



FRASER AND NEAVE, LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No: 189800001R

SALE OF FRASER AND NEAVE, LIMITED'S 55 PER CENT. STAKE IN MYANMAR BREWERY LIMITED FOR US\$560 MILLION

1. BACKGROUND

- 1.1 Fraser and Neave, Limited (“**F&N**” or “**the Company**”, and together with its subsidiaries, the “**F&N Group**”) refers to its announcement on 5 August 2015 on the confirmation from Myanma Economic Holdings Ltd (“**MEHL**”) that (a) the sale of the Company’s 55% stake in Myanmar Brewery Limited (“**MBL**”) will be completed at US\$560 million (approximately S\$777 million); and (b) the Originating Summons will be withdrawn by MEHL (the “**MEHL Confirmation**”).
- 1.2 By the MEHL Confirmation, MEHL has also confirmed that the sale of the Company’s 55% stake in MBL (the “**MBL Stake**”) at US\$560 million will be a final and unconditional payment and will result in the Company and MEHL not having any further claims against one another arising from or relating to the difference in opinion between them.

2. DETAILS OF DISPOSAL OF THE MBL STAKE

- 2.1 The consideration payable to the Company for the MBL Stake will be US\$560 million (the “**Consideration**”), payable in cash on completion.
- 2.2 Further to the MEHL Confirmation and pending the finalisation of the completion details (including the completion date, regulatory approvals and completion mechanics), the Company expects that the disposal of the MBL Stake (the “**Disposal**”) will be completed by 20 August 2015.
- 2.3 **Rule 1006 figures.** The relative figures for the Disposal (if and when completed) computed on the applicable bases set out in Rule 1006 of the SGX-ST Listing Manual (“**Listing Manual**”) are as follows:

Rule 1006	Bases	Disposal (S\$ '000)	F&N Group (S\$ '000)	Relative Figures (%)
(a)	Net asset value (“ NAV ”) attributable to the MBL Stake compared with the F&N Group’s NAV ⁽¹⁾	134,938	1,673,227	8.1
(b)	Net profits attributable to the MBL Stake compared with the F&N Group’s net profits ⁽²⁾	115,541	226,654	51.0

Rule 1006	Bases	Disposal (S\$ '000)	F&N Group (S\$ '000)	Relative Figures (%)
(c)	Value of the Consideration ⁽³⁾ compared with the F&N Group's market capitalisation ⁽⁴⁾	776,944	3,338,688	23.3

Notes:

- (1) The NAV attributable to the MBL Stake based on the financial statements of the F&N Group as at 30 June 2015 has been compared with the F&N Group's NAV as at 30 June 2015.
- (2) The profit before income tax, minority interests and extraordinary items of the F&N Group attributable to the MBL Stake for the nine months ended 30 June 2015 have been compared with the F&N Group's profit before income tax, minority interests and extraordinary items for the nine months ended 30 June 2015.
- (3) The consideration for the MBL Stake being US\$560 million (approximately S\$777 million).
- (4) The F&N Group's market capitalisation is based upon 1,447,073,654 F&N shares in issue (excluding treasury shares) as at 6 August 2015, being the latest practicable date prior to the date of this announcement on which F&N shares were traded on the SGX-ST, at a volume weighted average price of S\$2.31 per F&N share on 6 August 2015.

Based on the relative figures above, the Disposal constitutes a major transaction under Rule 1014 of the Listing Manual. However, the Company has obtained a waiver from the SGX-ST in respect of compliance with Rule 1014 of the Listing Manual on the basis that (a) the Disposal is undertaken in the context of the terms of its joint venture arrangements; (b) the Disposal is undertaken pursuant to an arbitral award issued in connection with the terms of the JVA; and (c) the trigger event giving rise to the obligation was not within the control of the Company. The SGX-ST has granted a waiver subject to (a) the Company announcing that such waiver has been granted; and (b) the Company submitting a written confirmation to the SGX-ST that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company. The conditions for such waiver has been fulfilled.

- 2.4 **Book value and NAV of the MBL Stake.** Based on the unaudited financial statements of the F&N Group for the nine months ended 30 June 2015, the book value and the NAV of the MBL Stake is S\$134.938 million.
- 2.5 **Gain on Disposal.** The Company and the F&N Group would expect to recognise a gain on Disposal (if and when completed) of approximately S\$689.396 million and S\$536.014 million respectively, in each case after deducting for cost of investment and relevant transaction costs.
- 2.6 **Use of Proceeds.** The Company intends to deploy the proceeds from the Disposal for further investments in its core markets, and for investments in other new markets within the ASEAN region.

3. FINANCIAL EFFECTS

3.1 **Bases and Assumptions.** The following pro forma financial effects of the Disposal (if and when completed) on the F&N Group are theoretical in nature and for illustrative purposes only and are therefore not necessarily indicative of the future financial position and earnings of the F&N Group following completion of the transaction.

The pro forma financial effects have been prepared based on audited consolidated financial statements of the F&N Group for the financial year ended 30 September 2014 (“FY2014”) and are based on the following assumptions:

- (a) the effect of the Disposal on the F&N Group’s NAV per F&N share for FY2014 are based on the assumption that the Disposal had been completed at the end of FY2014 and based on the exchange rate of US\$1:S\$1.27 as at 30 September 2014;
- (b) the effect of the Disposal on the F&N Group’s earnings per F&N share for FY2014 is based on the assumption that the Disposal had been completed at the beginning of FY2014 and based on the exchange rate of US\$1:S\$1.26 as at 1 October 2013;
- (c) the Consideration will be US\$560 million;
- (d) the effect of the Disposal on the NAV per F&N share for FY2014 is based on the assumption that the issued share capital of the Company is 1,444,906,286 shares, which is the number of issued F&N shares as at 30 September 2014; and
- (e) the effect of the Disposal on the earnings per F&N share is based on the assumption that the issued share capital of the Company is 1,444,624,049 shares, which is the weighted average number of issued F&N shares for FY2014.

3.2 NAV¹

	Before the Disposal	After the Disposal
NAV (S\$'000)	1,604,828	2,135,837
NAV per F&N share (S\$)	1.11	1.48

¹ Transaction costs relating to the Disposal has been accounted for.

3.3 Earnings¹

	Before the Disposal	After the Disposal
Profit after tax and non-controlling interests (before fair value adjustments and exceptional items) (\$'000)	143,865	101,937
Profit after tax and non-controlling interest (after fair value adjustment and exceptional items) (\$'000)	43,937	542,349
Earnings per F&N share (before fair value adjustment and exceptional items) (cents)	10.0	7.1
Earnings per F&N share (after fair value adjustment and exceptional items) (cents)	3.1	37.5

5. FURTHER UPDATES

The Company will make further announcements in due course to update shareholders of any material developments in relation to the Disposal. In the meantime, shareholders of the Company are advised to exercise caution when dealing with the shares of the Company.

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng
Group Company Secretary

7 August 2015