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**Change in Capital :: Others :: PROPOSED CAPITAL REDUCTION**

\* Asterisks denote mandatory information



|   |                           |
|---|---------------------------|
| Name of Announcer *                         | FRASER AND NEAVE, LIMITED |
| Company Registration No.                    | 189800001R                |
| Announcement submitted on behalf of         | FRASER AND NEAVE, LIMITED |
| Announcement is submitted with respect to * | FRASER AND NEAVE, LIMITED |
| Announcement is submitted by *              | Anthony Cheong Fook Seng  |
| Designation *                               | Company Secretary         |
| Date & Time of Broadcast                    | 26-Dec-2013 18:01:09      |
| Announcement No.                            | 00068                     |

**>> Announcement Details**

The details of the announcement start here ...

|   |                            |
|---|----------------------------|
| Announcement Title *                        | PROPOSED CAPITAL REDUCTION |
| Specific shareholder's approval Required? * | Yes                        |
| Description                                 | Please see attached.       |

**Attachments**

 FNL\_Press\_Release-Proposed\_Capital\_Reduction-26.12.13.pdf  
 Capital\_Reduction-26.12.13.pdf  
 Total size = **377K**  
 (2048K size limit recommended)

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## FRASER AND NEAVE, LIMITED

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

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### **F&NL proposes a further \$607 million (or \$0.42 per share) payout to shareholders through capital reduction**

- **No cancellation of shares to shareholders**

Singapore, 26 December 2013 – Fraser and Neave, Limited (“**F&NL**” or “**the Company**”), a leading consumer group in Asia Pacific, announced today that it is proposing a cash distribution of approximately \$607 million (or \$0.42 per share) to shareholders via a capital reduction exercise (“**Capital Reduction**”). This exercise, if effected, will not result in a cancellation of shares or a change in the number of shares, held by shareholders immediately after the Capital Reduction.

The Capital Reduction will allow F&NL to reward its shareholders for their loyalty and support and achieve a more efficient capital structure, taking into account the nature of the remaining Food & Beverage and Publishing & Printing businesses following the distribution *in specie* of all of Frasers Centrepoint Limited’s shares. This Capital Reduction demonstrates the Company’s prudent financial management as well as its unwavering commitment to maximise shareholder value.

After the Capital Reduction, the Company’s financial position is expected to remain healthy, with a strong cash balance and healthy operating cashflow. The Company believes that the continued cash flow generated from its operations and financial resources are able to support all of its foreseeable near-term investment and operational needs.



The Capital Reduction remains subject to approvals by the applicable regulatory authorities, as well as F&NL shareholders at an extraordinary general meeting to be convened.

-End-

For clarification and further enquiries, please contact:

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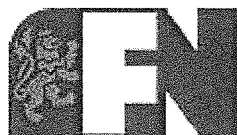
### **About Fraser and Neave, Limited**

Established in 1883, Fraser and Neave, Limited is a leading Asia Pacific Consumer Group with expertise and prominent standing in the Food & Beverage, Properties and Publishing & Printing industries.

Leveraging its strengths in marketing and distribution; research and development; brands and financial management; as well as years of acquisition experience, F&NL provides key resources and sets strategic directions for its subsidiary companies across all three industries.

Listed on the Singapore stock exchange, F&NL ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. It has shareholders' funds and total assets employed of over \$8 billion and \$14 billion. F&NL is present in over 20 countries spanning Asia Pacific, Europe and the USA, and employs over 10,000 people worldwide.

For more information on F&NL, please visit [www.fraserandneave.com](http://www.fraserandneave.com).



## FRASER AND NEAVE, LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No: 189800001R

### ANNOUNCEMENT

#### PROPOSED CAPITAL REDUCTION

##### 1. INTRODUCTION

The Board of Directors (the "**Board**") of Fraser and Neave, Limited (the "**Company**" or "**F&N**") wishes to announce a proposed capital reduction exercise (the "**Capital Reduction**") to be carried out by the Company pursuant to Section 78G of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), which will involve a cash distribution (the "**Cash Distribution**") by the Company to the shareholders of the Company (the "**Shareholders**") of S\$0.42 in cash for each ordinary share in the capital of the Company (a "**Share**") held by a Shareholder as at a books closure date to be determined by the Directors of the Company (the "**Books Closure Date**"), amounting to an aggregate distribution of approximately S\$606,860,640.

##### 2. THE PROPOSED CAPITAL REDUCTION

- 2.1 Capital Reduction.** The Company is proposing to return S\$0.42 in cash for each Share held by the Shareholders or on their behalf as at the Books Closure Date. Based on the number of existing issued Shares of 1,444,906,286 (excluding 4,100 treasury Shares) as at the date of this Announcement, an aggregate amount of approximately S\$606,860,640 will be returned to the Shareholders pursuant to the Capital Reduction.

The Capital Reduction will not result in any change in the number of Shares held by any Shareholder. Each Shareholder will hold the same number of Shares before and immediately after the Capital Reduction.

- 2.2 Funds for the Capital Reduction.** The Capital Reduction will be funded from existing cash and cash equivalents, including the net proceeds received by the Company in January 2007 from the issue by the Company of new Shares to Seletar Investments Pte Ltd (a subsidiary of Temasek Holdings (Private) Limited) (the "**Subscription**"). As announced by the Company on 8 December 2006, the net proceeds from the Subscription (the "**Net Proceeds**") were to be used for the working capital, making new investments in food and beverage businesses, and for growing the Company's existing and new food and beverage business. As at 30 September 2013, approximately S\$737.4 million from the Net Proceeds remain unutilised (the "**Balance Proceeds**"). The Company following a review of its existing businesses has determined that it has capital in excess of the current needs of its existing businesses and has therefore decided to utilise the Balance Proceeds for the Capital Reduction, and allow the Company and its subsidiaries (the "**F&N Group**") to achieve a more efficient capital structure.

**2.3 Illustration.** The following illustrates the position of a Shareholder who holds 1,000 Shares as at the Books Closure Date:

|   | <b>Shareholder</b> |
|---|--------------------|
| <b>Shareholding before the Capital Reduction</b>  |                    |
| Number of Shares currently held                   | 1,000              |
| <b>Shareholding after the Capital Reduction</b>   |                    |
| Cash received (S\$)                               | 420                |
| Number of Shares held after the Capital Reduction | 1,000              |

In summary, Shareholders will receive S\$420 in cash for every 1,000 Shares (or S\$0.42 in cash for each Share) held as at the Books Closure Date. Shareholders holding odd lots of Shares (i.e. lots other than board lots of 1,000 Shares) will likewise receive S\$0.42 in cash for each Share held as at the Books Closure Date. The shareholding of each Shareholder in the Company shall remain unchanged after the Capital Reduction.

### **3. RATIONALE**

Having reviewed the capital structure and the leverage position of the Company, the Board is of the view that the capital of the Company is in excess of its immediate requirements and the Capital Reduction will allow the F&N Group to achieve a more efficient capital structure.

The Board believes that following the Capital Reduction, the Company, after completion of the distribution *in specie* of Frasers Centrepoint Limited (“**FCL**”) shares by the Company pursuant to the announcement and circular dated 27 August 2013 and 28 October 2013 respectively (the “**DIS**”), will continue to maintain a sufficient capital base which will allow it to focus on existing food and beverage operations whilst maintaining sufficient flexibility to position itself to take advantage of business opportunities which may arise in the near or medium term in the food and beverage sectors.

### **4. FINANCIAL EFFECTS**

The pro forma financial effects of the Capital Reduction are set out in the **Appendix** to this Announcement. The pro forma financial effects are for illustration purposes only and do not reflect the actual financial position of the F&N Group after the Capital Reduction.

### **5. CONDITIONS**

**5.1 Conditions for the Capital Reduction.** The Capital Reduction is subject to, *inter alia*,

- (i) the approval of the Shareholders by way of a special resolution for the Capital Reduction (i.e. 75 per cent. of those present and voting) at an extraordinary general meeting of the Shareholders to be convened (the “**EGM**”);
- (ii) the approval of the High Court of Singapore for the Capital Reduction; and
- (iii) all other relevant approvals and consents being obtained.

**5.2 Payment Date.** On the lodgement of the copy of the Order of Court approving the Capital Reduction, together with the other documents as prescribed under the Companies Act, with the Accounting and Corporate Regulatory Authority of Singapore, the Capital Reduction shall take effect, and the Cash Distribution would become payable.

**6. FURTHER INFORMATION**

A circular to Shareholders containing further details of the Capital Reduction and the notice of the EGM to be convened to seek the approval of Shareholders for the Capital Reduction will be despatched to Shareholders in due course.

By Order of the Board

Anthony Cheong Fook Seng  
Company Secretary  
26 December 2013

## APPENDIX

### PRO FORMA FINANCIAL EFFECTS OF THE CAPITAL REDUCTION

**1. Assumptions.** The pro forma financial effects of the Capital Reduction on the net asset value (“NAV”) of the F&N Group, the share capital of the F&N Group and the leverage ratios of the F&N Group have been prepared based on the unaudited consolidated financial statements of the F&N Group for the financial period ended 30 September 2013 (“FY2013”). 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 Capital Reduction. As the DIS has not been completed, the pro forma financial effects for FY2013 have been prepared on the assumption that the DIS and the Capital Reduction was completed on 30 September 2013.

**2. NAV.** The pro forma financial effects of the Capital Reduction on the NAV of the F&N Group for FY2013 are as follows:

|                   | Pro forma                                   |               |  |
|-------------------|---|---------------|--|
|                   | Before the DIS and<br>the Capital Reduction | After the DIS | After the DIS and the<br>Capital Reduction |
| NAV (S\$ million) | 8,507                                       | 2,445         | 1,838                                      |

**3. Share Capital.** The Capital Reduction will not have any impact on the number of Shares held by the Shareholders. The pro forma financial effects of the Capital Reduction on the share capital of the Company for FY2013 are as follows:

|   | Shares (million) | Value (S\$ million) |
|---|------------------|---------------------|
| Share capital as at 30 September 2013   | 1,441.519        | 1,442               |
| Pro forma adjusted issued share capital after the Capital Reduction and the Cash Distribution | 1,441.519        | 835                 |

**4. Leverage Ratios.** The pro forma financial effects of the Capital Reduction on the leverage ratios of the F&N Group as at FY2013 are as follows:

|   | Pro forma                                   |                      |  |
|---|---|----------------------|--|
|   | Before the DIS and<br>the Capital Reduction | After the DIS        | After the DIS and the<br>Capital Reduction |
| Total net borrowings / (cash) (S\$ million) | 1,500                                       | (991) <sup>(1)</sup> | (384)                                      |
| Net Debt/Total Equity (%)                   | 16.9  | n.m. <sup>(2)</sup>  | n.m. <sup>(2)</sup>                        |

**Notes:**

- (1) Pursuant to the DIS, as part of the demerger of FCL from the F&N Group, outstanding loans owed to the F&N Group by FCL and its subsidiaries ("**FCL Group**") will be either repaid by the FCL Group using the proceeds received by FCL from the Company's subscription of additional FCL shares immediately prior to the listing of FCL on the Singapore Exchange Securities Trading Limited, or transferred for consideration by the F&N Group to the FCL Group using funds drawn down from bank loans, resulting in the Company being in a net cash position following the DIS and before the Capital Reduction. Further details of such repayment and transfer of loans by the FCL Group to the F&N Group are set out in the DIS Circular dated 28 October 2013.
- (2) "**n.m.**" means not meaningful.