FRASER AND NEAVE, LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No: 189800001R)

PROPOSED JOINT VENTURE BETWEEN FCL CENTREPOINT PTE LTD AND FRASER & NEAVE HOLDINGS BHD TO DEVELOP LAND PARCELS AT BANDAR PETALING JAYA, DAERAH PETALING, SELANGOR, MALAYSIA

Pursuant to Rule 704(17)(d) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Fraser and Neave, Limited (the "**Company**") announces that its subsidiaries FCL Centrepoint Pte Ltd ("**FCLC**"), Fraser & Neave Holdings Bhd ("**F&NHB**") and Vacaron Company Sdn Bhd ("**VCSB**") have today entered into a conditional subscription cum shareholders agreement ("**SSA**") to form a joint venture for FCLC and F&NHB to jointly undertake via VCSB, the development of two lots of land at Seksyen 13, Bandar Petaling Jaya, Daerah Petaling in Selangor, Malaysia (collectively, the "**Land Parcels**"). It is proposed that a mixed development comprising hotels, offices, shopping mall, retail properties and residential properties (the "**Proposed Development**") be built on the Land Parcels, subject to relevant regulatory approvals being obtained. FCLC is 100% owned by Frasers Centrepoint Limited ("**FCL**"), which in turn is a wholly-owned subsidiary of the Company. F&NHB, whose shares are listed on Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"), wholly owns VCSB, and the Company holds approximately 57% shareholding interest in F&NHB.

Pursuant to the SSA, FCLC and F&NHB will subscribe for 500,000 and 499,998 ordinary shares respectively in the ordinary capital of VCSB (the "**Proposed Transaction**") at the subscription price of RM1.00 (approximately S$0.41) (the "**Subscription Price**"), and on completion of the Proposed Transaction ("**Completion**"), will each hold 50% interest in VCSB. Following Completion, FCLC and F&NHB will each grant shareholders' loan of RM69.5 million to VCSB (each, a "**Shareholders' Loan**").

Completion is conditional upon approval of the shareholders of F&NHB being obtained, and the transfer of the Land Parcels to and in favour of VCSB being registered.

The aggregate of the Subscription Price for FCLC's 50% shareholding interest in VCSB and the Shareholders' Loan, payable by FCLC totaling RM70.0 million, was arrived at taking into account the market value for the Land Parcels based on independent valuation obtained by FCLC and expenses incurred by VCSB in connection with the Proposed Development.

The Proposed Transaction will facilitate FCL's expansion of its property investment and development business into Malaysia and foster greater co-operation between subsidiaries of the F&N Group.

The Proposed Transaction is not expected to have a material effect on the net tangible asset value per share or earnings per share of the Group for the current financial year.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.

A copy of F&NHB's announcement to Bursa Malaysia today is attached for information.

Anthony Cheong
Group Company Secretary
11 November 2011

General Announcement
Reference No **MB-111111-60851**

Submitting Merchant Bank	: AMINVESTMENT BANK BERHAD
Company Name	: **FRASER & NEAVE HOLDINGS BHD**
Stock Name	: F&N
Date Announced	: 11/11/2011

Type	: Announcement
Subject	: TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	: FRASER & NEAVE HOLDINGS BHD ("F&N" OR "COMPANY") PROPOSED JOINT VENTURE BETWEEN F&N AND FCL CENTREPOINT PTE. LTD. ("FCLC") VIA VACARON COMPANY SDN BHD ("VCSB"), A WHOLLY OWNED SUBSIDIARY OF F&N, TO DEVELOP THE LANDS HELD UNDER PN 3679 FOR LOT 35 AND PN 3681 FOR LOT NO. 37, ALL IN SEKSYEN 13, BANDAR PETALING JAYA, DAERAH PETALING, SELANGOR MEASURING APPROXIMATELY 554,264 SQUARE FEET ("LAND") ("PROPOSED JOINT VENTURE")
Attachments	: Fraser & Neave Holdings Bhd_Announcement on 11 November 2011.pdf

Announcement Details/Table Section :

This announcement is dated 11 November 2011.

On behalf of the Board of Directors of F&N, AmInvestment Bank Berhad (a member of AmInvestment Bank Group) wishes to announce that the Company proposes to undertake the Proposed Joint Venture.

The details of the Proposed Joint Venture are set out in the attachment.

FRASER & NEAVE HOLDINGS BHD ("F&N" OR "COMPANY")

PROPOSED JOINT VENTURE BETWEEN F&N AND FCL CENTREPOINT PTE. LTD. ("FCLC") VIA VACARON COMPANY SDN BHD ("VCSB"), A WHOLLY OWNED SUBSIDIARY OF F&N, TO DEVELOP THE LANDS HELD UNDER PN 3679 FOR LOT 35 AND PN 3681 FOR LOT NO. 37, ALL IN SEKSYEN 13, BANDAR PETALING JAYA, DAERAH PETALING, SELANGOR MEASURING APPROXIMATELY 554,264 SQUARE FEET ("LAND") ("PROPOSED JOINT VENTURE")

This announcement is dated 11 November 2011.

1. INTRODUCTION

On behalf of the Board of Directors of F&N **("Board")**, AmInvestment Bank Berhad (a member of the AmInvestment Bank Group) ("**AmInvestment Bank**") wishes to announce that F&N and F&N's wholly-owned subsidiary, VCSB, had on even date entered into a conditional subscription cum shareholders agreement with FCLC to form a joint venture for the purpose of carrying out a proposed mixed development on the Land ("**SSA**"). Pursuant to the SSA, F&N and FCLC will each have 50% equity interest in VCSB.

As at 11 November 2011, Fraser and Neave, Limited ("**F&N Ltd**") holds 100% equity interest in FCLC via its wholly-owned subsidiary Frasers Centrepoint Limited ("**FCL**") and 56.47% equity interest in F&N. In view of this, the Proposed Joint Venture is deemed a related party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirements ("**Main Market LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). Accordingly, the Board had on 11 November 2011, appointed Public Investment Bank Berhad ("**PIVB**") as the independent adviser to advise the non-interested directors and non-interested shareholders of the Company in relation to the Proposed Joint Venture.

2. DETAILS OF THE PROPOSED JOINT VENTURE

The Proposed Joint Venture entails the joint venture between F&N and FCLC via VCSB, being the owner of the Land, to undertake a proposed mixed development project on the Land comprising hotel, offices, shopping mall, retail properties and residential properties ("**Proposed Development**").

In March 2011, F&N had requested for development proposals for the Land from several reputable Malaysian public listed property developers and FCLC. F&N had also engaged a consultant to assess the reasonableness of the property pricing adopted in the development proposals received by F&N. FCLC was selected after assessing, amongst others, the equity structure, return on investment and potential marketability of the development proposals received as well as FCLC's international market reach.

The Company is unable to disclose the specific details of the Proposed Development as VCSB has yet to obtain the relevant authorities' approvals for the Proposed Development and building plan. The Proposed Development is also dependent on the relevant authorities approving the conversion of the category of land use of the Land as well as the extension of the term of the state lease of the Land to ninety-nine (99) years.

2.1 Information on VCSB

VCSB was incorporated in Malaysia on 28 September 2004 under the Malaysian Companies Act, 1965 as a limited company. VCSB is a wholly-owned subsidiary of F&N and has remained dormant since incorporation until the financial year commencing 1 October 2009.

Pursuant to the Proposed Joint Venture, F&N and FCLC shall via VCSB jointly carry on the business of property development, property management, investment and leasing, which will include the design, construction, and completion of the hotel, offices, shopping mall, retail properties and residential properties on the Land.

As at 11 November 2011, the authorised share capital of VCSB is RM5,000,000 comprising 4,000,000 ordinary shares of RM1.00 each and 1,000,000 redeemable non-cumulative convertible preference shares of RM1.00 each ("**RNCCPS**"). Its issued and paid-up share capital as at the 11 November 2011 is RM139,002 divided into 2 ordinary shares of RM1.00 each and 139,000 RNCCPS of RM1.00 each.

The salient terms of the RNCCPS are as follows:-

Issue Price	:	RM1,000 per RNCCPS
Tenure	:	Not applicable
Conversion Price	:	RM1,000 per RNCCPS
Conversion Period	:	At the option of VCSB
Redemption Price	:	At the discretion of VCSB at par or at a premium
Redemption Period	:	30 days' notice in writing of VCSB's intention to redeem the RNCCPS

The directors of VCSB as at 11 November 2011 are Y.A.M. Tengku Syed Badarudin Jamalullail, Tan Eng Guan and Dato' Ng Jui Sia.

The table below sets out a summary of VCSB's audited financial statement for the financial year ended ("**FYE**") 30 September 2009 to FYE 30 September 2011:-

	<------- Audited FYE 30 September		**----->**
	2009	**2010**	**2011**
	RM	**RM**	**RM**
Revenue	-	-	-
Loss before tax	(1,214)	(790)	(7,990)
Taxation	-	-	-
Loss after tax	(1,214)	(790)	(7,990)
Minority Interest	-	-	-
Profit attributable to shareholders	**(1,214)**	**(790)**	**(7,990)**
Number of ordinary shares	2	2	2
Gross loss per share ("**LPS**") (RM)	(607)	(395)	(3,995)
Net LPS (RM)	(607)	(395)	(3,995)
Paid-up capital (RM)	2	2	139,002
Shareholders' fund / net assets	(8,440)	(9,230)	138,982,780
Net assets per share (RM)	(4,220)	(4,615)	69,491,390
Current ratio (times)	-	0.96	350.2
Total borrowings (RM'000)	-	-	-
Gearing (times)	-	-	-

Financial commentaries:

FYE 30 September 2009 to FYE 30 September 2010

VCSB has been dormant since the date of incorporation up to the financial year ended 30 September 2009. The loss after tax is due to administrative and statutory related expenses.

FYE 30 September 2010 to FYE 30 September 2011

VCSB had acquired the Land during the FYE 30 September 2011 to facilitate the Proposed Joint Venture. The increase in VCSB's loss after tax is related to the costs incurred in relation to the acquisition of the Land.

2.2 Information on FCLC

FCLC, a wholly-owned subsidiary of FCL, which in turn is a wholly-owned subsidiary of F&N Ltd, was incorporated in Singapore on 15 June 1982 under the Singapore Companies Act (Cap. 50) as a limited company. As at the 11 November 2011, the issued and paid-up share capital of FCLC is SGD11,515,000 divided into 11,515,000 ordinary shares. The principal activity of FCLC is investment holding.

FCL is a Singapore-based leading property developer in Singapore, its core businesses in property development, commercial and hospitality property portfolio are focused in gateway cities in Asia, Australia and Europe.

2.3 Details of the Land

The Land comprises two (2) parcels of contiguous 99-year leasehold land measuring approximately 554,264 square feet, bearing the postal address of No. 70, Jalan Universiti, Seksyen 13, 46700 Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan.

The immediate surrounding of the Land comprise mainly industrial and commercial complexes, showrooms, flatted factories, residential properties, shop houses and office buildings.

Currently, the Land is occupied by Premier Milk (Malaya) Sdn. Berhad ("**PML**") and F&N Dairies (Malaysia) Sdn. Bhd ("**FNDM**"), both wholly-owned subsidiaries of F&N.

VCSB had acquired the Land from PML ("**PML Land**") and FNDM pursuant to the sale and purchase agreements dated 18 July 2011 ("**SPAs**") for approximately RM95.62 million and RM42.95 million respectively. Pursuant to the SPAs, PML and FNDM shall deliver vacant possession of the Land without any buildings, structures, debris and squatters to VCSB on or before 31 December 2012. The acquisitions of the Land were completed on 17 August 2011 with beneficial ownership of the Land transferred to VCSB. On 11 October 2011, VCSB had presented the memoranda of transfer in respect of the Land in favour of VCSB to the relevant land authorities for registration.

The details of the Land are as follows:-

Description	Lot 35	Lot 37
Subject property	PN 3679, Lot 35 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor	PN 3681, Lot 37 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor
Tenure	Leasehold interest for 99 years expiring on 13 August 2069	Leasehold interest for 99 years expiring on 9 December 2069
Remaining lease period	58 years	58 years
Land area (square feet)	382,467	171,797
Category of land use	Industrial	Industrial
Year of acquisition	1996[(a)]	1996[(a)]
Original cost of investment	Approximately RM24.40 million	Approximately RM12.80 million
Audited Net Book Value as at 30 September 2011		
- VCSB level	Approximately RM95.62million	Approximately RM42.95 million
- F&N Group level	Approximately RM18.3 million	Approximately RM9.7 million

Note:-

(a) Pursuant to the restructuring exercise in 1996.

As at the date of this Announcement, the Land is free from any encumbrances save for the lease in favour of Tenaga Nasional Berhad registered on the issue document of title to the PML Land.

Based on the valuation report dated 15 August 2011 prepared by Henry Butcher Malaysia (Sel) Sdn Bhd ("**Henry Butcher**"), the Land was valued as a vacant industrial land at RM127.50 million. The valuation on the Land was carried out on 26 July 2011 and based on the comparison method.

For information purposes, the comparison method seeks to determine the value of the properties being valued by comparing and adopting as a yardstick recent sale evidences involving other similar properties in the vicinity. Adjustments are then made to factor in, amongst others, differences in location, size, shapes and accessibility.

2.4 Subscription consideration and shareholders' loan

a) Subscription consideration

In accordance with the SSA, FCLC agrees to subscribe 500,000 ordinary shares in VCSB for a cash consideration of RM0.50 million whilst F&N agrees to subscribe for 499,998 ordinary shares in VCSB for a cash consideration of approximately RM0.50 million.

Accordingly, VCSB's issued share capital will be increased from RM2 to RM1 million comprising 1 million ordinary shares. Upon completion of the said subscription, F&N and FCLC shall each hold 50% of VCSB's enlarged issued share capital. The shareholding structure of VCSB shall be as follows:

	← Number of VCSB Shares →				
Shareholders	**As at the 11.11.11**	**To be subscribed**	**Upon completion**	**Subscription consideration (RM)**	**Equity interest**
F&N	2	499,998	500,000	499,998	50%
FCLC	-	500,000	500,000	500,000	50%

b) **Shareholders' loan**

Pursuant to the SSA, each of F&N and FCLC will grant a shareholders' loan of RM69.50 million to VCSB upon the completion of the subscription for the ordinary shares of RM1 each in VCSB ("**VCSB Shares**") as referred to in Section 2.4(a) above which shall take place on the tenth (10th) business day after fulfilment of the conditions precedent as detailed in Section 2.6.1 of this Announcement ("**Completion Date**").

VCSB shall utilise the proceeds arising from the allotment and issuance of the VCSB Shares and the abovementioned shareholders' loans granted by F&N and FCLC amounting to a total of approximately RM140 million towards the redemption of all the existing RNCCPS in VCSB held by F&N and the repayment of any inter-company indebtedness owing by VCSB to F&N or its related corporations in full. The said repayment shall be utilised by F&N for its working capital purposes including for the Proposed Development within the duration of 12 months.

2.5 Basis of determining of FCLC's subscription consideration and shareholders' loan

The subscription consideration for fifty percent (50%) equity interest in VCSB and shareholders' loan totaling RM70.0 million payable by FCLC was determined after taking into consideration the following:-

a) the net book value of the Land as at 30 September 2011 in VCSB of approximately RM138.57 million;

b) the audited net assets of VCSB as at 30 September 2011 of approximately RM138.98 million; and

c) the market value of the Land as ascribed by Henry Butcher of RM127.50 million.

The subscription consideration for a 50% equity interest in VCSB and shareholders' loan of RM70.0 million payable by FCLC represents a premium of 9.8% over RM127.5 million being the value accorded by Henry Butcher.

2.6 Salient terms of the SSA

2.6.1 Conditions precedent

The SSA is conditional upon the following conditions precedent ("**Conditions Precedent**") being fulfilled by 31 January 2012 or any other extended date as may be agreed upon by F&N and FCLC in writing ("**Cut-off Date**"):-

a) approval of the shareholders of F&N as well as all necessary resolutions and authorisations for F&N to enter into, observe and perform the terms of the SSA, having been obtained; and

b) the transfer of the Land to and in favour of VCSB free from all encumbrances, save for the lease in favour of Tenaga Nasional Berhad registered on the issue document of title to the PML Land, having been registered to the effect that the issue documents of title to the Land shall reflect VCSB as the registered proprietor of the Land.

In the event any of the Conditions Precedent are not fulfilled by the Cut-Off Date, F&N and FCLC agree that the SSA shall automatically be terminated on the Cut-Off Date and be of no further effect thereafter and neither party shall have any further claim against the other in relation to the terms of the SSA save for any antecedent breach.

2.6.2 Equity participation

F&N and FCLC agree to subscribe for the VCSB Shares as set out in Section 2.4 of this Announcement and pay their respective subscription consideration in cash on the Completion Date. Such VCSB Shares shall be allotted and issued to F&N and FCLC free from any encumbrances.

The VCSB Shares shall, upon allotment and issuance, rank pari passu with the existing VCSB Shares.

2.6.3 Delivery of vacant possession

F&N shall cause and ensure that vacant possession of the Land without any buildings, structures, debris and squatters shall be delivered to VCSB on or before 31 December 2012.

2.6.4 Business of VCSB

a) F&N and FCLC shall jointly cause VCSB to, and VCSB shall, take all actions as are necessary to apply and obtain the following approvals from the relevant authorities:

   i) the conversion or amendment of the category of land use and the express conditions applicable to the Land to such category and conditions necessary or desirable for the Proposed Development in accordance with the proposed master development plan to be agreed between FCLC and F&N;

   ii) the approval for the extension of the term of the state lease of the Land to ninety-nine (99) years; and

   iii) the approval for an agreed plot ratio of 3.5 for the Land in relation to the Proposed Development in accordance with the proposed master development plan to be agreed between FCLC and F&N,

   and VCSB shall be responsible for payment of all costs, fees and/or premiums payable in relation to the abovementioned applications and in connection to the approvals granted by the relevant authorities in respect of the abovementioned applications.

b) In the event that any of the approvals as detailed in Section 2.6.4(a)(i) or (ii) above is rejected, not obtained or otherwise obtained but on such term to the effect that FCLC is required to reduce its shareholding in VCSB to a percentage below forty percent (40%) of the total share capital of VCSB or is otherwise precluded to perform the SSA in accordance with the terms thereof, then at the request of FCLC:

   i) F&N shall acquire all of the VCSB Shares held by FCLC at the subscription price paid for those shares by FCLC less an amount equivalent to fifty percent (50%) of the cost and expenses actually incurred by VCSB for the purposes of obtaining the approvals as detailed in Section 2.6.4(a) (i) or (ii) above; and

ii) VCSB shall repay all of the shareholders' loans given by FCLC to the VCSB (if any) in full.

If any of the approvals as referred to in Section 2.6.4(a)(i) or (ii) above is obtained but on such term to the effect that FCLC is required to reduce its shareholding in VCSB to a percentage below fifty percent (50%) but not less than forty percent (40%) of VCSB's total share capital, then at the request of FCLC, F&N shall acquire such number of VCSB Shares held by FCLC together with the corresponding proportion of the shareholders' loans given by FCLC to VCSB (if any), necessary or desirable for FCLC to comply with such term in the relevant approval(s) as referred to in Section 2.6.4(a)(i) or (ii) at the subscription price (for the relevant VCSB Shares) and the face value (for the corresponding proportion of the shareholders' loans given by FCLC to VCSB) paid by FCLC.

c) In the event that the approval as referred to in Section 2.6.4 (a) (iii) above is rejected or otherwise not obtained and if:-

i) the approved plot ratio is less than the agreed plot ratio of 3.5 by more than five percent (5%), F&N shall forthwith pay over to FCLC a sum calculated in the following manner:

(A x RM71.43) x B,

Where:

A is the difference between the agreed plot ratio and the approved plot ratio.

B is the area (sq. ft.) of the Land.

ii) the approved plot ratio is more than the agreed plot ratio of 3.5 by more than five percent (5%), FCLC shall forthwith pay over to F&N a sum calculated in the following manner:

(A x RM71.43) x B,

Where:

A is the difference between the approved plot ratio and the agreed plot ratio.

B is the area (sq. ft.) of the Land.

For the avoidance of doubt, the provisions set out in Section 2.6.4 (d) above shall not apply if the approved plot ratio is less or more (as the case may be) than the agreed plot ratio of 3.5 by less than five percent (5%).

2.6.5 Right of first refusal

FCLC shall have the right of first refusal in relation to the following:

a) any en bloc sale or disposal of any of the hotel, shopping mall or office tower which will be more particularly identified and defined in the proposed master development plan to be agreed between FCLC and F&N; and/or

b) any en bloc lease over any of the hotel, shopping mall or office tower which will be more particularly identified and defined in the proposed master development plan to be agreed between FCLC and F&N.

FCLC may exercise the right of first refusal for its own benefit or otherwise in favour of any of its related corporations and/or such real estate investment trusts that are managed by FCLC or its related corporations.

F&N shall have the right of first refusal in relation to the en bloc sale or disposal of the corporate offices which will be more particularly identified and defined in the proposed master development plan to be agreed between FCLC and F&N. F&N may exercise the right of first refusal for its own benefit or otherwise in favour of its related corporations.

2.6.6 Number and Nomination of Directors

Save as provided in the SSA, the shareholders of VCSB are entitled to nominate two (2) initial directors and may from time to time increase the number of directors provided always that each shareholder of VCSB has an equal number of directors nominated to the board of directors as the other. The board of directors of VCSB ("**VCSB Board**") shall comprise up to a maximum of six (6) directors.

The post of chairman of the VCSB Board shall be held by a director nominated by F&N. The chairman shall not have a second or casting vote at any directors' meeting.

2.6.7 New issue of shares and financing requirements

2.6.7.1 F&N and FCLC agree that any further allotment of VCSB Shares made by VCSB shall be on the basis that such new VCSB Shares shall: -

a) be issued and payable in full on allotment; and

b) unless otherwise unanimously agreed by F&N and FCLC, be offered to F&N and FCLC in proportion to the number of VCSB Shares then held by them at that time.

2.6.7.2 Subject to the provisions set out in the SSA and the Articles of Association of VCSB, any further capital required by VCSB shall (unless otherwise agreed by the shareholders of VCSB) be provided in any one of the following ways:

a) in the event that VCSB requires additional finance as determined by the VCSB Board ("**Additional Finance**"), VCSB shall use its reasonable endeavours to arrange for such financing from banks and/or financial institutions at favourable commercial rates then available to VCSB for such financing and which must be on terms acceptable to F&N and FCLC which include:

i) any loan or credit facilities obtained by VCSB will be in accordance with the approved budget; and

ii) any loan or credit facilities will be on a non-recourse basis, provided that if financing is conditional upon F&N and FCLC or their related corporations, issuing undertakings, guarantees and/or indemnities, then any undertaking, guarantee or indemnity must be on terms acceptable to F&N and FCLC, and F&N and FCLC agree that in the event any bank or financial institutions require VCSB to increase its paid-up capital as a condition for VCSB receiving any loan or credit facilities, F&N and FCLC will subscribe for VCSB Shares on a pro-rata basis to fulfil these requirements. If required by the banks and/or financial institutions as a condition for the agreement to grant loans or credit facilities to VCSB, F&N and FCLC shall agree to the subordination of its shareholders' loan and interest payable to comply with the respective financier's conditions; and/or

b) in the event that VCSB is unable to obtain any financing from the banks and/or financial institutions at favourable commercial rates or the terms offered by the banks and/or the financial institutions are not favourable to VCSB, F&N and FCLC may advance to VCSB by way of shareholders' loans towards the Additional Finance; and/or

c) in the event that any form of financing sought from the banks and /or financial institutions pursuant to Section 2.6.7.2 (a) and/or F&N and FCLC pursuant to Section 2.6.7.2 (b) is/are insufficient, unavailable or undesirable for all or part of the Additional Finance, as determined by the VCSB Board, F&N and FCLC shall, but subject to Section 2.6.7.1 above and such requisite shareholders' approval having been obtained in accordance with the SSA, contribute to the Additional Finance by subscribing for VCSB Shares.

2.6.8 Event of Default

Following an event of default as described in the SSA, the non-defaulting shareholder may give written notice ("**Default Notice**") to the defaulting shareholder requiring the defaulting shareholder either:

a) to sell all of the VCSB Shares held by the defaulting shareholder to the non-defaulting shareholder at a price per VCSB Share equal to eighty percent (80%) of the fair value to be determined by the auditor of VCSB ("**Fair Value**") of the VCSB Shares; or

b) to purchase all of the VCSB Shares held by the non-defaulting shareholder at a price per VCSB Share equals to the Fair Value of the VCSB Shares.

2.7 Liabilities to be assumed

F&N and FCLC will not assume any liabilities including contingent liabilities and guarantees pursuant to the Proposed Joint Venture.

2.8 Financial assistance

In accordance with the terms of the SSA, as stated in Section 2.6.7.2(b) above, F&N is obliged to provide advance by way of shareholders' loan in proportion to its shareholdings in VCSB to finance any capital required.

Such advances to be provided by F&N to VCSB are deemed to be financial assistance pursuant to Paragraph 8.23(1) of the Main Market LR. Accordingly, pursuant to Paragraph 8.23(2)(c) of the Main Market LR, shareholders' approval is required for the provision of the said advances as it would exceed the threshold of 5% of F&N and its subsidiaries' ("**F&N Group**") net tangible assets.

At this juncture, the Company is unable to determine the exact quantum of the said advances. However, such quantum shall be in proportion to F&N's shareholdings in VCSB. All advances to VCSB shall bear interest at such rate to be agreed in writing from time to time by all the shareholders of VCSB.

2.9 Source of financing

In respect of F&N's financing obligation pursuant to the Proposed Joint Venture, F&N proposes to source the required financing from internally generated funds and/or external borrowings of F&N Group.

3. RATIONALE FOR THE PROPOSED JOINT VENTURE

The Proposed Joint Venture allows F&N Group to partially realise the value of the Land in the form of a gain arising from the sale of the Land of approximately RM54.65 million. The joint venture arrangement further enables F&N Group to retain fifty percent (50%) interest in the Land and continue to share the returns of the Proposed Development.

In addition, the Proposed Joint Venture allows F&N and FCLC to collaborate and jointly participate through VCSB, in designing, developing, constructing, selling and managing the properties to be built on the Land. FCL has an established track record of being involved in quality property development projects in major cities of Singapore, Australia, China, Japan, Hong Kong, Korea, New Zealand, Philippines, Thailand, UAE, Vietnam and the United Kingdom. The Proposed Joint Venture will enable F&N to capitalise on the expertise and capabilities of FCL.

The Proposed Joint Venture is expected to contribute positively towards the future financial performance of the F&N Group.

4. PROSPECTS OF THE PROPOSED JOINT VENTURE

4.1 Overview of the Malaysian Economy

The pace of growth of the Malaysian economy moderated in the second quarter (4.0%; first quarter of 2011 ("1Q 11"): 4.9%) following a weaker external environment. The overall weakness in the advanced economies and the disruptions in the global manufacturing supply chain stemming from the disaster in Japan, were reflected in the slowdown in the manufacturing sector. Nevertheless, overall growth continued to be underpinned by the sustained expansion of private domestic demand. This was further supported by the strong exports of commodities and resource based products given the favourable regional demand and high commodity prices.

Domestic demand increased by 5.2% (1Q 11: 6.9%), supported mainly by sustained growth in private sector spending. Private consumption increased by 6.4% (1Q 11: 6.7%). Sustained expenditure on emoluments and supplies and services supported the growth in public consumption (4.0%; 1Q 11: 8.9%). Growth in gross fixed capital formation moderated to 3.2% (1Q 11: 6.5%), due mainly to lower public investment. Private capital spending, however, was sustained by expansion in production capacity and investment in new growth areas in the manufacturing sector as well as exploration and development activity in the oil and gas sector. During the quarter, Federal Government development expenditure was lower, and was focussed on the education, transportation and trade and industry sectors.

The headline inflation rate, as measured by the change in the Consumer Price Index ("**CPI**"), rose to 3.3% on an annual basis during the quarter (1Q 11: 2.8%), driven by supply factors. The increase in consumer prices was reflected mainly in the food and non-alcoholic beverages category, which rose by 4.7% (1Q 11: 4.3%).

Prices in the transport category also registered an increase of 5.7% (1Q 11: 4.4%), due to the upward adjustments in the price of RON97 petrol in April and May following higher global crude oil prices.

In Malaysia, while the global supply disruptions affected production and trade in the second quarter, the underlying strength of the domestic economy remained intact as domestic demand continued to support growth. Going forward, the downside risks to external demand have increased following heightened uncertainties in the external environment. Nevertheless, domestic demand is expected to remain resilient and support growth amidst sustained private consumption, strong private investment and faster pace of implementation of public sector projects in the second half of the year.

(Source: Bank Negara Malaysia Press Release, Economic and Financial Developments in Malaysia in the Second Quarter of 2011)

4.2 Prospects of the property development industry

The Selangor's property market was encouraging as indicated by the hyped market activity, fewer numbers of residential overhang, more housing starts and firm occupancy rates for shopping complexes. There were 49,924 transactions recorded in H1 2011 worth RM20.87 billion. Both the volume and value of transactions recorded double-digit growths of 15.5% and 22.5% respectively against H1 2010 (43,207 transactions worth RM17.04 billion). On a slightly softer tone, market volume and value increased by 5.8% and 6.6% respectively against H2 2010 (47,207 transactions worth RM19.57 billion).

Residential sub-sector continued to propel the market, accounting for 77.0% of the Selangor's property market volume. This was followed by commercial (9.6%), agricultural (6.3%), industrial (3.9%) and development land (3.2%) sub-sectors. By price range, most transactions in the residential and commercial sub-sectors fell within RM250,000 and RM500,000 price brackets.

The primary residential market recorded fewer new launches in H1 2011 with 3,622 units compared to 4,382 units recorded in H1 2011. However, the numbers were more than 3,272 units recorded in H2 2010. Sales performance was considerably low at 6.4%, against 34.7% and 32.3% recorded in H1 2010 and H2 2010 respectively. Two to three storey terraced units formed the bulk of the new launches, accounting for 35.8% (1,296 units) of the total.

Performance of the retail sub-sector moderated in the review period as the overall occupancy of shopping complexes declined slightly to 88.2%. This was lower than 89.4% recorded in H1 2010 and 88.9% in H2 2010. Nevertheless, take-up space improved to 15,066 s.m., a turnaround from contraction of 819 s.m. registered in H2 2010 but lower than 32,290 s.m. recorded in H2 2010.

The office sub-sector also experienced a slight moderation. The average occupancy rate of purpose-built office buildings decreased marginally to 77.9% from 78.2% registered in H1 2010 and 78.4% in H2 2010. Take-up space was also in a declining trend from 38,477 s.m. (H1 2010), 24,734 s.m. (H2 2010) to negative 10,968 s.m. in the review period.

The prospects of Selangor's property market would remain positive in the following half-year and in the coming years with prices of properties to remain firm. This is on view of the fact that eight out of 12 local councils in Selangor are within the Greater Kuala Lumpur/Klang Valley ("**KL/KV**"), one of the 12 National Key Economic Areas under the Economic Transformation Programme. This would boost the confidence of industry players in undertaking development in Selangor. The launching of the MRT line between Sungai Buloh – Kajang is anticipated to elevate the property market particularly in areas which the MRT runs across.

In the office sub-sector, the establishment of Schlumberger's new global financial hub and shared services in Bandar Utama is anticipated to attract more demand for office space together with housing units.

Other financial-related companies are expected to station in the vicinity too. This is part of the Greater KL/KV initiative to attract 100 new MNCs to relocate their operations in our country.

Additionally, the initiative to position Malaysia as a world-class data centre hub would entail better demand for office space in the future. The Government has identified several private companies to develop and upgrade existing facilities in ensuring that sufficient floor space is catered for in anticipation of increasing demand in the coming years. These data centre sites are in Cyberjaya, Petaling Jaya and Iskandar Malaysia, among others.

(Source: Property Market Report First Half 2011 issued by Valuation and Property Services Department, Ministry Of Finance Malaysia)

Premised on the above and the general scarcity of prime land bank in Petaling Jaya, Selangor vicinity coupled with the changing lifestyle of urban Malaysians, the Board believes that the Proposed Development is expected to augur well. Hence, the Board is of the view that the Proposed Joint Venture will enhance F&N Group's future earnings.

5. RISK FACTORS RELATING TO THE PROPOSED JOINT VENTURE

Below are the potential risk factors relating to the Proposed Joint Venture, which are not exhaustive and should be considered carefully by the shareholders of F&N before voting on the resolution to give effect to the Proposed Joint Venture:-

5.1 Completion risk

Pursuant to the SSA, the Proposed Development is subject to the approvals of the relevant authorities.

In the event that the approved plot ratio for the Land in relation to the Proposed Development is less than the agreed plot ratio of 3.5 by more than five percent (5%), F&N shall forthwith pay over to FCLC a sum calculated in accordance with the provisions set out in the SSA.

Although F&N through VCSB will take all reasonable steps to procure the authorities' approvals, there can be no assurance that all the required approval can be obtained by VCSB.

5.2 Financing risk

The SSA stipulates in the event that VCSB requires additional financing, VCSB shall seek to obtain loan from its shareholders in proportion to their respective shareholding in VCSB or financing from banks and/or financial institutions in the manner as set out in Section 2.6.7 of this Announcement.

The development costs of the Proposed Development are expected to be funded by bank borrowings and proceeds from sales of the properties under the Proposed Development. If shareholders' loan is required, there can be no assurance that it will be available, or if available, that it will be on terms satisfactory to F&N. In the event that such financing by F&N is via bank borrowings, it will increase the borrowing and gearing level of F&N.

If F&N's financing is via its own internally generated funds, it may draw from the resources which are meant for F&N's existing businesses. As such, there is no assurance that such event will not have any material adverse impact on F&N's existing businesses.

Nevertheless, the Board believes that the benefits of the Proposed Joint Venture should outweigh the cost and the Board will exercise due care in deciding on the funding requirements of the Proposed Development.

5.3 Risk of Default/ Disputes by the shareholders

Should an event of default by any of the shareholders of VCSB occurs before the completion of the Proposed Development, the development may be delayed or put on hold pending the settlement of disputes. This may result in unnecessary compounding interests being charged for the financing facilities, if any, and compensation to suppliers, contractors, customers and other persons engaged in the Proposed Development.

Nevertheless, provisions for, amongst others, dispute resolutions and remedies on default have been provided for under the SSA and F&N will endeavor to resolve any dispute amicably.

5.4 Economic and Regulatory Considerations

The Proposed Development is dependent on approvals from the relevant authorities. In addition, the demand for properties is dependent on the general economic, business and credit conditions, as well as the availability of supply in the market. Whilst the Board believes that it is possible to mitigate the effects of weaker demand in a slow economic environment through planning in terms of innovative design, timing of launch and competitive pricing relative to competitors, there can be no assurance that the Proposed Development will be shielded from any adverse downturn in the economy.

The Proposed Development is also subject to inherent risks in the property development industry, which include but not limited to, labour supply, volatility in construction material prices and changes in regulatory framework of the construction and or property development industries. Nevertheless, F&N will leverage on FCL's strength and experience as a property developer to manage these risks.

6. EFFECTS OF THE PROPOSED JOINT VENTURE

6.1 Share capital

The Proposed Joint Venture will not have any effect on the share capital of F&N as there will be no issuance of new Shares.

6.2 Earnings and Earnings per Share ("EPS")

Upon completion of the Proposed Joint Venture, the F&N Group is expected to realise a gain on disposal of RM54.65 million. Based on F&N's issued and paid-up share capital as at 11 November 2011, this translates into an incremental EPS of 15.25 sen.

To facilitate the vacant delivery of the Land, F&N Group has undertaken the necessary steps to write down or make provisions for the existing buildings on the said Land, which are to be demolished pursuant to the SSA. Accordingly, F&N Group will recognise a net gain of RM37.70 million after taking into account the estimated abovementioned provisions of approximately RM16.95 million.

Based on F&N's issued and paid-up share capital as at 11 November 2011, this translates into an incremental EPS of 10.52 sen.

Save as disclosed above, the Proposed Joint Venture is not expected to have any material effect on the earnings and the EPS of the F&N Group for the FYE 30 September 2012 as the Proposed Joint Venture is only expected to commence development in 2013. The Proposed Joint Venture is expected to contribute positively to the future earnings of the F&N Group.

6.3 Substantial shareholders' shareholdings

The Proposed Joint Venture will not have any effect on the Company's substantial shareholders' shareholdings as no issuance of new Shares is involved.

6.4 Net Assets ("NA") and gearing

The proforma effects of the Proposed Joint Venture on the NA and gearing of the F&N Group based on the its audited consolidated financial statements for the financial year ended 30 September 2011 are as set out below:-

	As at 30 September 2011 RM'000	**After Proposed Joint Venture** RM'000
Share capital	360,379	360,379
Share premium	369,782	369,782
Treasury shares	(1,716)	(1,716)
Other reserve	26,393	26,393
Retained profits	803,980	858,631
Shareholders' equity / NA	1,558,818	1,613,469
Number of Shares in issue (Net of treasury shares)	360,142	360,142
NA per Share (RM)	4.33	4.48
Total bank borrowings	150,000	150,000
Gearing ratio (times)	0.10	0.09

Notes:

a) After taking into consideration the expected gain of approximately RM54.65 million (assuming VCSB obtained all the approvals set out in Section 2.6.4 of this Announcement) and estimated expenses of RM0.65 million arising from the Proposed Joint Venture.

7. APPROVALS REQUIRED

The Proposed Joint Venture is conditional upon approvals being obtained from the following:-

a) shareholders of F&N at the forthcoming extraordinary general meeting ("**EGM**"); and

b) any other relevant authorities, if required.

8. DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the Directors and/or major shareholders of F&N or any persons connected to the Directors and/or major shareholders of F&N has any interest, direct and/or indirect, in the Proposed Joint Venture.

a) FCLC, a wholly owned subsidiary of FCL, which in turn is a wholly-owned subsidiary of F&N Ltd. F&N Ltd is the holding company of F&N; and

b) Cheong Fook Seng, Anthony, Huang Hong Peng, Lee Kong Yip, Pascal De Petrini and Hui Choon Kit (alternate Director to Pascal De Petrini) are nominee Directors of F&N Ltd appointed to the Board of F&N ("**Interested Directors**").

Collectively, referred to as the "**Interested Parties**".

The shareholdings of the Interested Parties as at 3 November 2011 are as follows:

	Direct		**Indirect**	
Name	**No. of Shares ('000)**	**%**	**No. of Shares ('000)**	**%**
F&N Ltd	203,471	56.47	-	-
Cheong Fook Seng, Anthony	-	-	-	-
Huang Hong Peng	-	-	-	-
Lee Kong Yip	-	-	-	-
Pascal De Petrini	-	-	-	-
Hui Choon Kit (alternate Director to Pascal De Petrini)	-	-	-	-

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the Board meeting of the Company pertaining to the Proposed Joint Venture. The Interested Parties will abstain from voting in respect of their direct and/or indirect shareholdings in F&N, if any, on the resolution pertaining to the Proposed Joint Venture to be tabled at the forthcoming EGM.

The Interested Parties have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in F&N, if any, on the resolution pertaining to the Proposed Joint Venture to be tabled at the forthcoming EGM.

9. DIRECTORS' STATEMENT

After having taken into consideration all aspects of the Proposed Joint Venture, the Board, save for the Interested Directors, is of the opinion that the Proposed Joint Venture is in the best interests of F&N Group.

10. AUDIT COMMITTEE'S STATEMENT

The Audit Committee, after taking into consideration the advice of AmInvestment Bank, PIVB and the legal counsel and all other relevant aspects of the Proposed Joint Venture, is of the view that:-

a) the Proposed Joint Venture is fair, reasonable and on normal commercial terms;

b) the Proposed Joint Venture is in the best interest of the Company; and

c) the Proposed Joint Venture is not detrimental to the interests of the non-interested shareholders.

11. ESTIMATED TIME FRAME FOR COMPLETION OF THE PROPOSED JOINT VENTURE

Barring unforeseen circumstances, the Proposed Joint Venture is expected to be completed by mid of 2012.

12. ADVISER

AmInvestment Bank has been appointed as Adviser to the Company for the Proposed Joint Venture.

As the Proposed Joint Venture is a related party transaction under the Main Market LR of Bursa Securities, PIVB has been appointed as the independent adviser to advise the non-interested directors and non-interested shareholders of F&N on the Proposed Joint Venture.

13. APPLICATIONS TO THE RELEVANT AUTHORITIES

Applications to the relevant authorities for the Proposed Joint Venture are expected to be submitted within three (3) months from the date of this Announcement.

14. OTHER INFORMATION

The highest percentage ratio applicable to the Proposed Joint Venture as per Paragraph 10.02(g) Chapter 10 of the Main Market LR is the consideration compared with the NA of the F&N Group which amounts to approximately 4.49% based on the audited financial statements for the FYE 30 September 2011.

F&N Group has not transacted (not being a transaction within the ordinary course of business) with FCLC and/or F&N Ltd for the preceding twelve (12) months from the date of this Announcement.

15. DOCUMENTS FOR INSPECTION

The SSA will be made available for inspection at the Registered Office of the Company at Level 8, F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur from Mondays to Fridays (except public holidays) from the date of this announcement to the date of the EGM of the Company in relation to the Proposed Joint Venture.