	Group		Company	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase \$'000
As at 30 September 2014				
Share Capital	844,585	844,585	844,585	844,585
Reserves	760,266	466,950	66,547	(226,769)
	1,604,851	1,311,535	911,132	617,816
Treasury Shares	(23)	(23)	(23)	(23)
Total Shareholders' Equity	1,604,828	1,311,512	911,109	617,793
Net Assets	1,604,828	1,311,512	911,109	617,793
Current Assets	1,069,037	1,069,037	13,369	13,369
Current Liabilities	(518,667)	(518,667)	(20,704)	(20,704)
Total Borrowings	(141,743)	(435,059)	-	(293,316)
Cash and Cash Equivalents	360,759	360,759	4,164	4,164
Net Debt	219,016	(74,300)	4,164	(289,152)
Number of Shares ('000) (excluding treasury shares)	1,444,906	1,343,763	1,444,906	1,343,763
Financial Ratios				
Net Asset Value per Share (\$)	1.11	0.98	0.63	0.46
Gross Debt Gearing (%) ⁽²⁾	8.8	33.2	-	47.5
Net Debt Gearing (%) ⁽²⁾	NA	5.7	NA	46.8
Current Ratio (times)	2.06	2.06	0.65	0.65
Basic EPS (cents) (before fair value adjustment and exceptional items)	18.2	19.2	(4.6)	(5.4)
- continuing operations	10.0	10.3	(4.6)	(5.4)
- discontinued operations	8.2	8.9	-	-
(after fair value adjustment and exceptional items)	10.2	10.6	(3.9)	(4.6)
- continuing operations	3.1	2.9	(3.9)	(4.6)
- discontinued operations	7.1	7.7	-	-

Notes:

⁽¹⁾ 101,143,440 Shares to be cancelled and is computed based on 1,444,906,286 Shares in issue as at the Latest Practicable Date (this is based on 1,444,910,386 Shares in issue as at the Latest Practicable Date and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ Gross and Net Debt measured against Total Shareholders' Equity.

LETTER TO SHAREHOLDERS

- (f) *Purchases of 101,143,440 Shares representing 7% of such issued Shares (excluding treasury shares) made entirely out of capital and cancelled⁽¹⁾*

	Group		Company	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase \$'000
As at 30 September 2014				
Share Capital	844,585	551,269	844,585	551,269
Reserves	760,266	760,266	66,547	66,547
	1,604,851	1,311,535	911,132	617,816
Treasury Shares	(23)	(23)	(23)	(23)
Total Shareholders' Equity	1,604,828	1,311,512	911,109	617,793
Net Assets	1,604,828	1,311,512	911,109	617,793
Current Assets	1,069,037	1,069,037	13,369	13,369
Current Liabilities	(518,667)	(518,667)	(20,704)	(20,704)
Total Borrowings	(141,743)	(435,059)	-	(293,316)
Cash and Cash Equivalents	360,759	360,759	4,164	4,164
Net Debt	219,016	(74,300)	4,164	(289,152)
Number of Shares ('000) (excluding treasury shares)	1,444,906	1,343,763	1,444,906	1,343,763
Financial Ratios				
Net Asset Value per Share (\$)	1.11	0.98	0.63	0.46
Gross Debt Gearing (%) ⁽²⁾	8.8	33.2	-	47.5
Net Debt Gearing (%) ⁽²⁾	NA	5.7	NA	46.8
Current Ratio (times)	2.06	2.06	0.65	0.65
Basic EPS (cents)				
(before fair value adjustment and exceptional items)	18.2	19.2	(4.6)	(5.4)
- continuing operations	10.0	10.3	(4.6)	(5.4)
- discontinued operations	8.2	8.9	-	-
(after fair value adjustment and exceptional items)	10.2	10.6	(3.9)	(4.6)
- continuing operations	3.1	2.9	(3.9)	(4.6)
- discontinued operations	7.1	7.7	-	-

Notes:

⁽¹⁾ 101,143,440 Shares to be cancelled and is computed based on 1,444,906,286 Shares in issue as at the Latest Practicable Date (this is based on 1,444,910,386 Shares in issue as at the Latest Practicable Date and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ Gross and Net Debt measured against Total Shareholders' Equity.

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The financial effects of the two alternative scenarios whereby share purchases up to a maximum of 2% and 7% of the issued Shares (excluding Shares held in treasury) are implemented by the Company, as set out above, are for illustrative purposes only. Although the Share Purchase Mandate would enable the Company to potentially purchase or acquire up to 7% of the issued Shares (excluding Shares held in treasury), based on a public float of approximately 12% as at the Latest Practicable Date, the Company is at present, only permitted to purchase or acquire up to 2% of the issued Shares (excluding Shares held in treasury) being an extent that would not affect adversely the listing status of the Shares on the SGX-ST as at the Latest Practicable Date. Even so, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 2% or, as the case may be, (if and when future circumstances permit) the entire 7% of the issued Shares (excluding Shares held in treasury). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

- 2.8 **Listing Rules.** The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares, and (b) in the case of an Off-Market Purchase on an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the Company’s full-year results and the period of two weeks before the announcement of the first quarter, second quarter and third quarter results.

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. As at the Latest Practicable Date, approximately 12% of the issued Shares (excluding Shares held in treasury) are held by public Shareholders. Accordingly, the Company is of the view that as of that date, there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to potentially undertake purchases of its Shares through Market Purchases pursuant to the Share Purchase Mandate *provided that* the purchases (if carried out) are not

LETTER TO SHAREHOLDERS

made to such an extent as would affect adversely the listing status of the Shares on the SGX-ST. The Company will consider investor interests when maintaining a liquid market in its securities, and will ensure that there is sufficient float for an orderly market in its securities when purchasing its Shares.

- 2.9 **Take-over Implications.** Appendix 2 of the Take-over Code ("**Appendix 2**") contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.9.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

2.9.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

- (a) the following companies:
- (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

LETTER TO SHAREHOLDERS

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2.

2.9.3 ***Effect of Rule 14 and Appendix 2***

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the Ordinary Resolution authorising the Share Purchase Mandate.

Based solely on the interests of substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the acquisition or purchase by the Company of 2% of its issued Shares as at the Latest Practicable Date.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases by the Company.

- 2.10 **No Previous Purchases.** The Company has not undertaken any purchase or acquisition of its issued Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2014 EGM.

LETTER TO SHAREHOLDERS

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

3.1 **Directors' Interests.** The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings of the Company as at the Latest Practicable Date are set out below:

Director	Number of Shares				Number of Shares comprised in outstanding Awards
	Direct Interest	% ⁽¹⁾	Deemed Interest ⁽²⁾	% ⁽¹⁾	
Mr Charoen Sirivadhanabhakdi	-	-	1,270,503,884	87.93	-
Khunying Wanna Sirivadhanabhakdi	-	-	1,270,503,884	87.93	-
Tengku Syed Badarudin Jamalullail	-	-	-	-	-
Mr Timothy Chia Chee Ming	-	-	-	-	-
Mr Koh Poh Tiong	192,830	0.013	58,485 ⁽³⁾	0.004	58,485 ⁽³⁾
Mrs Siripen Sitasuwan	-	-	-	-	-
Mr Chotiphat Bijananda	-	-	-	-	-
Mr Thapana Sirivadhanabhakdi	-	-	-	-	-
Mr Sithichai Chaikriangkrai	-	-	-	-	-
Mr Prapakon Thongtheppairot	-	-	-	-	-

Notes:

⁽¹⁾ The figures are based on 1,444,906,286 Shares in issue as at the Latest Practicable Date (this is based on 1,444,910,386 Shares in issue as at the Latest Practicable Date and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ Deemed interests refer to interests determined pursuant to Section 4 of the Securities and Futures Act, Chapter 289.

⁽³⁾ The deemed interest in 58,485 Shares arises from the balance of an award under the F&N Restricted Share Plan, which was granted to Mr Koh Poh Tiong when he was an executive of the Company and prior to his appointment as a Director, as adjusted following the Company's distribution to Shareholders by way of dividend *in specie* and a capital reduction exercise undertaken by the Company during the financial year ended 30 September 2014.

LETTER TO SHAREHOLDERS

- 3.2 **Substantial Shareholders' Interests.** The interests of the substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders of the Company as at the Latest Practicable Date are set out below:

Substantial Shareholders	Number of Shares			
	Direct Interest	%⁽¹⁾	Deemed Interest⁽²⁾	%⁽¹⁾
Mr Charoen Sirivadhanabhakdi	-	-	1,270,503,884	87.93
Khunying Wanna Sirivadhanabhakdi	-	-	1,270,503,884	87.93
InterBev Investment Limited	412,423,822	28.54	-	-
International Beverage Holdings Limited	-	-	412,423,822	28.54
Thai Beverage Public Company Limited	-	-	412,423,822	28.54
TCC Assets Limited	858,080,062	59.39	-	-
Siriwana Company Limited	-	-	412,423,822	28.54
MM Group Limited	-	-	412,423,822	28.54
Maxtop Management Corp.	-	-	412,423,822	28.54
Risen Mark Enterprise Ltd.	-	-	412,423,822	28.54
Golden Capital (Singapore) Limited	-	-	412,423,822	28.54

Notes:

⁽¹⁾ The figures are based on 1,444,906,286 Shares in issue as at the Latest Practicable Date (this is based on 1,444,910,386 Shares in issue as at the Latest Practicable Date and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ Deemed interests refer to interests determined pursuant to Section 4 of the Securities and Futures Act, Chapter 289.

4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the EGM.

LETTER TO SHAREHOLDERS

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 28 to 30 of this Circular, will be held on 30 January 2015 at Ballrooms II and III, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 at 10.00 a.m. (or as soon thereafter following the conclusion or adjournment of the 116th Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolution set out in the Notice of EGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 **Appointment of Proxies.** If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 438 Alexandra Road, #20-00 Alexandra Point, Singapore 119958 not later than 48 hours before the time appointed for the EGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes. An appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

6.2 **When a Depositor is regarded as a Shareholder.** A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 48 hours before the time appointed for the EGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposal, and the Company and its subsidiaries which are relevant to the Proposal, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

8. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Annual Report of the Company for the financial year ended 30 September 2014;
and
- (c) the Circular to Shareholders dated 10 January 2014.

Yours faithfully
for and on behalf of
the Board of Directors of
FRASER AND NEAVE, LIMITED

Anthony Cheong Fook Seng
Company Secretary

NOTICE OF EXTRAORDINARY GENERAL MEETING

FRASER AND NEAVE, LIMITED

(Incorporated in Singapore)
(Company Registration No. 189800001R)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Fraser and Neave, Limited (the “**Company**”) will be held at Ballrooms II and III, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on 30 January 2015 at 10.00 a.m. (or as soon thereafter following the conclusion or adjournment of the 116th Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the following Resolution which will be proposed as an Ordinary Resolution:

Ordinary Resolution

The Proposed Renewal of the Share Purchase Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) market purchase(s) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) transacted through the SGX-ST trading system and/or any other securities exchange on which the Shares may for the time being be listed and quoted (“**Other Exchange**”); and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next Annual General Meeting of the Company is held;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
 - (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
- (c) in this Resolution:
- “Average Closing Price”** means the average of the closing market prices of a Share over the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange, immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;
- “date of the making of the offer”** means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the off-market purchase;
- “Market Day”** means a day on which the SGX-ST is open for trading in securities;
- “Maximum Percentage”** means that number of issued Shares representing 7% of the issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and
- “Maximum Price”** in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed 105% of the Average Closing Price of the Shares; and
- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng
Company Secretary

9 January 2015

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 438 Alexandra Road, #20-00 Alexandra Point, Singapore 119958, not less than 48 hours before the time appointed for the EGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.
3. The Company intends to use internal resources or external borrowings or a combination of both to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, and the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

Purely for illustrative purposes only, the financial effects of an assumed purchase or acquisition of (i) 28,898,125 ordinary shares on 12 December 2014 (the "**Latest Practicable Date**"), representing 2% of the issued ordinary shares (excluding treasury shares) as at that date, and (ii) 101,143,440 ordinary shares on the Latest Practicable Date, representing 7% of the issued ordinary shares (excluding treasury shares) as at that date, at the maximum price of \$2.90 for one ordinary share (being the price equivalent to 5% above the average of the closing market prices of the ordinary shares for the five consecutive market days on which the ordinary shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), in the case of a market purchase and an off-market purchase respectively, based on the audited financial statements of the Company and its subsidiaries for the financial year ended 30 September 2014 and certain assumptions, are set out in paragraph 2.7 of the Circular dated 9 January 2015.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

FRASER AND NEAVE, LIMITED

(Incorporated in Singapore)
(Company Registration No.189800001R)

IMPORTANT:

CPF Investors

1. For investors who have used their CPF moneys to buy shares in Fraser and Neave, Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the EGM as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary, Fraser and Neave, Limited. (Agent Banks: Please see Note 8 on the required format).

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 9 January 2015.

PROXY FORM EXTRAORDINARY GENERAL MEETING

*I / We _____ (Name) _____ (NRIC/Passport Number)
of _____ (Address)

being a member/members of Fraser and Neave, Limited (the "Company"), hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (Note 2)	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (Note 2)	
			No. of Shares	%

or failing him/them, the Chairman of the Extraordinary General Meeting ("EGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the EGM to be held at Ballrooms II and III, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on 30 January 2015 at 10.00 a.m. (or as soon thereafter following the conclusion or adjournment of the 116th Annual General Meeting of the Company to be held at 9.30 a.m. on the same day and at the same place) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolution to be proposed at the EGM as indicated hereunder. If no specified direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the EGM.

NOTE: The Chairman of the EGM will be exercising his right under Article 70(a) of the Articles of Association of the Company to demand a poll in respect of the Ordinary Resolution to be put to the vote at the EGM and at any adjournment thereof. Accordingly, the Ordinary Resolution at the EGM will be voted on by way of a poll.

	For	Against
Ordinary Resolution To approve the proposed renewal of the Share Purchase Mandate		

* If you wish to exercise all your votes "For" or "Against" the Ordinary Resolution, please tick (✓) within the relevant box. Alternatively, if you wish to exercise your votes for both "For" and "Against" the Ordinary Resolution, please indicate the number of shares in the boxes provided.

Dated this _____ day of _____ 2015

Total Number of Shares held (Note 4):

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. A member of the Company entitled to attend the EGM and vote is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited with the Company Secretary at the registered office of the Company not less than 48 hours before the time appointed for holding the EGM.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the EGM.
4. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the number of shares entered against his name in the Depository Register and registered in his name in the Register of Members of the Company. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
8. Agent Banks acting on the request of CPF investors who wish to attend the EGM as Observers are required to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the EGM.