

LETTER TO SHAREHOLDERS

FRASER AND NEAVE, LIMITED

(Incorporated in Singapore)
(Company Registration No.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 (the “**Company**”)

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

- 1.1 **Background.** We refer to (a) the notice of the 116th Annual General Meeting (“**AGM**”) of the Company dated 9 January 2015 (the “**Notice**”), accompanying the Annual Report for the financial year ended 30 September 2014, convening the 116th AGM of the Company to be held on 30 January 2015, and (b) Resolution 9 under the heading “Special Business” set out in the Notice.
- 1.2 **Advice to Shareholders.** Shareholders of the Company (“**Shareholders**”) who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.
- 1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

2. THE PROPOSED RENEWAL OF THE MANDATE FOR INTERESTED PERSON TRANSACTIONS

- 2.1 **IPT Mandate.** At the Extraordinary General Meeting of the Company held on 28 February 2014 (the “**2014 EGM**”), approval of the Shareholders was obtained for the adoption of a mandate (the “**IPT Mandate**”) to enable the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9 of the listing manual (the “**Listing Manual**”) of the SGX-ST, or any of them, to enter into certain interested person transactions with specified classes of interested persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions. Particulars of the IPT Mandate are set out in Appendix A to the Circular to Shareholders dated 13 February 2014.
- 2.2 **Proposed Renewal of the IPT Mandate.** The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the 116th AGM which is scheduled to be held on 30 January 2015. Accordingly, the Directors of the Company (“**Directors**”) propose that the IPT Mandate be renewed at the 116th AGM, to take effect until the 117th AGM of the Company.
- 2.3 **Particulars of the IPT Mandate.** The nature of the interested person transactions and the classes of interested persons in respect of which the IPT Mandate is sought to be renewed remains unchanged. As at 12 December 2014, being the latest practicable date prior to the printing of this Letter (the “**Latest Practicable Date**”), Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are each Directors and controlling shareholders of the Company, and their respective associates include Thai Beverage Public Company Limited, TCC Assets Limited and Frasers Centrepoint Limited. Mr Charoen Sirivadhanabhakdi, Khunying Wanna Sirivadhanabhakdi and their respective associates are regarded as “interested persons” of the Company for the purposes of Chapter 9 of the Listing Manual. Particulars of the IPT Mandate, including the rationale for the IPT Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of interested persons (including the persons who shall abstain from participating in the Audit Committee’s review and approval process of the interested person transactions¹), and other general information relating to Chapter 9 of the Listing Manual, are set out in the Appendix to this Letter.
- 2.4 **Audit Committee Confirmation.** The Audit Committee, comprising Mrs Siripen Sitasuwan, Mr Timothy Chia Chee Ming and Mr Sithichai Chaikriangkrai as at the Latest Practicable Date, confirms (with Mr Sithichai Chaikriangkrai abstaining) that:
- (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 2014 EGM; and
 - (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

¹ In particular, if a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of an Interested Person (as described in Paragraph 4 of the Appendix to this Letter), he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

- 2.5 **Rationale.** The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group (as described in paragraph 2 of the Appendix to this Letter) to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings, on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining corporate objectives.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 3.1 **Directors' Interests.** The interests of the Directors in the ordinary shares in the capital of the Company ("**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	-
Khuning 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.

- 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. INDEPENDENT DIRECTORS' RECOMMENDATION

- 4.1 **Independent Directors' Recommendation.** The Directors who are considered independent for the purposes of the proposed renewal of the IPT Mandate are, as at the Latest Practicable Date, Tengku Syed Badarudin Jamalullail, Mr Timothy Chia Chee Ming, Mr Koh Poh Tiong and Mrs Siripen Sitasuwan (the "**Independent Directors**"). The Independent Directors are of the opinion that the entry by the EAR Group (as described in paragraph 2 of the Appendix to this Letter) into the Interested Person Transactions (as described in paragraph 5 of the Appendix to this Letter) with the Interested Persons (as described in paragraph 4 of the Appendix to this Letter) in the ordinary course of business will enhance the efficiency of the Company and its subsidiaries, and is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 9, being the Ordinary Resolution relating to the renewal of the IPT Mandate to be proposed at the 116th AGM.

The Independent Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder.

As different Shareholders would have different investment objectives, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to the IPT Mandate should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

4.2 **Abstention from Recommendation and Voting.** Each of the following Directors have abstained from making any recommendation to Shareholders in relation to the proposed renewal of the IPT Mandate:

- (a) Mr Charoen Sirivadhanabhakdi, who is a controlling shareholder of the Company and an interested person in relation to the IPT Mandate;
- (b) Khunying Wanna Sirivadhanabhakdi, who is a controlling shareholder of the Company and an interested person in relation to the IPT Mandate;
- (c) Mr Chotiphat Bijananda, who is a director of TCC Assets Limited, Frasers Centrepoint Limited and certain other companies which are associates of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, both controlling shareholders of the Company and interested persons in relation to the IPT Mandate. Mr Chotiphat Bijananda is also the son-in-law of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi;
- (d) Mr Thapana Sirivadhanabhakdi, who is the son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, both controlling shareholders of the Company and interested persons in relation to the IPT Mandate. Mr Thapana Sirivadhanabhakdi is also president and chief executive officer and director of Thai Beverage Public Company Limited, and a director of certain other companies which are associates of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi; and
- (e) Mr Sithichai Chaikriangkrai, who is a director and the chief financial officer of Thai Beverage Public Company Limited, and a director of Frasers Centrepoint Limited and certain other companies which are associates of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, both controlling shareholders of the Company and interested persons in relation to the IPT Mandate.

Each of the above Directors will abstain from voting his/her holding of Shares (if any), and has undertaken to ensure that his/her respective associates will abstain from voting their respective holdings of Shares (if any), on Resolution 9, being the Ordinary Resolution relating to the renewal of the IPT Mandate to be proposed at the 116th AGM.

Each of the above Directors will also decline to accept appointment as proxy for any Shareholder to vote in respect of Resolution 9, being the Ordinary Resolution relating to the renewal of the IPT Mandate to be proposed at the 116th AGM, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Resolution 9.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate, and the Company and its subsidiaries which are relevant to the proposed renewal of the IPT Mandate, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter 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 Letter in its proper form and context.

6. 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 Letter up to the date of the 116th AGM:

- (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 13 February 2014.

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

Anthony Cheong Fook Seng
Company Secretary

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THE IPT MANDATE

1. Chapter 9 of the Listing Manual

- 1.1 Chapter 9 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be “at risk”, with the listed company’s interested persons.
- 1.2 Except for any transaction which is below S\$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company’s latest audited consolidated net tangible assets (“**NTA**”)), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for the transaction. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding:
- (a) 5% of the listed company’s latest audited consolidated NTA; or
 - (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.
- 1.3 Based on the latest audited consolidated financial statements of Fraser and Neave, Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the financial year ended 30 September 2014, the consolidated NTA of the Group was S\$1,488,158,000. Accordingly, in relation to the Company, for the purpose of Chapter 9 of the Listing Manual, in the current financial year and until such time as the audited consolidated financial statements of the Group for the financial year ending 30 September 2015 are published, 5% of the latest audited consolidated NTA of the Group would be S\$74,407,900.
- 1.4 Chapter 9 of the Listing Manual, however, allows a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company’s interested persons. A general mandate is subject to annual renewal.
- 1.5 For the purposes of Chapter 9 of the Listing Manual:
- (a) an “**entity at risk**” means:
 - (i) the listed company;

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- (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- (b) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (c) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (f) a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly.

2. Rationale and Benefit to Shareholders

- 2.1 It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and the Company’s interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to the Company’s interested persons or the obtaining of goods and services from them.
- 2.2 In view of the time-sensitive and recurrent nature of commercial transactions, the obtaining of the IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable:

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- (a) the Company;
- (b) subsidiaries of the Company (excluding other subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Company, or the Company and its interested person(s), has or have control,

(together, the “**EAR Group**”), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions (“**Interested Person Transactions**”) set out in paragraph 5 below with the specified classes of the Company’s interested persons (“**Interested Persons**”) set out in paragraph 4 below, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

- 2.3 The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings, on each occasion to seek shareholders’ prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining corporate objectives.

3. Scope and Validity Period of the IPT Mandate

- 3.1 The IPT Mandate covers various types of Interested Person Transactions under each category of activities to which the IPT Mandate applies, and describes the review procedures for ensuring that such transactions will be entered into with the specified classes of Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

- 3.2 The IPT Mandate will not apply to any transaction by a company in the EAR Group with an Interested Person that:

- (a) is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such a transaction; or
- (b) is equal to or exceeds S\$100,000 in value, but qualifies as an excepted transaction for the purposes of Chapter 9 of the Listing Manual and is thus exempted from the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual.

Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of either of the exceptions in (a) or (b) above, or the scope of the IPT Mandate, will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

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- 3.3 The IPT Mandate will take effect from the passing of the Ordinary Resolution relating thereto, and will continue in force until the conclusion of the next Annual General Meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from shareholders will be sought for the renewal of the IPT Mandate at the next Annual General Meeting and at each subsequent Annual General Meeting of the Company, subject to satisfactory review by the Audit Committee of the Company (“**Audit Committee**”) of its continued application to the Interested Person Transactions.

4. **Classes of Interested Persons**

The IPT Mandate will apply to the Interested Person Transactions that are carried out with the following classes of Interested Persons:

- (a) Mr Charoen Sirivadhanabhakdi and his associates; and
- (b) Khunying Wanna Sirivadhanabhakdi and her associates.

5. **Categories of Interested Person Transactions**

The Interested Person Transactions to which the IPT Mandate will apply, and the benefits to be derived therefrom, are set out below.

(a) **General Transactions**

This category relates to general transactions (“**General Transactions**”) by the EAR Group for the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group, or which are necessary for the day-to-day operations of the EAR Group, comprising the following:

- (i) sale and/or purchase of beer, spirits, water, soda, dairy products, ice cream and other products;
- (ii) sale and/or purchase of raw materials, energy sources, intermediate goods, packaging materials, material handling structures and by-products such as beverage concentrates, sugar, milk and dairy products, yeast, hops, fuel, new and used glass bottles, aluminium cans, cartons and caps, PET and pallets;
- (iii) provision and/or obtaining of leases or subleases of office space, warehouses, transportation vehicles, passenger cars and land;
- (iv) obtaining of property-linked services (such as property marketing, property and rental valuation services, building maintenance services and security services) and services relating to provision of hotel and serviced residence accommodation, meeting rooms and other related facilities;
- (v) obtaining of property development and project management services;

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- (vi) obtaining of operation, maintenance, management and marketing services for properties;
- (vii) obtaining of asset management services, such as obtaining advice on repositioning, asset enhancement or leasing matters;
- (viii) obtaining of insurance and insurance-related services;
- (ix) provision and/or obtaining of office and storage supplies, and of shared data-centre storage and/or information technology services;
- (x) contract printing, publishing, distribution and/or manufacturing services;
- (xi) provision and/or obtaining of software licences and related licensing programs; and
- (xii) provision and/or obtaining of such other products and/or services which are incidental to or in connection with the provision and/or obtaining of products and/or services in sub-paragraphs (i) to (xi) above.

The EAR Group will benefit from having access to competitive quotes from Interested Persons in addition to obtaining quotes from, or transacting with, non-Interested Persons.

(b) **Management Support Services**

The EAR Group may also, from time to time, receive management and support services from, or provide management and support services to, its Interested Persons in the areas of procurement, logistics, information technology, legal, compliance and trade mark management, corporate secretarial, human resource, tax, treasury, accounting and internal audit ("**Management Support Services**"). By having access to and providing such management support, the EAR Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the global network of its Interested Persons.

6. **Review Procedures for Interested Person Transactions**

- 6.1 The EAR Group has an internal control system in place to ensure that Interested Person Transactions with the Interested Persons are made on normal commercial terms, supported by independent valuation where appropriate, and consistent with the EAR Group's usual policies and practices.

In general, there are procedures established by the EAR Group to ensure that transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

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In particular, the following review procedures have been put in place.

(a) **General Transactions**

Review Procedures

(i) *Provision of Services or Sale of Products*

The review procedures are:

- (1) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Persons than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and
- (2) in the limited circumstances where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by the Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

(ii) *Obtaining of Services or Purchasing of Products*

The review procedures are:

- (1) all contracts entered into or transactions with Interested Persons are to be carried out by obtaining quotations at the prevailing market rates or prices of the service or product providers, on terms which are no less favourable than those extended by the Interested Person to third parties. Further, quotations shall be obtained (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to the entry into the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for

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the same or substantially similar type of services or products. In determining whether the price and terms offered by the Interested Person are fair and reasonable, qualitative and quantitative factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account in deciding whether or not to accept a particular quotation, as it is not commercially viable, and therefore not beneficial to the Company, to transact solely on the basis of quantitative factors (such as price) alone; and

- (2) in the limited circumstance where such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item such as beverage concentrates), the senior management staff of the relevant entity in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are fair and reasonable, having regard to the costs and benefits of entering into the transactions, as well as factors including, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases.

The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

Threshold Limits

For the purposes of sub-paragraphs (i), (ii) and (iii) below, the "**Financial Limit**" shall be the amount equivalent to 5% of the Company's audited consolidated net tangible assets for the time being, as determined by reference to the Company's latest announced audited consolidated financial statements.

In addition to the above review procedures, the following review and approval procedures will apply to the General Transactions:

- (i) transactions equal to or exceeding \$100,000 but below the Financial Limit (as defined above) each in value, will be reviewed and approved prior to their entry by the chief executive officer of the relevant business division or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose, and tabled for review by the Audit Committee on a quarterly basis;

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- (ii) transactions equal to or exceeding the Financial Limit each in value will be reviewed and approved by the Audit Committee prior to their entry;
- (iii) where the value of a transaction, when aggregated with previous transactions of the same kind in any particular financial year, is equal to or exceeds the Financial Limit, such transaction, and all future transactions of the same kind in that particular financial year will be reviewed and approved by the Audit Committee prior to their entry; and
- (iv) the chief executive officer of the relevant business division or other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose, and the Audit Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

(b) **Management Support Services**

Review Procedures

(i) *Provision of Management Support Services*

The EAR Group will satisfy itself that the costs for any Management Support Services provided to any Interested Person shall be on an arm's length and normal commercial basis and will be arrived at on a cost-recovery basis, based on the service provider's cost of providing such services, plus an appropriate mark-up (if any), as agreed with the Interested Person, and after taking into account factors such as the synergies and benefits derived, complexity of issues encountered, time spent and operating environment. The EAR Group will also satisfy itself that, having regard to the nature of the service to be provided to the Interested Person, the mark-up (if any) is no more favourable to the Interested Person than that applied to its other business units for the same or substantially the same service, or is otherwise fair and reasonable to the EAR Group.

(ii) *Obtaining of Management Support Services*

The review procedures are:

- (1) quotations shall be obtained (wherever possible or available) from at least two other unrelated third party suppliers for similar quality of services, prior to the entry into the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services. In determining whether the price and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to,

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track record, experience and expertise, and where applicable, preferential rates, rebates or discounts, will also be taken into account; and

- (2) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar services), the senior management staff of the relevant entity in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are fair and reasonable, having regard to the costs and benefits of entering into the transactions, as well as factors including, but not limited to, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts.

The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

Transactions equal to or exceeding the Financial Limit (as defined in sub-paragraph (a) above) must be approved by the Audit Committee prior to their entry, and transactions equal to or below the Financial Limit shall be reviewed on a quarterly basis by the Audit Committee.

(c) **Other Review Procedures**

The following will apply to the review and approval process for all categories of Interested Person Transactions:

- (i) if the chief executive officer of the relevant business division has an interest in the transaction or is a nominee for the time being of the Interested Person, the review and approval process shall be undertaken by such other senior executive of the Company designated by the Audit Committee from time to time for such purpose;
- (ii) if the chief executive officer of the relevant business division and such other senior executive have an interest in the transaction or are nominees for the time being of the Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) designated by the Chairman of the Audit Committee from time to time for such purpose;
- (iii) if a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Interested Person, he shall abstain from

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participating in the review and approval process of the Audit Committee in relation to that transaction; and

- (iv) if a member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Interested Person, and he participates in the review and approval process of the Audit Committee in relation to a transaction with that Interested Person, he will abstain from participating on any decision before the board or committee of that Interested Person with respect to such transaction.

6.2 The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

6.3 The Audit Committee will review the internal audit reports on an annual basis to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

6.4 If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the EAR Group or the Interested Persons are conducted, the Company will revert to shareholders for a fresh general mandate based on new guidelines and review procedures so that Interested Person Transactions will be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

7. Disclosures

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will:

- (a) disclose in the Company's Annual Report the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the Annual Reports for subsequent financial years that the IPT Mandate continues in force); and
- (b) announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.