

**CIRCULAR DATED 6 SEPTEMBER 2012**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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

**The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.**



**FRASER AND NEAVE, LIMITED**  
(Incorporated in Singapore)  
(Company Registration No. 189800001R)

## **CIRCULAR TO SHAREHOLDERS**

### **IN RELATION TO**

- (1) **THE PROPOSED DISPOSAL OF INTERESTS IN ASIA PACIFIC BREWERIES LIMITED AND ASIA PACIFIC INVESTMENT PTE LTD; AND**
- (2) **THE PROPOSED CAPITAL REDUCTION**

**LEAD FINANCIAL ADVISER TO THE COMPANY IN RELATION TO THE PROPOSED TRANSACTION AND THE CAPITAL REDUCTION (AS DEFINED HEREIN)**

**Goldman  
Sachs**

**FINANCIAL ADVISER TO THE COMPANY IN RELATION TO THE PROPOSED TRANSACTION (EXCLUDING THE NON-APBL ASSETS) (AS DEFINED HEREIN)**

**J.P.Morgan**

### **IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	:	26 September 2012 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	28 September 2012 at 10.00 a.m.
Place of Extraordinary General Meeting	:	Level 2, Alexandra Point 438 Alexandra Road Singapore 119958

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless the context otherwise requires:

<b>“9M 2012”</b>	:	The nine months ended 30 June 2012
<b>“9M 2012 Statements”</b>	:	The unaudited consolidated financial statements of the F&N Group for the nine months ended 30 June 2012
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“Act”</b>	:	The Companies Act, Chapter 50 of Singapore
<b>“Additional Shares”</b>	:	The new Shares to be issued by the Company for the purpose of capitalising approximately \$3,544 million of the revenue reserves of the Company, as described in paragraph 6.1.1 of the Letter to Shareholders in this Circular, which Shares will be cancelled in their entirety upon being issued
<b>“Agreements”</b>	:	The APBL Agreement and the APIPL Agreement
<b>“Announcement”</b>	:	The announcement by the Company dated 18 August 2012 that the Company had entered into the Agreements with Heineken in respect of the Proposed Transaction
<b>“Announcement Date”</b>	:	18 August 2012
<b>“APBL”</b>	:	Asia Pacific Breweries Limited
<b>“APBL Agreement”</b>	:	The agreement dated 18 August 2012 between the Company and Heineken in respect of the sale and purchase of the APBL Sale Shares
<b>“APBL Sale Shares”</b>	:	18,753,887 APBL Shares held directly by the Company
<b>“APBL Sale Shares Completion”</b>	:	The completion of the sale and purchase of the APBL Sale Shares in accordance with the terms of the APBL Agreement
<b>“APBL Sale Shares Conditions”</b>	:	The conditions to the APBL Sale Shares Completion, as more particularly set out in paragraph 2.3.1 of the Letter to Shareholders in this Circular
<b>“APBL Shares”</b>	:	Ordinary shares in the issued share capital of APBL
<b>“APIPL”</b>	:	Asia Pacific Investment Pte Ltd
<b>“APIPL Agreement”</b>	:	The agreement dated 18 August 2012 between the Company and Heineken in respect of the sale and purchase of the APIPL Sale Shares
<b>“APIPL Sale Shares”</b>	:	All the ordinary and preference shares in the issued share capital of APIPL held by the Company, comprising 41,175,000 ordinary shares, 6,250,000 redeemable participating preference shares, 25,500,000 redeemable preference shares and 16,808 redeemable “A” preference shares in the issued share capital of APIPL

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## DEFINITIONS

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<b>“APIPL Sale Shares Completion”</b>	:	The completion of the sale and purchase of the APIPL Sale Shares in accordance with the terms of the APIPL Agreement
<b>“APIPL Sale Shares Conditions”</b>	:	The conditions to the APIPL Sale Shares Completion, as more particularly set out in paragraph 2.3.2 of the Letter to Shareholders in this Circular
<b>“Board”</b>	:	The board of Directors of the Company
<b>“Books Closure Date”</b>	:	The date to be announced by the Company on which the transfer books of the Company and the Register will be closed in order to determine the entitlements of Shareholders to the capital distribution pursuant to the Capital Reduction
<b>“Business Day”</b>	:	A day (other than a Saturday, Sunday or public holiday in Singapore) on which commercial banks in Singapore are generally open for business in Singapore
<b>“Capital Reduction”</b>	:	The proposed capital reduction exercise to be carried out by the Company pursuant to Section 78G of the Act to effect the proposed capital distribution by the Company to Shareholders of \$8.50 in cash for each Share held by a Shareholder as at the Books Closure Date to be cancelled, details of which are set out in paragraphs 6 to 10 of the Letter to Shareholders in this Circular
<b>“Capital Reduction Resolution”</b>	:	The special resolution relating to the Capital Reduction, being Resolution 2 in the Notice of EGM
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Company” or “F&amp;N”</b>	:	Fraser and Neave, Limited
<b>“Completion”</b>	:	The completion of the Proposed Transaction in accordance with the terms of the Agreements
<b>“Completion Date”</b>	:	In relation to (i) the APIPL Agreement, the date falling 10 Business Days after the satisfaction of all the APIPL Sale Shares Conditions (or the waiver thereof) or such other date as Heineken and the Company may agree in writing, being a date not later than the Long Stop Date; and (ii) the APBL Agreement, the date falling 10 Business Days after the satisfaction of all the APBL Sale Shares Conditions (or the waiver thereof) or such other date as Heineken and the Company may agree in writing, being a date not later than the Long Stop Date
<b>“Conditions”</b>	:	The APIPL Sale Shares Conditions and the APBL Sale Shares Conditions
<b>“Consequential Shares”</b>	:	The number of Shares held by each Shareholder consequent to the Capital Reduction being effected
<b>“Consideration”</b>	:	The aggregate consideration of \$5,591,299,909 payable by Heineken to the Company for the Sale Interests under the terms of the Agreements

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## DEFINITIONS

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<b>“Directors”</b>	:	The directors of the Company for the time being
<b>“EBITDA”</b>	:	Earnings before interest, tax, depreciation and amortisation
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held on 28 September 2012 at 10.00 a.m. (and any adjournment thereof), the notice of which is given on pages 34 to 35 of this Circular
<b>“EPS”</b>	:	Earnings per Share
<b>“FY”</b>	:	The financial year ended or ending 30 September
<b>“FY2011 Statements”</b>	:	The unaudited restated consolidated financial statements of the F&N Group for the financial period ended 30 September 2011
<b>“F&amp;N ESOS”</b>	:	The F&N Executive Share Option Scheme which was approved and adopted by the Company on 30 September 1999 and expired on 30 September 2009
<b>“F&amp;N Group”</b>	:	The Company and its subsidiaries
<b>“F&amp;N Share Plans”</b>	:	The F&N Performance Share Plan and the F&N Restricted Share Plan, which were approved and adopted by the Company on 22 January 2009
<b>“Goldman Sachs”</b>	:	Goldman Sachs (Singapore) Pte.
<b>“Heineken”</b>	:	Heineken International B.V.
<b>“Heineken Group”</b>	:	Heineken and its related corporations
<b>“Heineken JVA Parties”</b>	:	Heineken, Heineken Nederlands Beheer B.V. and Heineken Brouwerijen B.V.
<b>“High Court”</b>	:	The High Court of Singapore
<b>“Income Tax Act”</b>	:	The Income Tax Act, Chapter 134 of Singapore
<b>“J.P. Morgan”</b>	;	J.P. Morgan (S.E.A.) Limited
<b>“Latest Practicable Date”</b>	:	The latest practicable date prior to the printing of this Circular, being 31 August 2012
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST
<b>“Long Stop Date”</b>	:	The date falling 120 days from the Announcement Date, or such later date as may be agreed in writing between the Company and Heineken
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“MGO”</b>	:	The mandatory general offer to be made by Heineken for the APBL Shares following Completion, as referred to in paragraph 2.8 of the Letter to Shareholders in this Circular
<b>“NAV”</b>	:	Net asset value, being total assets less total liabilities and non-controlling interests

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## DEFINITIONS

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<b>“Non-APBL Assets”</b>	:	The assets (other than the APBL Shares) held by APIPL
<b>“Notice of EGM”</b>	:	The notice of the EGM set out on pages 34 to 35 of this Circular
<b>“Proposed Transaction”</b>	:	The proposed sale of the Company’s direct and indirect interests in APBL and the Company’s indirect interest in the Non-APBL Assets
<b>“Proposed Transaction Resolution”</b>	:	The ordinary resolution relating to the Proposed Transaction, being Resolution 1 in the Notice of EGM
<b>“Reduction Ratio”</b>	:	The cancellation of one Share for every three Shares held by a Shareholder as at the Books Closure Date, as described in paragraph 6.1.2 of the Letter to Shareholders in this Circular
<b>“Register”</b>	:	The register of members of the Company, as maintained by the Share Registrar
<b>“Rounding Up”</b>	:	The process whereby the proposed cancellation of Shares based on the Reduction Ratio will be rounded up, as described in paragraph 6.1.3 of the Letter to Shareholders in this Circular
<b>“Rule 1006”</b>	:	Rule 1006 of the Listing Manual
<b>“Sale Interests”</b>	:	The APBL Sale Shares and the APIPL Sale Shares
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP but not including a securities sub-account
<b>“SGX-ST”</b>	:	The Singapore Exchange Securities Trading Limited
<b>“Share Awards”</b>	:	The awards of Shares granted pursuant to the F&N Share Plans
<b>“Share Options”</b>	:	The options to subscribe for new Shares granted pursuant to the F&N ESOS
<b>“Share Registrar”</b>	:	Tricor Barbinder Share Registration Services, being the Company’s share registrar
<b>“Shareholders”</b>	:	The registered holders of the Shares (excluding the Company) on the Register, except that where the registered holder is CDP, the term “Shareholders” shall, in the relation to those Shares, mean Depositors (excluding the Company) whose Securities Accounts are credited with those Shares
<b>“Shares”</b>	:	Ordinary shares in the issued share capital of the Company
<b>“Unaffected Date”</b>	:	16 July 2012, being the date of the joint announcement by Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited of an offer to purchase their combined stakes in the Company and APBL
<b>“VWAP”</b>	:	Volume weighted average price

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## DEFINITIONS

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**“\$” and “cents”** : Singapore dollars and cents respectively, being the lawful currency of Singapore

**“%” or “per cent.”** : Percentage or per centum

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

The term **“controlling shareholders”** shall have the meaning ascribed to it in the Listing Manual.

The term **“subsidiaries”** and **“related corporations”** shall have the meanings ascribed to them respectively in the Act.

Except where specifically defined, the terms **“we”**, **“us”** and **“our”** in this Circular refer to the F&N Group.

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

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

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

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

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

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## INDICATIVE TIMETABLE

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The following are the indicative dates and times for the Completion and the Capital Reduction:

Last date and time for lodgement of Proxy Form	: 26 September 2012 at 10.00 a.m.
Date and time of EGM	: 28 September 2012 at 10.00 a.m.
<i>Expected date of Completion</i>	: <i>On or about 30 November 2012</i>
<i>Expected date for obtaining approval of the High Court for the Capital Reduction</i>	: <i>On or about 7 December 2012</i>
<i>Expected Books Closure Date for the Capital Reduction</i>	: <i>On or about 17 December 2012 at 5.00 p.m.</i>
<i>Expected effective date of the Capital Reduction</i>	: <i>On or about 18 December 2012</i>
<i>Expected payment date for the capital distribution pursuant to the Capital Reduction</i>	: <i>On or about 24 December 2012</i>

**Notes:**

- (1) Save for the date and time by which the Proxy Forms must be lodged and the date and time of the EGM, the timetable above is only indicative and the actual dates of the events in italics will be announced in due course. In particular, Shareholders should note that under the Agreements, the Completion of the Proposed Transaction will take place on the date falling 10 Business Days after the satisfaction (or waiver thereof) of the Conditions or such other date as the Company and Heineken may agree in writing and the estimated date of Completion assumes that all the Conditions will be satisfied (or waived) on 16 November 2012.
- (2) All Proxy Forms must be duly completed and deposited at the registered office of the Company at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, not later than 48 hours before the time appointed for the EGM. Completion and return of a Proxy Form will not preclude a Shareholder from attending and voting at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.



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## LETTER TO SHAREHOLDERS

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### FRASER AND NEAVE, LIMITED

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

#### Directors:

Mr Lee Hsien Yang (*Non-executive and non-independent Chairman*)  
Mr Timothy Chia Chee Ming (*Non-executive independent Director*)  
Ms Maria Mercedes Corrales (*Non-executive independent Director*)  
Mr Ho Tian Yee (*Non-executive independent Director*)  
Mr Hirotake Kobayashi (*Non-executive and non-independent Director*)  
Mr Koh Beng Seng (*Non-executive independent Director*)  
Dr Seek Ngee Huat (*Non-executive independent Director*)  
Mr Tan Chong Meng (*Non-executive independent Director*)  
Mr Nicky Tan Ng Kuang (*Non-executive independent Director*)

#### Registered Office:

438 Alexandra Road  
#21-00 Alexandra Point  
Singapore 119958

6 September 2012

To: The Shareholders of Fraser and Neave, Limited

Dear Sir / Madam

(1) **THE PROPOSED DISPOSAL OF INTERESTS IN ASIA PACIFIC BREWERIES LIMITED AND ASIA PACIFIC INVESTMENT PTE LTD; AND**

(2) **THE PROPOSED CAPITAL REDUCTION**

1. **INTRODUCTION**

1.1 **Proposed Transaction.** On 18 August 2012, the Board announced (the “**Announcement**”) that the Company had entered into the Agreements with Heineken in respect of the proposed sale of the Company’s direct and indirect interests in Asia Pacific Breweries Limited (“**APBL**”) and the Company’s indirect interest in the assets (other than APBL Shares) held by Asia Pacific Investment Pte Ltd (“**APIPL**”) (collectively, the “**Proposed Transaction**”). Heineken is incorporated under the laws of the Netherlands and is a wholly-owned subsidiary of Heineken N.V.. Neither Heineken nor Heineken N.V. are related to the Company or any of the Company’s controlling shareholders as at the Latest Practicable Date. To the best of the Company’s knowledge, as at the Latest Practicable Date, neither Heineken nor Heineken N.V. holds any Shares.

1.2 **Major Transaction.** The relative figures for the Proposed Transaction computed on the bases set out in Rule 1006 of the Listing Manual (“**Rule 1006**”) are as follows:

Rule 1006	Bases	Sale Interests (\$ million)	F&N Group (\$ million)	Relative Figures (%)
(a)	Net asset value of the Sale Interests compared with the F&N Group’s net asset value as at 30 June 2012	1,486 <sup>(1)</sup>	7,875 <sup>(2)</sup>	18.9
(b)	Net profits attributable to the Sale Interests compared with the F&N Group’s net profits before income tax, exceptional items and before deducting non-controlling interests for 9M 2012	331	688	48.2
(c)	Consideration <sup>(3)</sup> for the Sale Interests compared with the Company’s market capitalisation <sup>(4)</sup>	5,591	11,954	46.8

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## LETTER TO SHAREHOLDERS

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### Notes:

- (1) For the purpose of Rule 1006(a), (i) the net asset value of the APBL Sale Shares is determined with reference to the market value of the APBL Sale Shares based on the weighted average price of \$50.5488 for each APBL Share on 16 August 2012, being the last Market Day on which the APBL Shares were traded prior to the Announcement Date and (ii) the net asset value of the APIPL Sale Shares is determined with reference to the net asset value of the APIPL Sale Shares as derived from the 9M 2012 Statements.
- (2) For the purpose of Rule 1006(a), the net asset value of the F&N Group means total assets less total liabilities, as derived from the 9M 2012 Statements.
- (3) The Consideration has been determined on the basis that no reduction is required under the terms of the Agreements.
- (4) The Company's market capitalisation is based upon 1,423,806,812 Shares in issue as at 16 August 2012, excluding treasury shares, being the last Market Day on which Shares were traded prior to the Announcement Date, at a weighted average price of \$8.3957 per Share.

As the relative figures under Rules 1006(b) and 1006(c) of the Listing Manual exceed 20 per cent., the Proposed Transaction constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Transaction is subject to the approval of Shareholders.

- 1.3 Capital Reduction.** On 24 August 2012, the Directors announced that, in the event Completion of the Proposed Transaction takes place, the Company intends to distribute approximately \$4.0 billion from the cash proceeds of the Proposed Transaction to Shareholders by way of the Capital Reduction. The Capital Reduction is subject to, *inter alia*, the approval of Shareholders and the sanction of the High Court. The Capital Reduction will involve the cancellation of approximately 475.002 million Shares representing approximately 33.33 per cent. of the total issued Shares as at the Latest Practicable Date and a capital distribution of \$8.50 in cash for each Share cancelled pursuant to the Capital Reduction. The actual number of Shares to be cancelled pursuant to the Capital Reduction may be adjusted, based on the number of issued Shares as at the Books Closure Date and subject to the application of the Rounding Up as set out in paragraph 6.1.3 below.
- 1.4 Circular.** The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Transaction and the Capital Reduction, including its rationale and the financial effects on the F&N Group, and to seek Shareholders' approval at the EGM for the Proposed Transaction Resolution and the Capital Reduction Resolution, both to be proposed at the EGM, the notice of which is set out on pages 34 to 35 of this Circular.

## 2. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

- 2.1 Agreements.** Pursuant to the Agreements, the Company has agreed to sell and Heineken has agreed to purchase:
  - 2.1.1** 18,753,887 APBL Shares held directly by the Company (the "**APBL Sale Shares**"), on and subject to the terms of the APBL Agreement; and
  - 2.1.2** all the ordinary and preference shares in the issued share capital of APIPL held by the Company (the "**APIPL Sale Shares**"), representing in aggregate 50 per cent. of the total issued shares of APIPL, on and subject to the terms of APIPL Agreement.
- 2.2 Consideration.** The aggregate consideration payable by Heineken to the Company for the APBL Sale Shares and the APIPL Sale Shares (collectively, the "**Sale Interests**") under the terms of the Agreements is \$5,591,299,909 (the "**Consideration**") in cash. The Consideration comprises:
  - 2.2.1** a price of \$53.00 for each APBL Sale Share, for an aggregate consideration of \$993,956,011, subject to a reduction on a dollar for dollar basis for any dividends declared and received by the Company on the APBL Sale Shares, for which the record date of such dividends falls after the date of the APBL Agreement but before the APBL Sale Shares Completion;

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## LETTER TO SHAREHOLDERS

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- 2.2.2 applying the attributed price of \$53.00 for each APBL Share, for an aggregate consideration of \$4,434,343,898, in respect of the Company's indirect interest in 50 per cent.<sup>1</sup> of the 167,333,732 APBL Shares held by APIPL; and
- 2.2.3 an aggregate consideration of \$163,000,000 for the Company's indirect interest in the assets held by APIPL (other than the APBL Shares) (the "**Non-APBL Assets**").

The Consideration was arrived at on a willing buyer willing seller basis and took into account the historical traded prices of the APBL Shares and the net book value of the Non-APBL Assets. The valuation of \$53.00 for each APBL Share represents a premium of 53.7 per cent. over the one-month VWAP of the APBL Shares up to (and including) the Unaffected Date and an enterprise value multiple of approximately 20x FY2011 EBITDA. The \$163 million consideration attributable to the Non-APBL Assets represents 50 per cent. of the net book value of the Non-APBL Assets, as derived from the unaudited unconsolidated accounts of APIPL as at 31 March 2012.

### 2.3 **Conditions to the Proposed Transaction.** Pursuant to the terms of the Agreements, Completion is subject to the conditions set out below.

#### 2.3.1 The APBL Sale Shares Completion is conditional upon:

- (i) the approval of Shareholders being obtained at the EGM for the Proposed Transaction; and
- (ii) the APBL Sale Shares Completion taking place contemporaneously with the APIPL Sale Shares Completion,

(together, the "**APBL Sale Shares Conditions**").

The APBL Sale Shares Condition stated in paragraph 2.3.1(ii) above is for the benefit of the Company and may be waived by the Company. In the event that the APBL Sale Shares Conditions have not been fulfilled or otherwise waived on or before the Long Stop Date, the APBL Agreement shall terminate.

#### 2.3.2 The APIPL Sale Shares Completion is conditional upon:

- (i) the approval of Shareholders being obtained at the EGM for the Proposed Transaction;
- (ii) all necessary approvals under applicable competition laws having been obtained from the relevant competition authorities in the relevant jurisdictions where APIPL, its subsidiaries and associated companies have been incorporated and/or have operations and, in particular, the Competition Commission of Singapore having made a favourable decision that the Proposed Transaction and the MGO will not, if carried into effect, infringe Section 54 of the Competition Act, Chapter 50B of Singapore and if such consents or approvals are subject to any conditions, such conditions being capable of adherence by the party concerned and if such conditions are required to be fulfilled before Completion of the Proposed Transaction, such conditions being so fulfilled;

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<sup>1</sup> The Company holds 50 per cent. of the issued shares of APIPL with the remaining 50 per cent. held by the Heineken JVA Parties.

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## LETTER TO SHAREHOLDERS

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- (iii) all other necessary consents, approvals and waivers required under applicable laws and regulations and/or from the relevant authorities for the Proposed Transaction and all other transactions in connection therewith or incidental thereto as contemplated under the Agreements and its ancillary agreements being granted and not being withdrawn or revoked before Completion of the Proposed Transaction and if such consents or approvals are obtained subject to any conditions, such conditions being capable of adherence by the party concerned and if such conditions are required to be fulfilled before Completion of the Proposed Transaction, such conditions being so fulfilled;
- (iv) all representations and warranties of the respective parties to the APIPL Agreement being true and accurate until the APIPL Sale Shares Completion; and
- (v) the APIPL Sale Shares Completion taking place contemporaneously with the APBL Sale Shares Completion,

(together, the “**APIPL Sale Shares Conditions**”).

The APIPL Sale Shares Condition stated in paragraph 2.3.2(ii) above is for the benefit of Heineken and may be waived by Heineken. The APIPL Sale Shares Condition in paragraph 2.3.2(iv) above may be waived (A) by Heineken, in respect of the condition that the representations and warranties of the Company shall remain true and accurate; and (B) by the Company, in respect of the condition that the representations and warranties of Heineken shall remain true and accurate. In the event that the APIPL Sale Shares Conditions have not been fulfilled or otherwise waived on or before the Long Stop Date, the APIPL Agreement shall terminate.

**2.4 Status of Conditions to Proposed Transaction.** As at the Latest Practicable Date, Heineken and the Company are in the process of seeking the requisite consents and approvals for the Completion of the Proposed Transaction and the Conditions are pending satisfaction.

**2.5 Exclusivity.** Under the terms of the APIPL Agreement, the Company has agreed that it shall not, during the term of the APIPL Agreement, directly or indirectly, (i) solicit or engage in discussions or negotiations regarding the making or acceptance of an alternative offer or proposal for the making or acceptance of an alternative offer for the APIPL Sale Shares or the APBL Sale Shares or any proposal involving the potential acquisition of a substantial direct interest of APIPL or APBL; or (ii) accept any alternative offer for the APIPL Sale Shares or the APBL Sale Shares or any proposal involving the potential acquisition of a substantial direct interest in APIPL or APBL.

**2.6 Break Fee.** The Company has agreed to pay to Heineken the sum of \$55,913,000, representing approximately one per cent. of the Consideration, if the Proposed Transaction is not completed by the Long Stop Date:

**2.6.1** as a result of Shareholders voting against the Proposed Transaction at the EGM; or

**2.6.2** as a result of the Board withholding its recommendation to Shareholders in this Circular to vote in favour of the Proposed Transaction Resolution at the EGM or, if given, revoking such recommendation at any time before the EGM, unless the approval of Shareholders is obtained for the Proposed Transaction at the EGM notwithstanding such withholding or revocation; or

**2.6.3** due to the default of the Company in carrying out its obligations under the APIPL Agreement, other than for reasons beyond the Company’s control.

**2.7 Completion.** On Completion, the Company will cease to hold any interests in APBL and APIPL.

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## LETTER TO SHAREHOLDERS

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**2.8 No Increase.** Pursuant to the APIPL Agreement, Heineken has undertaken with the Company that it shall, following Completion, make a mandatory general offer for the APBL Shares (the “MGO”), at a price of \$53.00 for each APBL Share and shall not revise the price of the MGO under any circumstances or do anything which would oblige Heineken or its concert parties to make the MGO at a higher price.

**2.9 Post-Completion Undertakings.** Under the terms of the APIPL Agreement:

2.9.1 the Company has undertaken with Heineken that the F&N Group shall not:

- (i) for a period of two years commencing from the Completion Date, undertake the manufacture, distribution and sale of brewery and brewery-related products in Singapore, Papua New Guinea, Cambodia and Vietnam; and
- (ii) for a period of one year commencing from the Completion Date, induce or seek to induce senior employees of APBL and its subsidiaries to become employees of the F&N Group; and

2.9.2 Heineken has undertaken with the Company that the Heineken Group shall not, for a period of two years commencing from the Completion Date, undertake the manufacture, distribution and sale of soft drinks in Singapore, Papua New Guinea, Cambodia and Vietnam.

**2.10 Ancillary Agreements.** In conjunction with Completion, the Company will:

2.10.1 terminate certain agreements between the Company and various members of the Heineken Group entered into in connection with the Company’s joint venture with the Heineken JVA Parties in respect of APIPL and APBL; and

2.10.2 agree to provide certain transitional services to APIPL and its subsidiaries for an agreed period following the Completion of the Proposed Transaction.

**2.11 Termination Rights.** The APIPL Agreement may be terminated at any time prior to Completion by:

2.11.1 the Company, if the approval of Shareholders is not obtained for the Proposed Transaction;

2.11.2 a non-defaulting party to the APIPL Agreement, if the other party is in material breach of any provision of the Agreements or has failed to perform and comply in any material respect with any of the representations and warranties in any of the Agreements on or prior to Completion; or

2.11.3 either party to the APIPL Agreement on the Long Stop Date, if any relevant authority takes, institutes, or implements any action, proceeding, suit, investigation or makes, proposes or enacts any statute, regulation, ruling, statement or order which would make the Proposed Transaction void, illegal and/or unenforceable or otherwise restrict or frustrate or be adverse to the same and the parties not being able to find a mutually acceptable solution to proceeding with the Proposed Transaction after having consulted with each other in good faith.

### 3. INFORMATION ON APBL AND APIPL

**3.1 APBL.** APBL is a company listed on the mainboard of the SGX-ST and is one of the key players in the beer industry in the Asia Pacific region. APBL currently operates an extensive global marketing network which spreads across 60 countries and is supported by 30 breweries in 14 countries.

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**3.2 APIPL.** APIPL is an investment holding company established as a joint venture between the Company and the Heineken JVA Parties. As at the Latest Practicable Date, the Company holds 50 per cent. of the issued shares of APIPL and the remaining 50 per cent. is held by the Heineken JVA Parties<sup>2</sup>. As at the Latest Practicable Date, APIPL holds 167,333,732 APBL Shares, representing approximately 64.8 per cent. of the issued APBL Shares as at the Latest Practicable Date, and certain other non-APBL assets.

**3.3 Asset Value.** Based on the 9M 2012 Statements:

**3.3.1** the book value and the NAV of the APIPL Sale Shares was \$538 million; and

**3.3.2** the book value of the APBL Sale Shares was \$166 million.

The proceeds (after taking into account transaction costs) from the Proposed Transaction represents an excess of \$4,770 million over the aggregate book value of the APIPL Sale Shares and the APBL Sale Shares as at 30 June 2012, after accounting for the related cumulative foreign currency translation loss of \$107 million recorded in reserves. As at 16 August 2012, being the last Market Day on which the APBL Shares were traded prior to the Announcement Date, the open market value of the APBL Sale Shares was \$948 million based on a weighted average price of \$50.5488 for each APBL Share. As at the Latest Practicable Date, the open market value of the APBL Sale Shares was \$994 million based on the weighted average price of \$53.00 for each APBL Share.

**3.4 Net Profits.** The net profits (before income tax, exceptional items and before deducting non-controlling interests) attributable to the Sale Interests by the Company for:

**3.4.1** FY2011 is \$337 million; and

**3.4.2** 9M 2012 is \$331 million.

**3.5 Gain on Disposal.** Assuming the Proposed Transaction was completed on 30 June 2012 and there is no adjustment to the Consideration, the gain on disposal from the Proposed Transaction (after taking into account transaction costs) is (i) approximately \$5,147 million for the Company; and (ii) approximately \$4,770 million for the F&N Group.

## 4. RATIONALE

**4.1 Rationale.** F&N has worked together with the Heineken JVA Parties as joint venture partners since the founding of APBL in 1931 to grow the business from its first brewery in Singapore into a leading regional brewer. Today, APBL has an extensive global marketing network which spreads across 60 countries and is supported by 30 breweries in 14 countries. APBL's success is a validation of its business model and strong management team.

### **4.1.1 Constraints in relation to the APBL business**

As joint venture partners in APIPL, the Company must agree with Heineken on the strategic direction of APBL and the Company cannot unilaterally make decisions affecting APBL's business and operations. Given that Heineken has indicated that the changing shareholdings of the Company and APBL have altered the fabric of the partnership, the Board recognizes that the Company may not be able to fully realise the potential of APBL's business within the constraints of the current joint venture structure.

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<sup>2</sup> The Heineken JVA Parties hold the 50 per cent. of the issued shares of APIPL in the following proportions: (i) Heineken holds 32,175,000 ordinary shares, 4,750,000 redeemable participating preference shares, 25,500,000 redeemable preference shares and 16,808 redeemable "A" preference shares; (ii) Heineken Nederlands Beheer B.V. holds 4,500,000 ordinary shares and 750,000 redeemable participating preference shares; and (iii) Heineken Brouwerijen B.V. holds 4,500,000 ordinary shares and 750,000 redeemable participating preference shares.



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### 4.1.2 *Attractive Valuation*

The Board is of the view that the consideration offered for the Company's direct and indirect interests in APBL represents an attractive premium to the historical trading prices of the APBL Shares. The Proposed Transaction values APBL at a price of \$53.00 for each APBL Share, representing the following premia over the benchmark prices of the APBL Shares as set out below:

	<b>Benchmark Price (\$)</b>	<b>Premium over the Benchmark Price (%)</b>
Last transacted price of the APBL Shares as quoted on the SGX-ST on the Unaffected Date	34.69	52.8
VWAP <sup>3</sup> of the APBL Shares for the five Market Days for which the APBL Shares were traded up to and including the Unaffected Date	34.42	54.0
VWAP <sup>3</sup> of the APBL Shares for the one-month period up to and including the Unaffected Date	34.49	53.7
VWAP <sup>3</sup> of the APBL Shares for the three-month period up to and including the Unaffected Date	34.16	55.2
VWAP <sup>3</sup> of the APBL Shares for the six-month period up to and including the Unaffected Date	32.30	64.1

Source : Bloomberg

In its assessment of Heineken's offer, the Board also considered the valuation of APBL relative to the historical trading performance of APBL and the current trading comparables for APBL. The Board notes that the valuation of \$53.00 for each APBL Share represents a price to earnings<sup>4</sup> ratio of 35.1x and an enterprise value to EBITDA multiple of 16.8x, based on the earnings and the EBITDA respectively for the 12-month period ended 30 June 2012. These are higher than the trading multiples for comparable companies<sup>5</sup> listed on recognised stock exchanges and higher than the multiples for recent precedent transactions for such comparable companies.

While the Company had previously received an unsolicited offer from Kindest Place Groups Limited on 7 August 2012 for the APBL Sale Shares at \$55.00 per APBL Share, the offer was only for the Company's direct interest in APBL. Heineken's offer, on the other hand, was for both the Company's direct and indirect interests in APBL and the other assets held by APIPL. It was a term of Heineken's offer that the sale of the Company's indirect interests in APBL and the other assets held by APIPL take place contemporaneously with the sale of the Company's direct interest in APBL to Heineken.

The potential gain from selling the APBL Sale Shares to Kindest Place Groups Limited at \$2.00 more for each APBL Sale Share (for an incremental consideration of \$37,507,774) is significantly smaller than the value that the Company can realise on the sale of the APIPL Sale Shares, representing the Company's indirect interests in APBL and the Non-APBL Assets (for a total consideration of \$4,597,343,898), by accepting Heineken's offer.

<sup>3</sup> Includes all trade volume (including odd lots and married trades) except cancelled trades and trades with undisclosed prices.

<sup>4</sup> Earnings being profits attributable to the shareholders of APBL before exceptional items.

<sup>5</sup> Comparable companies being companies engaged in the brewing, sale, export and distribution of beer as their principal activity, being businesses which are substantially similar to the current businesses of APBL.

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### **4.1.3 Limited options for APIPL Sale Shares**

The Company and the Heineken JVA Parties have, over the course of their partnership, negotiated and agreed upon longstanding arrangements governing their respective rights in APIPL. Under the constitutional documents of APIPL, if the Company proposes to transfer the APIPL Sale Shares to a third party, it would first have to offer the APIPL Sale Shares to the Heineken JVA Parties at a price to be agreed and, failing that, at a valuation to be determined by a pre-agreed formula. As at the Latest Practicable Date, such valuation would be substantially lower than the consideration offered by Heineken for the APIPL Sale Shares. Given these constraints, the Board would not be able to accept any offer from a third party for the APIPL Sale Shares even if it were higher than Heineken's current offer. The Board is therefore of the view that Heineken's offer represents the best opportunity for the Company to immediately realise the value of the APIPL Sale Shares.

Having considered the foregoing, the Board is of the view that the sale of the Company's direct and indirect interests in APBL in its entirety to Heineken at the price of \$53.00 for each APBL Share would better maximize the overall returns for Shareholders from the disposal of its interests in APBL and APIPL.

## **5. USE OF PROCEEDS**

As set out in its announcement of 24 August 2012, the Board intends to distribute approximately \$4.0 billion, representing approximately 84 per cent. of the gain on disposal from the Proposed Transaction (after taking into account transaction costs), by way of the Capital Reduction. The remainder of the proceeds, amounting to approximately \$1.6 billion, will be used to repay part of the existing debt of the F&N Group.

Having reviewed the capital structure and leverage position of the Company, the Board is of the view that the Capital Reduction will allow the Company and the F&N Group to achieve a more efficient capital structure post-disposal of the Sale Interests, while enabling the Company to distribute substantially the gain from the Proposed Transaction to Shareholders. As set out in paragraph 1.3 of Appendix 1 to this Circular, the Capital Reduction will improve the pro forma EPS of the F&N Group after the Proposed Transaction.

The repayment of the existing debt of the F&N Group with part of the proceeds will strengthen the balance sheet of the F&N Group. This will enable the F&N Group to maintain a debt level which allows it to focus on existing operations whilst maintaining sufficient flexibility to take advantage of business opportunities, which may arise in the near or medium term, in the food and beverage and real estate sectors in the region.

## **6. PROPOSED CAPITAL REDUCTION**

### **6.1 Proposed Capital Reduction.** The Capital Reduction will involve the following:

#### **6.1.1 Capitalisation of Revenue Reserves and Cancellation of Additional Shares**

An amount of approximately \$3,544 million forming part of the revenue reserves of the Company will be applied in paying up in full for the allotment and issue of such number of new Shares in the issued share capital of the Company in the proportion of one new Share (the "**Additional Shares**") for each Share held by a Shareholder as at the Books Closure Date.

Given that the issued share capital of the Company as at the Latest Practicable Date of approximately \$1,482 million is less than the aggregate amount of capital to be returned to Shareholders, the capitalisation of the revenue reserves of the Company is necessary to increase the issued share capital of the Company and in turn enable the Capital Reduction to be effected as described in paragraph 6.1.4 below. The Additional Shares are issued solely for the purpose of capitalising the revenue reserves of the Company and will forthwith be cancelled in their entirety upon being issued.



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### **6.1.2 Cancellation of Shares (excluding Additional Shares) based on the Reduction Ratio**

Pursuant to the Capital Reduction, the Company will, subject to the Rounding Up, cancel one Share for every three Shares (the “**Reduction Ratio**”) held by or on behalf of each Shareholder as at the Books Closure Date (excluding the Additional Shares). Any fraction of a Share to be cancelled from the shareholding of each Shareholder arising from the application of the Reduction Ratio shall be disregarded for the purposes of the Capital Reduction.

### **6.1.3 Rounding Up**

The Capital Reduction is proposed to be effected such that the resultant number of Shares which would have been held by or on behalf of each Shareholder following the proposed cancellation of Shares based on the Reduction Ratio will be rounded up (where applicable) to the nearest multiple of 10 Shares (the “**Rounding Up**”). Consequently, the number of Shares proposed to be cancelled from such Shareholder may be reduced accordingly (please refer to Illustrations A and B in paragraph 6.4 below).

However, in the event that the resultant number of Shares arising from the Rounding Up:

- (i) is greater than that held by or on behalf of such Shareholder as at the Books Closure Date, no Rounding Up will be applied and the number of Shares proposed to be cancelled from such Shareholder will be the number of Shares cancelled based solely on the Reduction Ratio, disregarding fractions; or
- (ii) is equal to that held by or on behalf of such Shareholder as at the Books Closure Date, no Shares shall be cancelled from such Shareholder.

The Rounding Up is intended to enable Shareholders to own Shares in multiples of 10 Shares, which may facilitate the trading of the Shares on the SGX-ST after the Capital Reduction.

### **6.1.4 Capital Distribution**

In exchange for the cancellation of Shares pursuant to the Capital Reduction, the Company will make a cash distribution of \$8.50 for each Share (excluding the Additional Shares) held by or on behalf of Shareholders as at the Books Closure Date which is cancelled pursuant to the Capital Reduction. The price of \$8.50 for each Share so cancelled is based on the VWAP of the Shares, rounded to the nearest 10 cents, on the SGX-ST for the five full Market Days on which the Shares were traded on the SGX-ST from (and including) 16 August 2012 to (and including) 24 August 2012, being the date on which the Company first announced the Capital Reduction.

There will be no cash distribution to Shareholders arising from the issuance and cancellation of the Additional Shares as described in paragraph 6.1.1 above which is being undertaken solely for the purpose of capitalising the revenue reserves of the Company.

### **6.1.5 Effects of the Capital Reduction**

Pursuant to the Capital Reduction:

- (i) an aggregate amount of approximately \$4,038 million will be returned to Shareholders, of which:
  - (a) approximately \$3,544 million will originate from the reduction of the issued share capital created from the capitalisation of the revenue reserves of the Company; and
  - (b) approximately \$494 million will originate from the reduction of the existing issued share capital of the Company prior to the capitalisation of the revenue reserves of the Company; and

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- (ii) approximately 475.002 million issued Shares (excluding the Additional Shares which are cancelled forthwith upon issuance) will be cancelled under the Capital Reduction.

The actual number of Shares to be cancelled pursuant to the Capital Reduction may be adjusted, based on the issued share capital of the Company as at the Books Closure Date and the application of the Rounding Up.

**6.2 Share Options and Share Awards.** The Company has granted Share Options under the F&N ESOS, which are exercisable into new Shares. The Company has also granted Share Awards under the F&N Share Plans, pursuant to which the Company may, subject to performance targets and/or conditions being fulfilled, deliver Shares, free of payment, to the holders of such Share Awards, either in the form of new Shares or existing Shares, upon the vesting of the Share Awards. Accordingly, the actual number of Shares to be cancelled pursuant to the Capital Reduction may be adjusted, based on the issued share capital of the Company as at the Books Closure Date, taking into account the issue of new Shares arising from the exercise of any Share Option and the delivery of new Shares pursuant to the terms of any Share Award, on or before the Books Closure Date.

**6.3 Legal Steps.** The Capital Reduction will involve the following steps (based, for illustrative purposes only, on an assumed issued share capital of \$1,481,972,392 or 1,425,006,180 Shares, being the issued share capital and total number of issued shares of the Company (excluding the treasury shares) as at the Latest Practicable Date):

**6.3.1** approximately \$3,544 million will be capitalised from the revenue reserves of the Company to allot and issue up to 1,425,006,180 Additional Shares, in the proportion of one Additional Share for each Share held by a Shareholder as at the Books Closure Date;

**6.3.2** the Additional Shares shall thereafter immediately be cancelled in their entirety upon their issuance;

**6.3.3** pursuant to the Reduction Ratio, up to 475,002,060 Shares are proposed to be cancelled;

**6.3.4** the number of Shares proposed to be cancelled from each Shareholder pursuant to the Reduction Ratio may be reduced by applying (where applicable) the Rounding Up. In the event that the resultant number of Shares arising from the Rounding Up:

- (i) is greater than the number of Shares held or owned by each Shareholder as at the Books Closure Date, no Rounding Up will be applied and the number of Shares proposed to be cancelled from such Shareholder will be the number of Shares cancelled based solely on the Reduction Ratio, disregarding fractions; or

- (ii) is equal to the number of Shares held or owned by such Shareholder as at the Books Closure Date, no Shares will be cancelled from such Shareholder; and

**6.3.5** the issued share capital of the Company (as enlarged following the capitalisation of the revenue reserves of the Company as described in paragraph 6.3.1 above) will be reduced by approximately \$4,038 million, being the aggregate of:

- (i) approximately \$3,544 million from the capitalisation of the revenue reserves of the Company as described in paragraph 6.3.1 above; and

- (ii) approximately \$494 million from the existing issued share capital of the Company, prior to the capitalisation of the revenue reserves of the Company as described in paragraph 6.3.1 above,

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which amount is returned to Shareholders on the basis of \$8.50 per Share in cash for each Share held by a Shareholder as at the Books Closure Date (excluding the Additional Shares) and cancelled as described in paragraphs 6.3.3 and 6.3.4 above.

**The end result after completion of the above steps would be an aggregate capital distribution of approximately \$4,038 million by the Company and the distribution to Shareholders of an amount of \$8.50 in cash for every Share held by a Shareholder as at the Books Closure Date (excluding the Additional Shares) which is cancelled pursuant to the Capital Reduction. For the avoidance of doubt, no distribution is paid for the cancellation of the Additional Shares.**

The above does not take into account the issue of up to 17,089,165 new Shares, assuming the exercise of all outstanding Share Options and the issue of the maximum number of new Shares which could be issued under the current terms of the outstanding Share Awards on or prior to the Books Closure Date (assuming that the Books Closure Date falls on or before 31 December 2012), in which event the number of issued Shares as at the Books Closure Date will increase, resulting in a consequent increase in the corresponding number of Shares to be cancelled pursuant to the Capital Reduction. In such an event, the distribution to be paid by the Company pursuant to the increased number of cancelled Shares will be increased by a maximum of \$48,419,298. Accordingly, assuming that all outstanding Share Options are exercised in accordance with the terms of the F&N ESOS and the issue of the maximum number of new Shares which could be issued under the current terms of the outstanding Share Awards during the period up to 31 December 2012, an amount of up to \$4,085,936,808 will be returned to Shareholders, and up to 480,698,448 Shares (excluding the Additional Shares) will be cancelled, as reflected in the Notice of EGM set out on pages 34 to 35 of this Circular.

- 6.4 Illustrations.** The following illustrates the position of a Shareholder who owns 1,000 Shares or 2,800 Shares as at the Books Closure Date:

### Illustration A

	<b>Shareholder with 1,000 Shares</b>
<b>Position pre-Capital Reduction</b>	
(1) Shares currently held	1,000
<b>Position post-Capital Reduction</b>	
(2) Shares proposed for cancellation based on the Reduction Ratio alone	333
(3) Resultant number of Shares after proposed cancellation based on the Reduction Ratio alone ((1) – (2))	667
(4) Rounding Up of Shares held to the nearest multiple of 10	670
(5) Shares to be cancelled pursuant to the Capital Reduction ((1) – (4))	330
<b>(6) Cash proceeds received by a Shareholder who owns 1,000 Shares as at the Books Closure Date</b>	<b>\$2,805</b>

Based on Illustration A above, a Shareholder who owns 1,000 Shares as at the Books Closure Date will receive a capital distribution of \$2,805 while maintaining approximately the same proportionate shareholding in the Company after the Capital Reduction is effected.

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### Illustration B

		<b>Shareholder with 2,800 Shares</b>
<b>Position pre-Capital Reduction</b>		
(1)	Shares currently held	2,800
<b>Position post-Capital Reduction</b>		
(2)	Shares proposed for cancellation based on the Reduction Ratio alone	933
(3)	Resultant number of Shares after proposed cancellation based on the Reduction Ratio alone ((1) – (2))	1,867
(4)	Rounding Up of Shares held to the nearest multiple of 10	1,870
(5)	Shares to be cancelled pursuant to the Capital Reduction ((1) – (4))	930
<b>(6)</b>	<b>Cash proceeds received by a Shareholder who owns 2,800 Shares as at the Books Closure Date</b>	<b>\$7,905</b>

Based on Illustration B above, a Shareholder who owns 2,800 Shares as at the Books Closure Date will receive a capital distribution of \$7,905 while maintaining approximately the same proportionate shareholding in the Company after the Capital Reduction is effected.

## 7. TAXATION

**7.1 General.** Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Capital Reduction. Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisers.

**7.2 Tax Implications under Singapore Law.** Section 10I of the Income Tax Act provides that where a Singapore resident company makes a payment to its shareholders upon a reduction of its share capital and such a capital reduction is made out of “contributed capital” of the company, the payment to the shareholders will be treated as a return of capital and not as a payment of dividend. For Singapore income tax purposes, a return of capital would generally be treated as capital in nature and would not be taxable to the shareholders in Singapore, except in certain cases, such as shareholders who are traders in securities or who have classified their investments as trading stocks, marketable securities or short-term investments. However, where the capital reduction is not made out of “contributed capital” of the company, the payment to the shareholders will be deemed as dividends paid by the company to its shareholders. Dividends paid by a Singapore tax resident company after 1 January 2008 are tax exempt for its shareholders pursuant to Section 13(1)(za) of the Income Tax Act.

**In relation to the cash distribution to be made to Shareholders pursuant to the Capital Reduction, the amounts which are to be paid to Shareholders out of the reduction of the existing issued share capital of the Company will likely be regarded as a return of capital and should not be treated as a payment of dividend to Shareholders whilst the amounts which are to be paid to Shareholders out of the capitalisation of the revenue reserves of the Company will likely be deemed to be dividends paid by the Company to Shareholders for the purposes of Singapore income tax.**

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### 8. CONDITIONS TO THE CAPITAL REDUCTION

#### 8.1 Conditions. The Capital Reduction is subject to:

- 8.1.1 the approval of Shareholders of the Capital Reduction Resolution at the EGM, being Resolution 2 set out in the Notice of EGM;
- 8.1.2 Completion of the Proposed Transaction pursuant to the Agreements and the Company receiving the proceeds from the Proposed Transaction; and
- 8.1.3 the approval of the High Court for the Capital Reduction.

A copy of the Order of Court approving the Capital Reduction and other documents as prescribed under the Act will subsequently be lodged with ACRA.

#### 8.2 Payment Date. On the lodgement of the copy of the Order of Court approving the Capital Reduction and other documents as prescribed under the Act with ACRA, the Capital Reduction shall take effect, and the capital distribution will be made thereafter. Subject to the conditions in paragraph 8.1 above being satisfied, it is currently expected that the amounts arising from the Capital Reduction will be paid on or about 24 December 2012 to Shareholders as at the Books Closure Date, on the assumption that Completion takes place on or about 30 November 2012.

### 9. ADJUSTMENTS TO SHARE OPTIONS AND SHARE AWARDS

The Remuneration & Staff Establishment Committee of the Company has determined the methodology to be adopted for making adjustments to the Share Options and Share Awards under the respective rules of the F&N ESOS and the F&N Share Plans, consequent upon the Capital Reduction taking effect. Ernst & Young LLP, the auditors of the Company for FY2012, have confirmed that the methodology is fair and reasonable.

### 10. ADMINISTRATIVE PROCEDURES

#### 10.1 Books Closure Date. Shareholders as at the Books Closure Date will be entitled to receive the capital distribution of \$8.50 for each Share cancelled, based on the number of Shares held as at the Books Closure Date.

The entitlements of Shareholders as at the Books Closure Date to the Capital Reduction will be determined on the basis of the number of such Shares registered in their names in the Register as at the Books Closure Date or standing to the credit of their Securities Accounts as at the Books Closure Date.

The number of Shares which will be cancelled pursuant to the Capital Reduction will be based on the Reduction Ratio as described in paragraph 6.1.2 above, subject to the Rounding Up as described in paragraph 6.1.3 above.

The Company will announce the actual Books Closure Date as soon as practicable after the conditions in paragraph 8.1 have been satisfied.

#### 10.2 Transfer of Shares to CDP by Shareholders holding Scrip Shares. Shareholders who hold Shares registered in their own names in the Register and who wish to deposit their Shares with CDP prior to the Books Closure Date must deliver their existing share certificates in respect of their Shares, together with the duly completed and executed instruments of transfer in favour of CDP, tentatively by 29 November 2012, in order for their Securities Accounts maintained with CDP to be credited with the relevant Shares prior to the Books Closure Date (assuming the Books Closure Date is 17 December 2012).

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**10.3 Issue of New Share Certificates.** The following sets out the administrative procedures which the Company proposes to adopt to facilitate the issue of new share certificates arising from the Capital Reduction:

- 10.3.1** The Company will cancel all old share certificates relating to the Shares in issue as at the Books Closure Date. The cancellation of the old share certificates will be made on the date on which the Capital Reduction takes effect.
- 10.3.2** Upon the cancellation of the old share certificates as described in paragraph 10.3.1 above, the Company will issue to Shareholders with Shares registered in their names in the Register new share certificates in respect of the number of Shares to be held by such Shareholders consequent upon the Capital Reduction (the “**Consequential Shares**”).
- 10.3.3** In respect of Shareholders who have deposited their old share certificates with CDP prior to the Books Closure Date, arrangements will be made for the new share certificates in respect of the Consequential Shares to be issued in the name of CDP or its nominee and deposited with CDP or its nominee.
- 10.3.4** In respect of Shareholders with Shares standing to the credit of their Securities Accounts as at the Books Closure Date, no further action needs to be taken by them as arrangements will be made by the Company with CDP for all the old share certificates issued in the name of CDP or its nominee as at the Books Closure Date to be cancelled and for the new share certificates in respect of the Consequential Shares to be issued in the name of CDP or its nominee and deposited with CDP or its nominee.
- 10.3.5** Upon the cancellation of the old share certificates as described in paragraph 10.3.1 above, such old share certificates shall be void and will cease to have any effect or be valid for any purpose.
- 10.3.6** To facilitate the destruction of the old share certificates, Shareholders with Shares registered in their names in the Register as at the Books Closure Date are encouraged to return to the Share Registrar their old share certificates in respect of such Shares.
- 10.3.7** However, whether or not the old share certificates in respect of such Shares are returned to the Share Registrar, the old share certificates shall be cancelled and the new share certificates will be issued to such Shareholders in respect of the Consequential Shares. The new share certificates will be despatched to them at their own risk by ordinary post on or around the fifth Market Day after the Books Closure Date.
- 10.3.8** Where the Shares are registered jointly in the names of several persons, the new share certificates in respect of the Consequential Shares shall be sent to the person whose name stands first in the Register. Shareholders who wish to record any change in their registered address should notify the Share Registrar of such change before the Books Closure Date.

**10.4 Payment of the Capital Distribution.** Payment of the capital distribution pursuant to the Capital Reduction will be made in the following manner:

**10.4.1 *Shareholders holding Scrip Shares***

Shareholders whose Shares are registered in their own names in the Register as at the Books Closure Date will have the cheques for payment of their entitlements to the capital distribution under the Capital Reduction despatched to them to their registered mailing address by ordinary post at their own risk, on or around the fifth Market Day after the Books Closure Date.



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### **10.4.2 Shareholders holding Scripless Shares**

Shareholders who are Depositors and who have Shares standing to the credit of their Securities Accounts as at the Books Closure Date will have the cheques for payment of their respective entitlements to the capital distribution under the Capital Reduction despatched to them by CDP by ordinary post, to their registered mailing address maintained in the records of CDP, at their own risk, on or around the fifth Market Day after the Books Closure Date. Alternatively, such Shareholders will have payment of their respective entitlements to the capital distribution under the Capital Reduction made in such other manner as they may have agreed with CDP for the payment of any cash distributions. On or around the date on which the Capital Reduction takes effect, CDP will debit Shares from the Securities Accounts of the Depositors based on the Shares standing to the credit of the Securities Accounts of the Depositors as at the Books Closure Date. The number of Shares which will be debited from the Securities Account of each Depositor will be based on the Reduction Ratio as described in paragraph 6.1.2 above and subject to the Rounding Up as described in paragraph 6.1.3 above.

**10.5 Odd Lots.** To minimise the problems arising from odd lots as a result of the Capital Reduction, an application was made to the SGX-ST to include a new trading board lot size of 10 Shares per board lot. The SGX-ST has approved the listing and quotation for the Shares in board lots of 10 Shares for a period of four weeks starting from 9.00 a.m. on the first Market Day on which the Shares trade ex-entitlement to the Capital Reduction. After such period of four weeks, the Shares will resume trading in board lots of 1,000 Shares only. The approval of the SGX-ST referred to in this paragraph 10.5 is not to be taken as an indication of the merits of the Capital Reduction.

### **11. FINANCIAL EFFECTS**

The financial effects of the Proposed Transaction and the Capital Reduction on the F&N Group are set out in Appendix 1 to this Circular.

### **12. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

The interests of the Directors and the substantial shareholders in the Shares are disclosed in Appendix 3 to this Circular. Save as disclosed, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction and the Capital Reduction.

### **13. DIRECTORS' RECOMMENDATIONS**

**13.1 Proposed Transaction Resolution.** Goldman Sachs has been appointed as lead financial adviser to the Company in relation to the Proposed Transaction. J.P. Morgan has been appointed as financial adviser to the Company in relation to the Proposed Transaction (excluding the Non-APBL Assets). Having considered the advice of the respective financial advisers, the terms of and the rationale for the Proposed Transaction, the Directors are of the opinion that the Proposed Transaction is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Transaction Resolution, being Resolution 1 set out in the Notice of EGM.

**13.2 Capital Reduction Resolution.** Goldman Sachs has been appointed as financial adviser to the Company in relation to the Capital Reduction. Having considered the advice of Goldman Sachs, the terms of and the rationale for the Capital Reduction, the Directors are of the opinion that the Capital Reduction is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Capital Reduction Resolution, being Resolution 2 set out in the Notice of EGM.

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## LETTER TO SHAREHOLDERS

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### 14. EXTRAORDINARY GENERAL MEETING

The EGM, the notice of which is given on pages 34 to 35 of this Circular, will be held on 28 September 2012 at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without any modifications, the Proposed Transaction Resolution and the Capital Reduction Resolution as set out in the Notice of EGM.

### 15. ACTION TO BE TAKEN BY SHAREHOLDERS

**15.1 Appointment of Proxies.** If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 not later than 48 hours before the time appointed for the EGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes. An appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

**15.2 When Depositor regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

### 16. RESPONSIBILITY STATEMENTS

**16.1 Directors' Responsibility.** The Directors (including any who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, the Capital Reduction and the F&N Group and the Directors are not aware of any fact the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources and/or reproduced in this Circular in its proper form and context.

**16.2 Goldman Sachs.** Goldman Sachs has been appointed by the Board to advise the Company on the Proposed Transaction and the Capital Reduction. As at the Latest Practicable Date, to the best of Goldman Sachs' knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction and the Capital Reduction and Goldman Sachs is not aware of any fact the omission of which would make any statement in this Circular in respect of the Proposed Transaction and the Capital Reduction misleading.

**16.3 J.P. Morgan.** J.P. Morgan has been appointed by the Board to advise the Company on the Proposed Transaction (excluding the Non-APBL Assets). As at the Latest Practicable Date, to the best of J.P. Morgan's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction (excluding the Non-APBL Assets) and J.P. Morgan is not aware of any fact the omission of which would make any statement in this Circular in respect of the Proposed Transaction (excluding the Non-APBL Assets) misleading.



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## LETTER TO SHAREHOLDERS

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### 17. ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in Appendix 3 to this Circular.

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

Mr Lee Hsien Yang  
Chairman

## APPENDIX 1 – FINANCIAL EFFECTS

### 1. FINANCIAL EFFECTS

**1.1 Assumptions.** The pro forma financial effects of the Proposed Transaction and the Capital Reduction on the NAV per Share, the EPS and the share capital of the F&N Group have been prepared based on the FY2011 Statements<sup>6</sup> and the 9M 2012 Statements. The pro forma financial effects are purely for illustration purposes only and do not reflect the actual financial position of the F&N Group after the Completion of the Proposed Transaction and after the Capital Reduction has been effected.

For the purposes of illustrating the financial effects of the Proposed Transaction and the Capital Reduction, the financial effects for FY2011 and 9M 2012 are based on, *inter alia*, the following assumptions:

- (i) the NAV and the NAV per Share of the F&N Group are computed assuming that the Proposed Transaction and the Capital Reduction were completed on 30 September 2011 for the purpose of the financial effects for FY2011 and 30 June 2012 for the purpose of the financial effects for 9M 2012;
- (ii) profit after tax and non-controlling interests and EPS are computed assuming that the Proposed Transaction and Capital Reduction were completed on 1 October 2010 for the purpose of the financial effects for FY2011 and 1 October 2011 for the purpose of the financial effects for 9M 2012;
- (iii) 1,411,514,577 Shares in issue as at 30 September 2011 prior to the completion of the Capital Reduction and 941,009,718 Shares in issue as at 30 September 2011 after cancellation of 470,504,859 Shares as a result of the Capital Reduction;
- (iv) 1,422,194,023<sup>7</sup> Shares in issue as at 30 June 2012 prior to the completion of the Capital Reduction and 948,129,349<sup>7</sup> Shares in issue as at 30 June 2012 after cancellation of 474,064,674 Shares as a result of the Capital Reduction;
- (v) the pro forma financial effects showing the position of the F&N Group after the Completion of the Proposed Transaction only are prepared on the assumption that the Capital Reduction does not take place.

**1.2 NAV.** The pro forma financial effects of the Proposed Transaction and the Capital Reduction on the NAV of the F&N Group for FY2011 and 9M 2012 are as follows:

(i) FY2011

	Before the Proposed Transaction and the Capital Reduction	Pro-forma	
		After Completion of the Proposed Transaction	After Completion of the Proposed Transaction and the Capital Reduction
NAV (\$ million)	6,843	11,700	7,700
NAV per Share (\$)	4.85	8.29	8.18

<sup>6</sup> The F&N Group has adopted INT FRS 115 Agreements for the Construction of Real Estate from 1 October 2011, resulting in a restatement of the consolidated financial results of the F&N Group for FY2011.

<sup>7</sup> Excluding 4,100 Shares held as treasury shares.

## APPENDIX 1 – FINANCIAL EFFECTS

(ii) 9M 2012

	Before the Proposed Transaction and the Capital Reduction	Pro-forma	
		After Completion of the Proposed Transaction	After Completion of the Proposed Transaction and the Capital Reduction
NAV (\$ million)	7,029	11,906	7,876
NAV per Share (\$)	4.94	8.37	8.31

**1.3 Earnings.** The pro forma financial effects of the Proposed Transaction and the Capital Reduction on the earnings of the F&N Group for FY2011 and 9M 2012 are as follows:

(i) FY2011

	Before the Proposed Transaction and the Capital Reduction	Pro-forma	
		After Completion of the Proposed Transaction	After Completion of the Proposed Transaction and the Capital Reduction <sup>8</sup>
Profit after tax and non-controlling interests (before fair value adjustment and exceptional items) (\$ million)	643	542	560
Profit after tax and non-controlling interests (after fair value adjustment and exceptional items) (\$ million)	898	5,612 <sup>9</sup>	5,630 <sup>9</sup>
EPS (before fair value adjustment and exceptional items) (cents)	45.7	38.5	59.5
EPS (after fair value adjustment and exceptional items) (cents)	63.8	398.7 <sup>9</sup>	598.3 <sup>9</sup>

<sup>8</sup> These figures have assumed that approximately \$1.6 billion of the proceeds from the Proposed Transaction have been utilised to repay part of the existing debt of the F&N Group, as contemplated in paragraph 5 of the Letter to Shareholders in this Circular.

<sup>9</sup> Includes gain on disposal based on carrying value of investment as at 30 September 2010.

## APPENDIX 1 – FINANCIAL EFFECTS

(ii) 9M 2012

	Before the Proposed Transaction and the Capital Reduction	Pro-forma	
		After Completion of the Proposed Transaction	After Completion of the Proposed Transaction and the Capital Reduction <sup>8</sup>
Profit after tax and non-controlling interests (before fair value adjustment and exceptional items) (\$ million)	391	274	287
Profit after tax and non-controlling interests (after fair value adjustment and exceptional items) (\$ million)	403	5,080 <sup>10</sup>	5,093 <sup>10</sup>
EPS (before fair value adjustment and exceptional items) (cents)	27.5	19.3	30.2
EPS (after fair value adjustment and exceptional items) (cents)	28.4	358.2 <sup>10</sup>	537.1 <sup>10</sup>

**1.4 Share Capital.** The Proposed Transaction will not, in and of itself, have any impact on the issued and paid up share capital of the Company. The pro forma financial effects of the Capital Reduction on the share capital of the Company for FY2011 and 9M 2012 are as follows:

(i) FY2011

	Shares (million)	Value (\$ million)
Share capital as at 30 September 2011	1,411.515	1,417
Additional Shares issued pursuant to capitalisation of revenue reserves	1,411.515	3,527
Cancellation of Additional Shares	(1,411.515)	–
Shares to be cancelled pursuant to the Capital Reduction (excluding Additional Shares)	(470.505)	(3,999)
Adjusted issued share capital after the Capital Reduction	941.010	945

<sup>10</sup> Includes gain on disposal based on carrying value of investment as at 30 September 2011.

## APPENDIX 1 – FINANCIAL EFFECTS

(ii) 9M 2012

	Shares (million)	Value (\$ million)
Share capital as at 30 June 2012	1,422.194 <sup>7</sup>	1,466
Additional Shares issued pursuant to capitalisation of revenue reserves	1,422.194	3,541
Cancellation of Additional Shares	(1,422.194)	–
Shares to be cancelled pursuant to the Capital Reduction (excluding Additional Shares)	(474.065)	(4,030)
Adjusted issued share capital after the Capital Reduction	948.129 <sup>7</sup>	977

**1.5 Pro Forma Balance Sheet.** The pro forma balance sheets of the F&N Group (i) after the Completion of the Proposed Transaction but before the Capital Reduction is effected; and (ii) after the Completion of the Proposed Transaction and after the Capital Reduction is effected, are set out in Appendix 2 to this Circular. These are purely for illustration purposes only and do not reflect the actual financial position of the F&N Group after the Completion of the Proposed Transaction and after the Capital Reduction has been effected.

**1.6 Leverage Ratios.** The pro forma financial effects of the Capital Reduction (which assumes the Completion of the Proposed Transaction) on the leverage ratios of the F&N Group as at FY2011 and 9M 2012 are as follows:

(i) FY2011

	As at 30 September 2011 <sup>6</sup>	Pro forma after the Proposed Transaction and the Capital Reduction <sup>8</sup>
Total net borrowings (\$ million)	2,364	825
Net Debt/Total Equity (%)	30.8	10.0

(ii) 9M 2012

	As at 30 June 2012	Pro forma after the Proposed Transaction and the Capital Reduction <sup>8</sup>
Total net borrowings (\$ million)	2,534	1,022
Net Debt/Total Equity (%)	32.2	12.1

## APPENDIX 2 – PRO FORMA BALANCE SHEET OF THE F&N GROUP

### F&N GROUP BALANCE SHEET As at 30 September 2011

	Unaudited As Restated \$'000	After Proposed Transaction & before Capital Reduction \$'000	After Proposed Transaction & after Capital Reduction \$'000
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	1,417,404	1,417,404	944,936
Reserves	5,425,965	10,282,621	6,754,798
	6,843,369	11,700,025	7,699,734
<b>NON-CONTROLLING INTERESTS</b>			
	831,204	563,153	563,153
	7,674,573	12,263,178	8,262,887
Represented by:			
<b>NON-CURRENT ASSETS</b>			
Investment properties	2,476,740	2,476,740	2,476,740
Joint venture companies	60,101	–	–
Associated companies	1,382,200	1,379,210	1,379,210
Other non-current assets	2,356,670	1,358,247	1,358,247
	6,275,711	5,214,197	5,214,197
<b>CURRENT ASSETS</b>			
Properties held for sale	4,037,836	4,037,836	4,037,836
Bank fixed deposits	1,180,935	995,744	995,744
Cash and bank balances	418,672	5,908,109	327,009
Other current assets	1,794,540	1,444,418	1,444,418
	7,431,983	12,386,107	6,805,007
<b>Deduct: CURRENT LIABILITIES</b>			
Borrowings	747,546	703,016	–
Other current liabilities	1,776,783	1,357,650	1,357,650
	2,524,329	2,060,666	1,357,650
<b>NET CURRENT ASSETS</b>			
	4,907,654	10,325,441	5,447,357
<b>Deduct: NON-CURRENT LIABILITIES</b>			
Borrowings	3,215,900	3,025,589	2,147,796
Other non-current liabilities	292,892	250,871	250,871
	3,508,792	3,276,460	2,398,667
	7,674,573	12,263,178	8,262,887

## APPENDIX 2 – PRO FORMA BALANCE SHEET OF THE F&N GROUP

### F&N GROUP BALANCE SHEET As at 30 June 2012

	Unaudited As Reported \$'000	After Proposed Transaction & before Capital Reduction \$'000	After Proposed Transaction & after Capital Reduction \$'000
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	1,465,825	1,465,825	977,216
Treasury shares	(23)	(23)	(23)
Reserves	5,562,914	10,440,356	6,898,415
	7,028,716	11,906,158	7,875,608
<b>NON-CONTROLLING INTERESTS</b>			
	845,810	577,805	577,805
	7,874,526	12,483,963	8,453,413
Represented by:			
<b>NON-CURRENT ASSETS</b>			
Investment properties	2,596,363	2,596,363	2,596,363
Joint venture companies	48,010	–	–
Associated companies	1,387,043	1,383,990	1,383,990
Other non-current assets	2,424,883	1,375,968	1,375,968
	6,456,299	5,356,321	5,356,321
<b>CURRENT ASSETS</b>			
Properties held for sale	4,522,538	4,522,538	4,522,538
Bank fixed deposits	1,061,790	888,146	888,146
Cash and bank balances	603,655	6,092,615	511,515
Other current assets	1,357,829	1,101,801	1,101,801
	7,545,812	12,605,100	7,024,000
<b>Deduct: CURRENT LIABILITIES</b>			
Borrowings	437,774	400,330	–
Other current liabilities	1,638,354	1,253,770	1,253,770
	2,076,128	1,654,100	1,253,770
<b>NET CURRENT ASSETS</b>	5,469,684	10,951,000	5,770,230
<b>Deduct: NON-CURRENT LIABILITIES</b>			
Borrowings	3,761,600	3,571,452	2,421,232
Other non-current liabilities	289,857	251,906	251,906
	4,051,457	3,823,358	2,673,138
	7,874,526	12,483,963	8,453,413

## APPENDIX 3 – ADDITIONAL INFORMATION

### 1. DISCLOSURE OF INTERESTS

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

Directors	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Mr Lee Hsien Yang	180,000	0.013	408,240	0.029
Mr Timothy Chia Chee Ming	7,594	0.001	30,374	0.002
Ms Maria Mercedes Corrales	–	–	–	–
Mr Ho Tian Yee	–	–	–	–
Mr Hirotake Kobayashi	–	–	–	–
Mr Koh Beng Seng	–	–	–	–
Dr Seek Ngee Huat	–	–	–	–
Mr Tan Chong Meng	30,000	0.002	–	–
Mr Nicky Tan Ng Kuang	50,000	0.004	–	–

**Note:**

(1) The figures are based on the issued share capital of 1,425,006,180 Shares as at the Latest Practicable Date, excluding the 4,100 Shares held as treasury shares.

#### 1.2 Substantial Shareholders. 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	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
International Beverage Holdings Limited (“ <b>IntBev</b> ”)	412,423,822	28.942	–	–
Thai Beverage Public Company Limited (“ <b>ThaiBev</b> ”) <sup>(2)</sup>	–	–	412,423,822	28.942
Charoen Sirivadhanabhakdi (“ <b>Charoen</b> ”) <sup>(3)</sup>	–	–	412,423,822	28.942
Khunying Wanna Sirivadhanabhakdi (“ <b>Khunying</b> ”) <sup>(3)</sup>	–	–	412,423,822	28.942
Siriwana Company Limited (“ <b>SCL</b> ”) <sup>(3)</sup>	–	–	412,423,822	28.942
MM Group Limited (“ <b>MM Group</b> ”) <sup>(3)</sup>	–	–	412,423,822	28.942
Maxtop Management Corp (“ <b>Maxtop</b> ”) <sup>(3)</sup>	–	–	412,423,822	28.942
Risen Mark Enterprise Ltd (“ <b>RM</b> ”) <sup>(3)</sup>	–	–	412,423,822	28.942
Golden Capital (Singapore) Limited (“ <b>GC</b> ”) <sup>(3)</sup>	–	–	412,423,822	28.942
Kirin Holdings Company, Limited (held through Merrill Lynch (Singapore) Pte. Ltd as Depository Agent)	212,773,000	14.931	–	–
Prudential Asset Management (Singapore) Ltd (reporting on behalf of Prudential Asset Management (Singapore) Ltd., Jackson National Life and M&G Investments)	–	–	113,188,859	7.943
M&G Global Basics Fund	83,906,000	5.888	–	–
M&G Investment Funds (1)	–	–	83,979,000	5.893
M&G Securities Limited	–	–	97,947,000	6.873



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## APPENDIX 3 – ADDITIONAL INFORMATION

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### **Notes:**

- (1) The figures are based on the issued share capital of 1,425,006,180 Shares as at the Latest Practicable Date, excluding the 4,100 Shares held as treasury shares.
- (2) ThaiBev holds 100 per cent. of the issued share capital of IntBev and is therefore deemed to hold an interest in the Shares held by IntBev under Section 7 of the Act.
- (3) Maxtop, RM, GC (together, the “**MM Associates**”) and SCL each holds 17.23 per cent., 3.32 per cent., 0.06 per cent. and 45.27 per cent., of the issued share capital of ThaiBev respectively. MM Group holds 100 per cent. of the issued share capital of each of the MM Associates. Charoen and Khunying each holds 50 per cent. of the issued share capital of MM Group. Further, Charoen and Khunying together hold 51 per cent. of the issued share capital of SCL. Therefore, Maxtop, RM, GC, SCL, MM Group, Charoen and Khunying are deemed to each hold an interest in the Shares held by IntBev under Section 7 of the Act.

### **2. MATERIAL LITIGATION**

As at the Latest Practicable Date, the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claim or proceeding which, in the opinion of the Directors, might materially and adversely affect the financial position of the F&N Group taken as a whole.

### **3. DIRECTORS’ SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction and accordingly, no service contract is proposed to be entered into between the Company and any such person.

### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection during normal business hours at the registered office of the Company at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, for a period of three months commencing from the Announcement Date:

- (i) the Agreements;
- (ii) the Memorandum and Articles of Association of the Company; and
- (iii) the annual reports of the Company for FY2010 and FY2011.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### FRASER AND NEAVE, LIMITED

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

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of Fraser and Neave, Limited (the “**Company**”) will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on 28 September 2012 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions which will be proposed as an Ordinary Resolution and a Special Resolution respectively:

### RESOLUTION 1: ORDINARY RESOLUTION

#### Approval of the Proposed Disposal of the Company’s Interests in Asia Pacific Breweries Limited (“**APBL**”) and Asia Pacific Investment Pte Ltd (“**APIPL**”)

That:

- (a) the entry by the Company into the conditional sale and purchase agreements (the “**Agreements**”) with Heineken International B.V. (the “**Purchaser**”) dated 18 August 2012 in connection with the proposed sale of (i) 18,753,887 ordinary shares in the capital of APBL held directly by the Company and (ii) all the ordinary and preference shares in the issued share capital of APIPL held by the Company, representing 50 per cent. of the share capital of APIPL (together, the “**Sale Interests**”), which Sale Interests represents the Company’s direct and indirect interests in APBL and the Company’s indirect interest in the assets (other than ordinary shares in the capital of APBL) held by APIPL be approved, confirmed and ratified, and adopted as the act and deed of the Company (the “**Proposed Transaction**”);
- (b) the sale of the Sale Interests by the Company to the Purchaser pursuant to, and in accordance with, the terms of the Agreements be and is hereby approved; and
- (c) the Directors of the Company and each of them be and is hereby authorised to complete and do all such acts and things (including executing all such documents and ancillary agreements and to make all such amendments thereto as may be required in connection with the Proposed Transaction) as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to this Ordinary Resolution and to the Agreements as they or he may deem fit.

### RESOLUTION 2: SPECIAL RESOLUTION

#### Approval of the Proposed Capital Reduction

That pursuant to Article 54 of the Company’s Articles of Association and subject to and contingent upon (A) the passing of Resolution 1 above; (B) the completion of the Proposed Transaction pursuant to the Agreements and the Company receiving the proceeds from the Proposed Transaction; and (C) the approval of the High Court of Singapore:

#### (1) Reduction of Issued Share Capital of the Company

- (a) a sum of up to \$3,563,130,789 (the “**Capitalised Amount**”) forming part of the revenue reserves of the Company be capitalised and applied in paying up in full for the allotment and issuance of up to such number of new ordinary shares in the capital of the Company (the “**Additional Shares**”) which is equivalent to the number of ordinary shares in the capital of the Company (“**Shares**”) in issue on the Books Closure Date (as defined below) and the Additional Shares be allotted and issued credited as fully paid up to the Shareholders (being registered holders of the Shares (excluding the Company), except that where the registered holder is The Central Depository (Pte) Limited the term Shareholders shall in relation to those Shares mean Depositors (as defined under the Companies Act, Chapter 50

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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of Singapore) (excluding the Company) whose securities accounts are credited with Shares) (“Shareholders”) in the proportion of one Additional Share for each Share held by them as at the Books Closure Date;

- (b) the issued share capital of the Company (as enlarged following the capitalisation of the Capitalised Amount) be reduced by up to \$4,085,936,808 comprising the Capitalised Amount and up to \$522,806,019 of the existing issued and paid up share capital of the Company (prior to the capitalisation of the Capitalised Amount) as at the Books Closure Date (as defined below), such reduction to be effected by (i) cancelling the Additional Shares forthwith upon the allotment and issue of the Additional Shares; (ii) cancelling, subject to the Rounding Up (as defined in sub-paragraph (c) below), one Share for every three Shares (the “Reduction Ratio”) held by or on behalf of the Shareholders (as defined above) as at a books closure date to be determined by the Directors (the “Books Closure Date”); and (iii) returning to each Shareholder the amount of \$8.50 in cash for each Share held by or on behalf of such Shareholder so cancelled pursuant to (b)(ii) above (and excluding any Additional Shares to be cancelled). Any fraction of a Share to be cancelled from the shareholding of each Shareholder arising from the application of the Reduction Ratio shall be disregarded for the purposes of the proposed capital reduction; and
- (c) the number of Shares proposed to be cancelled from each Shareholder under sub-paragraph (b) above pursuant to the Reduction Ratio be reduced by rounding up (where applicable) to the nearest multiple of 10 Shares (the “Rounding Up”) the resultant number of Shares that would have been held by or on behalf of each Shareholder following the proposed cancellation of Shares pursuant to the Reduction Ratio. In the event that the resultant number of Shares arising from the Rounding Up:
  - (i) is greater than the number of Shares held by or on behalf of such Shareholder as at the Books Closure Date, no Rounding Up will be applied and the number of Shares proposed to be cancelled from such Shareholder shall be the number of Shares cancelled based solely on the Reduction Ratio; or
  - (i) is equal to the number of Shares held by or on behalf of such Shareholder as at the Books Closure Date, no Shares shall be cancelled from such Shareholder; and

### (2) Authority to Directors

the Directors and each of them be and is hereby authorised to do all acts and things and to execute all such documents as they or he may consider necessary or expedient to give effect to this Special Resolution and the proposed capital reduction as set out in the preceding paragraph (1).

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng  
Company Secretary  
6 September 2012

#### Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, not less than 48 hours before the time appointed for the EGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

# FRASER AND NEAVE, LIMITED

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

## IMPORTANT:

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

## PROXY FORM

### EXTRAORDINARY GENERAL MEETING

\*I / We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport Number)

of \_\_\_\_\_ (Address)

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

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

and/or (delete as appropriate)

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

or failing him/them, the Chairman of the Extraordinary General Meeting ("EGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the EGM to be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on 28 September 2012 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolution and the Special Resolution to be proposed at the EGM as indicated hereunder. If no specified direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the EGM.

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

	No. of Votes For*	No. of Votes Against*
<b>Resolution 1: Ordinary Resolution</b> To approve the Proposed Transaction		
<b>Resolution 2: Special Resolution</b> To approve the Capital Reduction		

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

Dated this \_\_\_\_\_ 2012

Total Number of Shares held: (Note 4)	
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\_\_\_\_\_  
Signature/Common Seal of Member(s)

**IMPORTANT : PLEASE READ NOTES ON THE REVERSE**



Fold and seal here

**NOTES:**

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

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**Affix  
postage  
stamp**

**THE COMPANY SECRETARY**  
**Fraser and Neave, Limited**  
438 Alexandra Road  
#21-00 Alexandra Point  
Singapore 119958

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