



FRASER AND NEAVE, LIMITED

(Incorporated in Singapore)

(Company Registration No.: 189800001R)

PROPOSED DIVESTMENT OF SHARES IN KINGWAY BREWERY HOLDINGS LIMITED

Pursuant to Rules 704(16)(a) and (c) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), Fraser and Neave, Limited (the “**Company**”) is pleased to announce that its subsidiary, Heineken-APB (China) Pte Ltd (“**HAPBC**”), has today reached an agreement with a potential purchaser (the “**Purchaser**”) for the sale of 365,767,453 ordinary shares (“**Sale Shares**”) in the share capital of Kingway Brewery Holdings Limited (“**Kingway Brewery**”), representing approximately 21.37% of the issued share capital of Kingway Brewery (the “**Proposed Divestment**”). HAPBC is held equally by Asia Pacific Investment Pte Ltd (“**APIPL**”, a 50:50 joint venture between the Company and the Heineken group) and Asia Pacific Breweries Limited (“**APBL**”, a subsidiary of APIPL).

Completion of the Proposed Divestment is conditional upon GDH Limited (“**GDH**”), the controlling shareholder of Kingway Brewery, not exercising or otherwise waiving its pre-emption rights to acquire the Sale Shares on the same or equivalent terms pursuant to the share purchase agreement between HAPBC and GDH dated 28 January 2004. In the event that GDH exercises its pre-emption rights to the Sale Shares and completes its acquisition of the Sale Shares from HAPBC, the Proposed Divestment will terminate.

The consideration (the “**Consideration**”) for the Sale Shares is RMB 1.08 billion (equivalent to approximately S\$205 million based on an agreed exchange rate mechanism) subject to the following adjustments:

- (i) if Kingway Brewery increases its issued share capital or issues securities convertible into its shares after 31 December 2009 and before completion of the Proposed Divestment (“**Completion**”), HAPBC shall subscribe for such *pro rata* number of shares or securities in Kingway Brewery offered to HAPBC, which additional shares and securities in Kingway Brewery shall be included in the Sale Shares and the amount of Consideration shall be increased by the amount paid by HAPBC in respect of such subscription;
- (ii) if Kingway Brewery issues shares to HAPBC by way of capitalisation of its funds or profits and without payment by HAPBC after 31 December 2009 and before Completion, such shares in Kingway Brewery received by HAPBC shall be included in the Sale Shares, but there shall be no change to the amount of Consideration;
- (iii) if Kingway Brewery conducts any sub-division, consolidation or re-classification of the Sale Shares after 31 December 2009 and before Completion and no payment therefore is required from HAPBC, the shares resulting from such changes shall constitute the Sale Shares but there will be no change to the amount of Consideration; and
- (iv) if Kingway Brewery distributes any dividends after 31 December 2009 and before Completion, the dividends received by HAPBC shall be deducted from the amount of Consideration.

The Consideration was arrived at after arm's length negotiations and on a willing-buyer willing-seller basis. Subject to Completion, the Consideration will be paid in cash in USD based on an agreed exchange rate mechanism whereby fluctuations in the RMB to USD exchange rate would be borne equally by HAPBC and the Purchaser.

The offer HAPBC received values Kingway Brewery at an estimated premium of 72% over the book value of the Sale Shares and represents a gain of approximately S\$76 million after deducting foreign exchange and transaction related expenses. By virtue of its stake in HAPBC, the Company's share of the gain on disposal is approximately S\$38.4 million.

Based on the latest audited consolidated accounts of HAPBC group as at 30 September 2010, the book value of the Sale Shares amounted to approximately S\$119.0 million.

The Proposed Divestment is not expected to have a material effect on the net tangible assets per share or earnings per share of the Fraser and Neave Group for the current financial year.

Save as disclosed above in this announcement, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Divestment.

A further announcement will be issued by the Company in the event GDH exercises or does not exercise or otherwise waives its pre-emption rights.

A copy of the announcement made by APBL to SGX-ST today is attached for shareholders' information.

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng
Group Company Secretary

9 March 2011