

REPL::Asset Acquisitions and Disposals::ACQUISITION OF ADDITIONAL SHARES IN VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Issuer & Securities

Issuer/ Manager	FRASER AND NEAVE LIMITED.
Securities	FRASER AND NEAVE, LIMITED - SG1T58930911 - F99
Stapled Security	No

Announcement Details

Announcement Title	Asset Acquisitions and Disposals
Date & Time of Broadcast	12-Dec-2016 19:22:26
Status	Replacement
Announcement Sub Title	ACQUISITION OF ADDITIONAL SHARES IN VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY
Announcement Reference	SG161207OTHRQ71F
Submitted By (Co./ Ind. Name)	Anthony Cheong Fook Seng
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below)	Please see attached.
Attachments	<p>@Acquisition of Additional Shares in Vinamilk - SPA - 12 Dec 16.pdf</p> <p>Total size =163K</p>
Related Announcements	07/12/2016 18:31:40



FRASER AND NEAVE, LIMITED

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

ACQUISITION OF ADDITIONAL SHARES REPRESENTING APPROXIMATELY 5.4% OF THE ISSUED SHARE CAPITAL OF VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY (“VINAMILK”) BY F&N DAIRY INVESTMENTS PTE LTD (“FNDI”) AND F&NBEV MANUFACTURING PTE. LTD. (“F&NBEV”)

1. INTRODUCTION

- 1.1. Previous Announcement.** Fraser and Neave, Limited (“F&N” or the “Company”, together with its subsidiaries, the “F&N Group”) refers to its announcement dated 7 December 2016 relating to the proposed participation by each of its wholly owned subsidiaries, FNDI and F&NBev, in a competitive bid process on the Ho Chi Minh Stock Exchange (“HOSE”) to collectively acquire 78,378,300 shares in Vinamilk (representing approximately 5.4% of the issued share capital of Vinamilk) (the “Sale Shares” and each, a “Sale Share”) from the State Capital Investment Corporation of Vietnam (“SCIC” and the proposed acquisition of the Sale Shares by FNDI and F&NBev, the “Transaction”).¹
- 1.2. Agreements.** The HOSE has today announced that FNDI and F&NBev have succeeded in their bids to acquire the Sale Shares (the “HOSE Announcement”). Further to the HOSE Announcement, each of FNDI and F&NBev have today entered into a share purchase agreement (collectively, the “SPAs”) with the SCIC to acquire their respective portion of the Sale Shares.

F&N, through FNDI, currently holds 158,988,933 shares in Vinamilk, representing approximately 10.95% of the issued share capital of Vinamilk. On completion of the Transaction, F&N, through FNDI and F&NBev collectively, will hold an aggregate of 237,367,233 shares in Vinamilk, representing approximately 16.35% of the issued share capital of Vinamilk.

2. INFORMATION ON VINAMILK AND RATIONALE OF THE TRANSACTION

- 2.1 Vinamilk.** Vinamilk is listed on the HOSE and operates as a holding company for the management of its six subsidiary entities and two associate entities. Vinamilk, through its operating subsidiaries and associate entities, is primarily involved in the production, supply and distribution of dairy products and beverages, as well as the rearing of cattle and development of milk farms. Vinamilk manufactures and supplies dairy products including powdered, liquid and condensed milk and yoghurt as well as beverages including, but not limited to, soy-milk, fruit juice and tea.
- 2.2 Rationale.** F&N expects that the increased stake in Vinamilk will allow F&N to reap greater streams of dividend income and increase its foothold in Vietnam. F&N believes that Vinamilk’s existing businesses and product offerings offer a solid foundation to build on future value creation, supported by well-invested production facilities and strong cash generation.

¹ Unless otherwise stated, all figures expressed in VND in this announcement have been converted to an approximate Singapore dollar amount based on a closing exchange rate of S\$1:VND15,912 as at 9 December 2016.

3. TERMS OF THE TRANSACTION

- 3.1 Consideration for the Offer.** Under the terms of the SPAs, the purchase price of each Sale Share to be acquired by each of FNDI and F&NBev is VND144,000 (approximately S\$9.05). The aggregate consideration of the Sale Shares amounts to VND11,286,475 million (approximately S\$709 million). The purchase price of each Sale Share is based on the bid price submitted by each of FNDI and F&NBev which was accepted by the SCIC having taken into account the floor price set by the SCIC at VND144,000 (approximately S\$9.05) per Sale Share.
- 3.2 Terms of Payment.** FNDI and F&NBev have collectively paid a deposit representing 10% of the aggregate consideration to the SCIC as part of the submission of its bid for the Sale Shares. Under the terms of the SPA, completion will take place no later than 21 December 2016, by way of either an off-market transaction or via an on-market transaction on the HOSE. If the transfer is effected by way of an off-market transaction, the balance 90% of the aggregate consideration for the Sale Shares is payable in cash on completion. If the transfer is effected via an on-market transaction the HOSE, 100% of the aggregate consideration will be paid in cash on completion as part of the on-market transaction, and the deposit will be refunded subsequently by SCIC. Payment of the aggregate consideration will be funded through a combination of internal resources and external borrowings.
- 3.3. Conditions.** The completion of the Transaction is not subject to any conditions.
- 3.4 Asset Value.** Based on the latest published interim consolidated financial statements of Vinamilk for the 9-month period ended 30 September 2016, the book value of the Sale Shares is VND1,108,125 million (approximately S\$70 million) and the net tangible asset value of the Sale Shares is VND1,077,661 million (approximately S\$68 million). The open market value of the Sale Shares is VND10,648,772 million (approximately S\$669 million), based on the volume weighted average price of VND135,864 (approximately S\$8.54) for each Vinamilk share on 9 December 2016, being the market day preceding the date of this announcement.
- 3.5 Net Profits.** Based on the latest published interim consolidated financial statements of Vinamilk for the 9-month period ended 30 September 2016, the net profit of Vinamilk for the relevant period was VND9,033,457 million (approximately S\$568 million), and the net profit attributable to the Sale Shares (being 5.4% of the issued share capital of Vinamilk) was VND487,806 million (approximately S\$31 million).

4. CHAPTER 10 OF THE SGX-ST LISTING MANUAL

- 4.1 Relative Figures.** The relative figures in relation to the Transaction computed on the applicable bases set out in Rule 1006 of the SGX-ST Listing Manual ("**Listing Manual**") are as follows:

Rule 1006	Bases	Transaction (S\$'000)	F&N Group (S\$'000)	Relative Figures (%)
(b)	Net profit before tax, non-controlling interests and exceptional items (" NPBT ") attributable to the Sale Shares to be acquired, compared with the F&N Group's NPBT for the 12 months ended 30 September 2016	23,879 ⁽¹⁾	187,429 ⁽²⁾	12.7
(c)	Consideration payable for the Transaction compared with the F&N Group's market capitalisation ⁽²⁾	709,306 ⁽³⁾	3,035,257 ⁽⁴⁾	23.4

Notes:

- (1) Based on the audited consolidated financial statements of Vinamilk for the 3-month period from 1 October 2015 to 31 December 2015 and the interim consolidated financial statements of Vinamilk for the 9-month period ended 30 September 2016 (the "**Comparative Vinamilk Results**").
- (2) Based on the latest published unaudited consolidated financial statements of the F&N Group for the 12 months ended 30 September 2016 ("**F&N FY2016**").
- (3) The F&N Group's market capitalisation is based upon 1,445,773,703 F&N shares in issue (excluding treasury shares) as at 9 December 2016 at a volume weighted average price of S\$2.10 per F&N share, being the latest practicable date prior to the date of this announcement on which the F&N shares were traded on the SGX-ST.

4.2 SGX-ST Waiver. On 5 December 2016, F&N applied to the SGX-ST for a waiver of the application of Rule 1014(2) of the Listing Manual (the "**Waiver**") in order to participate in the competitive bid process on the HOSE to acquire the Sale Shares on the grounds that the terms of the competitive bid process for the sale of the Sale Shares do not permit any conditionality to be imposed on the Transaction and the imposition of a condition to obtain shareholders' approval would have adversely affected F&N's ability to successfully acquire the Sale Shares.

Accordingly, even though the relative figure set out for Rule 1006(c) in paragraph 4.1 exceeds 20% and would otherwise have constituted a major transaction for the purposes of Rule 1014 of the Listing Manual, the SGX-ST has indicated that it has no objections to the Waiver subject to the following:

- (a) F&N announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual;
- (b) F&N announcing the information as required under Rule 1010 of the Listing Manual; and
- (c) submission of a written confirmation from F&N that the Waiver does not contravene any laws and regulations governing F&N and the constitution of F&N.

The conditions of the Waiver set out in paragraphs 4.2(a), (b) and (c) above have been satisfied as at the date of this announcement.

5. FINANCIAL EFFECTS

5.1 Bases and Assumptions. The following pro forma financial effects of the Transaction on the F&N Group are theoretical in nature 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 been prepared based on the following bases and assumptions:

- (a) the pro forma financial effects have been computed based on the latest published unaudited consolidated financial statements of F&N for F&N FY2016 and Vinamilk's Comparative Results;
- (b) the purchase consideration for the Transaction will be funded through a combination of internal resources and external borrowings;

- (c) the acquisition costs relating to the Transaction are expected to be funded by external borrowings and have been taken into account in computing the pro forma financial effects; and
- (d) Vinamilk's Comparative Results are reported in VND, and accordingly the VND amounts have been converted using an average exchange rate of SGD1:VND16,186 as at 30 September 2016.

5.2 Earnings. For illustrative purposes only and assuming that the Transaction had been completed on 1 October 2015, being the beginning of F&N FY2016, the pro forma financial effects on the earnings of the F&N Group are as follows:

	Before the Transaction	After the Transaction
Profit after tax and non-controlling interests (before fair value adjustments and exceptional items) (S\$ million)	109	120
Earnings per F&N Share (S\$)	0.075	0.083

5.3 NTA. For illustrative purposes only and assuming that the Transaction had been completed on 30 September 2016, being the end of F&N FY2016, the pro forma financial effects on the NTA of the F&N Group are as follows:

	Before the Transaction	After the Transaction
Net Assets (S\$ million)	2,843	2,784
Less: Intangibles (S\$ million)	114	114
NTA (S\$ million)	2,729	2,670
Number of F&N shares (excluding treasury shares)	1,445,773,703	1,445,773,703
NTA per F&N Share (S\$)	1.89	1.85

6. DISCLOSURE PURSUANT TO RULE 704(17)(b) OF THE LISTING MANUAL

6.1 Cost of Investment. The aggregate cost of the Company's investments in quoted securities following completion of the Transaction will exceed the next multiple of 5% of the Company's latest audited consolidated net tangible assets as at 30 September 2015 (the "**Last Audited NTA**"). The aggregate cost of F&N's investment in quoted securities prior to the Transaction is S\$278 million, representing 12.8% of the Company's Last Audited NTA. The aggregate cost of F&N's investment in quoted

securities after completion of the Transaction will be S\$988 million, representing 45.5% of the Company's Last Audited NTA.

6.2 Market Value. Based on the volume weighted average prices of the quoted securities as at 9 December 2016, the total market value of F&N's quoted investments prior to the Transaction is S\$1,390 million and the total market value of F&N's quoted investments on completion of the Transaction will be S\$2,060 million.

6.3 Provision. As at the date of this announcement, the Company has made a provision of S\$76 million for a diminution in the value of its quoted investments.

7. FURTHER INFORMATION

7.1 Directors' Service Contracts. No person is proposed to be appointed as director of the Company in connection with the Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

7.2 Interests of Directors and Substantial Shareholders of the Company. None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Transaction.

7.3 Document for Inspection. The SPAs are available for inspection during normal business hours at the registered office of the Company at 438 Alexandra Road, #20-00 Alexandra Point, Singapore 119958, for a period of three months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng
Company Secretary

12 December 2016