

CIRCULAR DATED 13 FEBRUARY 2014

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold or transferred all of your 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 correctness 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

THE PROPOSED ADOPTION OF THE INTERESTED PERSON TRANSACTIONS MANDATE

Independent Financial Adviser
in relation to the Proposed Adoption of the Interested Person Transactions Mandate

PricewaterhouseCoopers Corporate Finance Pte Ltd
(Incorporated in the Republic of Singapore)
(Company Registration No.: 197501605H)

IMPORTANT DATES AND TIMES:

- Last Date and Time for Lodgement of Proxy Form : 26 February 2014 at 3.00 p.m.
- Date and Time of Extraordinary General Meeting : 28 February 2014 at 3.00 p.m. (or as soon thereafter following the conclusion or adjournment of the Extraordinary General Meeting of the Company to be held at 2.30 p.m. on the same day and at the same place)
- Place of Extraordinary General Meeting : Ballrooms II and III
Level 2, InterContinental Singapore
80 Middle Road
Singapore 188966

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated.

“CDP”	: The Central Depository (Pte) Limited.
“Companies Act”	: The Companies Act, Chapter 50 of Singapore.
“Company” or “F&N”	: Fraser and Neave, Limited.
“Directors”	: The directors of the Company for the time being.
“EGM”	: The extraordinary general meeting of the Company, notice of which is given on page 29 of this Circular.
“Group” or “F&N Group”	: The Company and its subsidiaries.
“Independent Directors”	: The Directors who are considered to be independent in relation to the proposed adoption of the IPT Mandate, being, as at the Latest Practicable Date, Mr Koh Poh Tiong, Tengku Syed Badarudin Jamalullail and Mr Timothy Chia Chee Ming.
“IPT Mandate”	: The proposed mandate pursuant to Rule 920 of the Listing Manual for interested person transactions of a recurrent nature in the ordinary course of business, as modified or altered from time to time.
“Latest Practicable Date”	: The latest practicable date prior to the printing of this Circular, being 22 January 2014.
“Listing Manual”	: The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date.
“PwCCF”	: PricewaterhouseCoopers Corporate Finance Pte Ltd.
“Securities Accounts”	: Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent.
“SGX-ST”	: Singapore Exchange Securities Trading Limited.
“Shareholders”	: Registered holders of the Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with Shares.
“Shares”	: Ordinary shares in the capital of the Company.
“S\$”, “\$” and “cents”	: Singapore dollars and cents, respectively.
“%” or “per cent.”	: Per centum or percentage.

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

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. References to persons shall include corporations.

DEFINITIONS

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 Companies Act or the Listing Manual, or any modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or the Listing Manual, or any modification thereof, as the case may be.

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

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

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.

LETTER TO SHAREHOLDERS

FRASER AND NEAVE, LIMITED

(Incorporated in Singapore)
(Company Registration Number: 189800001R)

Directors:

Mr Charoen Sirivadhanabhakdi (Non-executive and non-independent Chairman)
Khunying Wanna Sirivadhanabhakdi (Non-executive and non-independent Vice Chairman)
Tengku Syed Badarudin Jamalullail (Non-executive and independent Director)
Mr Timothy Chia Chee Ming (Non-executive and independent Director)
Mr Koh Poh Tiong (Non-executive and non-independent Director)
Mrs Siripen Sitasuwan (Non-executive and independent Director)
Mr Chotiphat Bijananda (Non-executive and non-independent Director)
Mr Thapana Sirivadhanabhakdi (Non-executive and non-independent Director)
Mr Sithichai Chaikriangkrai (Non-executive and non-independent Director)
Mr Prapakon Thongtheppairot (Non-executive and non-independent Alternate Director to Mr Sithichai Chaikriangkrai)

Registered Office:

438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

13 February 2014

To: The Shareholders of Fraser and Neave, Limited

Dear Sir / Madam

1. INTRODUCTION

- 1.1 **EGM.** The Directors have convened the EGM to be held on 28 February 2014 to seek Shareholders' approval for the proposed adoption of the IPT Mandate (the "**Proposal**").
- 1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the Proposal.

2. THE PROPOSED IPT MANDATE

2.1 **Rationale.** The Company is proposing the implementation of the IPT Mandate, pursuant to Chapter 9 of the Listing Manual, to enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" to enter in the ordinary course of business into certain types of transactions with specified classes of the Company's "interested persons", provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions. The adoption of the IPT Mandate will:

- (a) facilitate entry into the mandated transactions with the specified classes of interested persons in the ordinary course of the Group's businesses;
- (b) eliminate the need for the Company to convene separate general meetings on each occasion, pursuant to the financial limits imposed under Chapter 9 of the Listing Manual, to seek Shareholders' approval as and when such transactions with the interested persons arise, thereby:
 - (i) reducing substantially the administrative time, inconvenience and costs associated with the convening of such meetings; and

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- (ii) enabling the Group to maintain its overall competitiveness and not be placed at a disadvantage to other parties that do not require shareholders' approval to be obtained for entering into such transactions.

2.2 Principal Activities. The F&N Group is an Asia Pacific consumer group with expertise and standing in the food and beverage and publishing and printing industries. The F&N Group's food and beverage operations and investments span Singapore, Malaysia, Thailand, Vietnam and Myanmar. Through established distribution networks and joint partnerships, F&N aims to reinforce its foothold in the food and beverage industry geographically across the Asia Pacific, further expand its portfolio of brands and strengthen its research and development capabilities. Through Times Publishing Ltd, the F&N Group operates a global network in publishing, printing, distribution and retailing of books spanning Australia, Chile, China, Hong Kong, India, Southeast Asia, the United States and the United Kingdom.

On 27 August 2013, F&N announced the proposed demerger of its property business by effecting a distribution *in specie* of all the ordinary shares in the issued share capital of Frasers Centrepoint Limited, then a wholly-owned subsidiary of the Company, to Shareholders, and the listing of the shares in Frasers Centrepoint Limited on the Main Board of the SGX-ST by way of an introduction. Shareholder approval for the distribution was obtained on 13 November 2013. The distribution was effected on 9 January 2014.

Following the demerger, F&N will focus on growing and strengthening its food and beverage business, as well as strengthening its position and extending its reach as a leading consumer group in Southeast Asia. The F&N Group believes Southeast Asia has tremendous untapped potential, and plans to further penetrate this market by continuing to develop its route to market and enhancing its product development capabilities in the region, while leveraging on strategic alliances with leading international brands.

Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are each Directors and controlling shareholders of the Company, and their respective associates include Thai Beverage Public Company Limited, TCC Assets Limited and Frasers Centrepoint Limited. Mr Charoen Sirivadhanabhakdi, Khunying Wanna Sirivadhanabhakdi and their respective associates are regarded as "interested persons" of the Company for the purposes of Chapter 9 of the Listing Manual.

It is anticipated that the F&N Group may obtain products and services from its interested persons (and *vice versa*) in the ordinary course of business.

2.3 The IPT Mandate. The following is a summary of the key provisions of the IPT Mandate. The summary is qualified in its entirety by the detailed provisions of the IPT Mandate set out in Appendix A to this Circular. Unless otherwise defined, terms used in this paragraph 2.3 shall have the same meanings as defined in Appendix A to this Circular.

2.3.1 **Classes of Interested Persons**

The IPT Mandate will apply to the Interested Person Transactions that are carried out with the following classes of Interested Persons:

- (a) Mr Charoen Sirivadhanabhakdi and his associates; and
- (b) Khunying Wanna Sirivadhanabhakdi and her associates.

2.3.2 **Categories of Interested Person Transactions**

The Interested Person Transactions to which the IPT Mandate will apply, and the benefits to be derived therefrom, are set out below.

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(a) **General Transactions**

This category relates to general transactions (“**General Transactions**”) by the EAR Group for the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group, or which are necessary for the day-to-day operations of the EAR Group, comprising the following:

- (i) sale and/or purchase of beer, spirits, water, soda, dairy products, ice cream and other products;
- (ii) sale and/or purchase of raw materials, energy sources, intermediate goods, packaging materials, material handling structures and by-products such as beverage concentrates, sugar, milk and dairy products, yeast, hops, fuel, new and used glass bottles, aluminium cans, cartons and caps, PET and pallets;
- (iii) provision and/or obtaining of leases or subleases of office space, warehouses, transportation vehicles, passenger cars and land;
- (iv) obtaining of property-linked services (such as property marketing, property and rental valuation services, building maintenance services and security services) and services relating to provision of hotel and serviced residence accommodation, meeting rooms and other related facilities;
- (v) obtaining of property development and project management services;
- (vi) obtaining of operation, maintenance, management and marketing services for properties;
- (vii) obtaining of asset management services, such as obtaining advice on repositioning, asset enhancement or leasing matters;
- (viii) obtaining of insurance and insurance-related services;
- (ix) provision and/or obtaining of office and storage supplies, and of shared data-centre storage and/or information technology services;
- (x) contract printing, publishing, distribution and/or manufacturing services;
- (xi) provision and/or obtaining of software licences and related licensing programs; and
- (xii) provision and/or obtaining of such other products and/or services which are incidental to or in connection with the provision and/or obtaining of products and/or services in sub-paragraphs (i) to (xi) above.

The EAR Group will benefit from having access to competitive quotes from Interested Persons in addition to obtaining quotes from, or transacting with, non-Interested Persons.

(b) **Management Support Services**

The EAR Group may also, from time to time, receive management and support services from, or provide management and support services to, its Interested Persons in the areas of procurement, logistics, information technology, legal, compliance and trade mark management, corporate secretarial, human resource, tax, treasury, accounting and internal audit (“**Management Support Services**”). By having access to and providing such management support, the EAR Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the global network of its Interested Persons.

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2.3.3 *Review Procedures for Interested Person Transactions*

The EAR Group has an internal control system in place to ensure that Interested Person Transactions with the Interested Persons are made on normal commercial terms, supported by independent valuation where appropriate, and consistent with the EAR Group's usual policies and practices.

In general, there are procedures established by the EAR Group to ensure that transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place.

(a) **General Transactions**

Review Procedures

(i) *Provision of Services or Sale of Products*

The review procedures are:

- (1) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Persons than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and
- (2) in the limited circumstances where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by the Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

(ii) *Obtaining of Services or Purchasing of Products*

The review procedures are:

- (1) all contracts entered into or transactions with Interested Persons are to be carried out by obtaining quotations at the prevailing market rates or prices of the service or product providers, on terms which are no less favourable than those extended by the Interested Person to third parties. Further, quotations shall be obtained (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to the entry into the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the Interested Person are fair and reasonable,

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qualitative and quantitative factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account in deciding whether or not to accept a particular quotation, as it is not commercially viable, and therefore not beneficial to the Company, to transact solely on the basis of quantitative factors (such as price) alone; and

- (2) in the limited circumstances where such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item such as beverage concentrates), the senior management staff of the relevant entity in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are fair and reasonable, having regard to the costs and benefits of entering into the transactions, as well as factors including, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases.

The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

Threshold Limits

For the purposes of sub-paragraphs (i), (ii) and (iii) below, the "**Financial Limit**" shall be the amount equivalent to 5% of the Company's audited consolidated net tangible assets for the time being, as determined by reference to the Company's latest announced audited consolidated financial statements.

In addition to the above review procedures, the following review and approval procedures will apply to the General Transactions:

- (i) transactions equal to or exceeding \$100,000 but below the Financial Limit (as defined above) each in value, will be reviewed and approved prior to their entry by the chief executive officer of the relevant business division or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose, and tabled for review by the Audit Committee on a quarterly basis;
- (ii) transactions equal to or exceeding the Financial Limit each in value will be reviewed and approved by the Audit Committee prior to their entry;
- (iii) where the value of a transaction, when aggregated with previous transactions of the same kind in any particular financial year, is equal to or exceeds the Financial Limit, such transaction, and all future transactions of the same kind in that particular financial year will be reviewed and approved by the Audit Committee prior to their entry; and

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- (iv) the chief executive officer of the relevant business division or other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose, and the Audit Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

(b) **Management Support Services**

Review Procedures

(i) *Provision of Management Support Services*

The EAR Group will satisfy itself that the costs for any Management Support Services provided to any Interested Person shall be on an arm's length and normal commercial basis and will be arrived at on a cost-recovery basis, based on the service provider's cost of providing such services, plus an appropriate mark-up (if any), as agreed with the Interested Person, and after taking into account factors such as the synergies and benefits derived, complexity of issues encountered, time spent and operating environment. The EAR Group will also satisfy itself that, having regard to the nature of the service to be provided to the Interested Person, the mark-up (if any) is no more favourable to the Interested Person than that applied to its other business units for the same or substantially the same service, or is otherwise fair and reasonable to the EAR Group.

(ii) *Obtaining of Management Support Services*

The review procedures are:

- (1) quotations shall be obtained (wherever possible or available) from at least two other unrelated third party suppliers for similar quality of services, prior to the entry into the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services. In determining whether the price and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts, will also be taken into account; and
- (2) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar services), the senior management staff of the relevant entity in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are fair and reasonable, having regard to the costs and benefits of entering into the transactions, as well as factors including, but not limited to, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts.

The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

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Transactions equal to or exceeding the Financial Limit (as defined in sub-paragraph (a) above) must be approved by the Audit Committee prior to their entry, and transactions equal to or below the Financial Limit shall be reviewed on a quarterly basis by the Audit Committee.

(c) **Other Review Procedures**

The following will apply to the review and approval process for all categories of Interested Person Transactions:

- (i) if the chief executive officer of the relevant business division has an interest in the transaction or is a nominee for the time being of the Interested Person, the review and approval process shall be undertaken by such other senior executive of the Company designated by the Audit Committee from time to time for such purpose;
- (ii) if the chief executive officer of the relevant business division and such other senior executive have an interest in the transaction or are nominees for the time being of the Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) designated by the Chairman of the Audit Committee from time to time for such purpose;
- (iii) if a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction; and
- (iv) if a member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Interested Person, and he participates in the review and approval process of the Audit Committee in relation to a transaction with that Interested Person, he will abstain from participating on any decision before the board or committee of that Interested Person with respect to such transaction.

2.3.4 **Register of Interested Person Transactions**

The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

2.3.5 **Audit Committee Review**

The Audit Committee will review the internal audit reports on an annual basis to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

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If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the EAR Group or the Interested Persons are conducted, the Company will revert to shareholders for a fresh general mandate based on new guidelines and review procedures so that Interested Person Transactions will be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The full particulars of the IPT Mandate, including the rationale for the IPT Mandate, the benefits to be derived by the Company and other general information relating to Chapter 9 of the Listing Manual, are set out in Appendix A to this Circular.

- 2.4 **Independent Financial Adviser.** PwCCF has been appointed the independent financial adviser in relation to the proposed adoption of the IPT Mandate. Having regard to the matters set out in their letter dated 13 February 2014 to the Independent Directors, PwCCF is of the opinion that the review procedures set out in Appendix A to this Circular for determining transaction prices and/or value under the IPT Mandate, if adhered to, are sufficient to ensure that the interested person transactions as set out in paragraph 5 of Appendix A to this Circular will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. PwCCF's letter dated 13 February 2014 to the Independent Directors is reproduced in Appendix B to this Circular.
- 2.5 **PwCCF's Consent.** PwCCF has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, its letter to the Independent Directors dated 13 February 2014 and all references thereto, in the form and context in which they appear in this Circular.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 3.1 **Directors' Interests.** 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:

Director	Number of Shares				Number of Shares comprised in outstanding Awards
	Direct Interest	% ⁽¹⁾	Deemed Interest ⁽²⁾	% ⁽¹⁾	
Mr Charoen Sirivadhanabhakdi	–	–	1,270,503,884	87.93	–
Khunying Wanna Sirivadhanabhakdi	–	–	1,270,503,884	87.93	–
Tengku Syed Badarudin Jamalullail	–	–	–	–	–
Mr Timothy Chia Chee Ming	–	–	–	–	–
Mr Koh Poh Tiong	192,830	0.013	29,813 ⁽³⁾	0.002	29,813 ⁽³⁾
Mrs Siripen Sitasuwan	–	–	–	–	–
Mr Chotiphat Bijananda	–	–	–	–	–
Mr Thapana Sirivadhanabhakdi	–	–	–	–	–
Mr Sithichai Chaikriangkrai	–	–	–	–	–
Mr Prapakon Thongtheppairot	–	–	–	–	–

Notes:

⁽¹⁾ The figures are based on the issued share capital of 1,444,906,286 Shares as at the Latest Practicable Date (this is based on 1,444,910,386 Shares in issue as at the Latest Practicable Date and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ Deemed interests refer to interests determined pursuant to Section 4 of the Securities and Futures Act, Chapter 289.

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⁽³⁾ The deemed interest in 29,813 Shares arises from the balance of an award under the F&N Restricted Share Plan, which was granted to Mr Koh Poh Tiong when he was an executive of the Company and prior to his appointment as a Director.

3.2 **Substantial Shareholders' Interests.** 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	Number of Shares			
	Direct Interest	% ⁽¹⁾	Deemed Interest ⁽²⁾	% ⁽¹⁾
Mr Charoen Sirivadhanabhakdi			1,270,503,884	87.93
Khunying Wanna Sirivadhanabhakdi			1,270,503,884	87.93
InterBev Investment Limited	412,423,822	28.54		
International Beverage Holdings Limited			412,423,822	28.54
Thai Beverage Public Company Limited			412,423,822	28.54
TCC Assets Limited	858,080,062	59.39		
Siriwana Company Limited			412,423,822	28.54
MM Group Limited			412,423,822	28.54
Maxtop Management Corp.			412,423,822	28.54
Risen Mark Enterprise Ltd.			412,423,822	28.54
Golden Capital (Singapore) Limited			412,423,822	28.54

Notes:

⁽¹⁾ The figures are based on the issued share capital of 1,444,906,286 Shares as at the Latest Practicable Date (this is based on 1,444,910,386 Shares in issue as at the Latest Practicable Date and disregarding 4,100 Shares held in treasury as at the Latest Practicable Date).

⁽²⁾ Deemed interests refer to interests determined pursuant to Section 4 of the Securities and Futures Act, Chapter 289.

4. INDEPENDENT DIRECTORS' RECOMMENDATIONS

4.1 **Proposed Adoption of the IPT Mandate.** The Directors who are considered independent for the purposes of the proposed adoption of the IPT Mandate are, as at the Latest Practicable Date, Mr Koh Poh Tiong, Tengku Syed Badarudin Jamalullail and Mr Timothy Chia Chee Ming.

4.2 **Recommendation.** Having considered the opinion of PwCCF, the Independent Directors are of the opinion that the entry by the EAR Group (as described in paragraph 2 of Appendix A) into the Interested Person Transactions (as described in paragraph 5 of Appendix A) with the Interested Persons (as described in paragraph 4 of Appendix A) in the ordinary course of business will enhance the efficiency of the Group, and is in the interests of the Company. Accordingly they recommend that Shareholders vote in favour of the Ordinary Resolution relating to the adoption of the IPT Mandate to be proposed at the EGM.

The Independent Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder.

As different Shareholders would have different investment objectives, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to the IPT Mandate should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

LETTER TO SHAREHOLDERS

4.3 Abstention from Recommendation and Voting. Each of the following Directors have abstained from making any recommendation to Shareholders in relation to the proposed adoption of the IPT Mandate:

- (a) Mr Charoen Sirivadhanabhakdi, who is a controlling shareholder of the Company and an interested person in relation to the IPT Mandate;
- (b) Khunying Wanna Sirivadhanabhakdi, who is a controlling shareholder of the Company and an interested person in relation to the IPT Mandate;
- (c) Mrs Siripen Sitasuwan, who is a director of Frasers Centrepoint Limited, which is an associate of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, both controlling shareholders of the Company and interested persons in relation to the IPT Mandate;
- (d) Mr Chotiphat Bijananda, who is a director of TCC Assets Limited, Frasers Centrepoint Limited and certain other companies which are associates of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, both controlling shareholders of the Company and interested persons in relation to the IPT Mandate. Mr Chotiphat Bijananda is also the son-in-law of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi;
- (e) Mr Thapana Sirivadhanabhakdi, who is the son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, both controlling shareholders of the Company and interested persons in relation to the IPT Mandate. Mr Thapana Sirivadhanabhakdi is also president and chief executive officer and director of Thai Beverage Public Company Limited, and a director of certain other companies which are associates of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi; and
- (f) Mr Sithichai Chaikriangkrai, who is a director and the chief financial officer of Thai Beverage Public Company Limited, and a director of Frasers Centrepoint Limited and certain other companies which are associates of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, both controlling shareholders of the Company and interested persons in relation to the IPT Mandate.

Each of the above Directors will abstain from voting his/her holding of Shares (if any), and has undertaken to ensure that his/her respective associates will abstain from voting their respective holdings of Shares (if any), on the Ordinary Resolution relating to the proposed adoption of the IPT Mandate to be proposed at the EGM.

Each of the above Directors will also decline to accept appointment as proxy for any Shareholder to vote in respect of the Ordinary Resolution relating to the proposed adoption of the IPT Mandate to be proposed at the EGM, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the Ordinary Resolution.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 29 of this Circular, will be held on 28 February 2014 at Ballrooms II and III, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 at 3.00 p.m. (or as soon thereafter following the conclusion or adjournment of the Extraordinary General Meeting of the Company to be held at 2.30 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolution set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

6. ACTION TO BE TAKEN BY SHAREHOLDERS

- 6.1 **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.
- 6.2 **When a Depositor is regarded as a Shareholder.** A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 48 hours before the time appointed for the EGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposal, and the Company and its subsidiaries which are relevant to the Proposal, and the Directors are not aware of any facts 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 those sources and/or reproduced in this Circular in its proper form and context.

8. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Annual Report of the Company for the financial year ended 30 September 2013;
- (b) PwCCF's letter to the Independent Directors referred to in paragraph 2.4 above; and
- (c) PwCCF's letter of consent referred to in paragraph 2.5 above.

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

Anthony Cheong Fook Seng
Company Secretary

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THE IPT MANDATE

1. Chapter 9 of the Listing Manual

- 1.1 Chapter 9 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be “at risk”, with the listed company’s interested persons.
- 1.2 Except for any transaction which is below S\$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company’s latest audited consolidated net tangible assets (“**NTA**”)), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for the transaction. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding:
- (a) 5% of the listed company’s latest audited consolidated NTA; or
 - (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.
- 1.3 Based on the latest audited consolidated financial statements of Fraser and Neave, Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the financial year ended 30 September 2013, the consolidated NTA of the Group was S\$8,328,968,000. Accordingly, in relation to the Company, for the purpose of Chapter 9 of the Listing Manual, in the current financial year and until such time as the audited consolidated financial statements of the Group for the financial year ending 30 September 2014 are published, 5% of the latest audited consolidated NTA of the Group would be S\$416,448,400.
- 1.4 Chapter 9 of the Listing Manual, however, allows a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company’s interested persons. A general mandate is subject to annual renewal.
- 1.5 For the purposes of Chapter 9 of the Listing Manual:
- (a) an “**entity at risk**” means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
 - (b) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

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- (c) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (f) a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly.

2. Rationale and Benefit to Shareholders

2.1 It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and the Company’s interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to the Company’s interested persons or the obtaining of goods and services from them.

2.2 In view of the time-sensitive and recurrent nature of commercial transactions, the obtaining of the IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable:

- (a) the Company;
- (b) subsidiaries of the Company (excluding other subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Company, or the Company and its interested person(s), has or have control,

(together, the “**EAR Group**”), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions (“**Interested Person Transactions**”) set out in paragraph 5 below with the specified classes of the Company’s interested persons (“**Interested Persons**”) set out in paragraph 4 below, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

2.3 The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings, on each occasion to seek shareholders’ prior approval for the entry

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by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining corporate objectives.

3. Scope and Validity Period of the IPT Mandate

- 3.1 The IPT Mandate covers various types of Interested Person Transactions under each category of activities to which the IPT Mandate applies, and describes the review procedures for ensuring that such transactions will be entered into with the specified classes of Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.
- 3.2 The IPT Mandate will not apply to any transaction by a company in the EAR Group with an Interested Person that:
- (a) is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such a transaction; or
 - (b) is equal to or exceeds S\$100,000 in value, but qualifies as an excepted transaction for the purposes of Chapter 9 of the Listing Manual and is thus exempted from the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual.

Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of either of the exceptions in (a) or (b) above, or the scope of the IPT Mandate, will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

- 3.3 The IPT Mandate will take effect from the passing of the Ordinary Resolution relating thereto, and will continue in force until the conclusion of the next Annual General Meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from shareholders will be sought for the renewal of the IPT Mandate at the next Annual General Meeting and at each subsequent Annual General Meeting of the Company, subject to satisfactory review by the Audit Committee of the Company (“**Audit Committee**”) of its continued application to the Interested Person Transactions.

4. Classes of Interested Persons

The IPT Mandate will apply to the Interested Person Transactions that are carried out with the following classes of Interested Persons:

- (a) Mr Charoen Sirivadhanabhakdi and his associates; and
- (b) Khunying Wanna Sirivadhanabhakdi and her associates.

5. Categories of Interested Person Transactions

The Interested Person Transactions to which the IPT Mandate will apply, and the benefits to be derived therefrom, are set out below.

(a) **General Transactions**

This category relates to general transactions (“**General Transactions**”) by the EAR Group for the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group, or which are necessary for the day-to-day operations of the EAR Group, comprising the following:

- (i) sale and/or purchase of beer, spirits, water, soda, dairy products, ice cream and other products;

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- (ii) sale and/or purchase of raw materials, energy sources, intermediate goods, packaging materials, material handling structures and by-products such as beverage concentrates, sugar, milk and dairy products, yeast, hops, fuel, new and used glass bottles, aluminium cans, cartons and caps, PET and pallets;
- (iii) provision and/or obtaining of leases or subleases of office space, warehouses, transportation vehicles, passenger cars and land;
- (iv) obtaining of property-linked services (such as property marketing, property and rental valuation services, building maintenance services and security services) and services relating to provision of hotel and serviced residence accommodation, meeting rooms and other related facilities;
- (v) obtaining of property development and project management services;
- (vi) obtaining of operation, maintenance, management and marketing services for properties;
- (vii) obtaining of asset management services, such as obtaining advice on repositioning, asset enhancement or leasing matters;
- (viii) obtaining of insurance and insurance-related services;
- (ix) provision and/or obtaining of office and storage supplies, and of shared data-centre storage and/or information technology services;
- (x) contract printing, publishing, distribution and/or manufacturing services;
- (xi) provision and/or obtaining of software licences and related licensing programs; and
- (xii) provision and/or obtaining of such other products and/or services which are incidental to or in connection with the provision and/or obtaining of products and/or services in sub-paragraphs (i) to (xi) above.

The EAR Group will benefit from having access to competitive quotes from Interested Persons in addition to obtaining quotes from, or transacting with, non-Interested Persons.

(b) **Management Support Services**

The EAR Group may also, from time to time, receive management and support services from, or provide management and support services to, its Interested Persons in the areas of procurement, logistics, information technology, legal, compliance and trade mark management, corporate secretarial, human resource, tax, treasury, accounting and internal audit (“**Management Support Services**”). By having access to and providing such management support, the EAR Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the global network of its Interested Persons.

6. Review Procedures for Interested Person Transactions

6.1 The EAR Group has an internal control system in place to ensure that Interested Person Transactions with the Interested Persons are made on normal commercial terms, supported by independent valuation where appropriate, and consistent with the EAR Group’s usual policies and practices.

In general, there are procedures established by the EAR Group to ensure that transactions with Interested Persons are undertaken on an arm’s length basis and on normal commercial terms consistent with the EAR Group’s usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

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In particular, the following review procedures have been put in place.

(a) **General Transactions**

Review Procedures

(i) *Provision of Services or Sale of Products*

The review procedures are:

- (1) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Persons than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and
- (2) in the limited circumstances where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by the Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

(ii) *Obtaining of Services or Purchasing of Products*

The review procedures are:

- (1) all contracts entered into or transactions with Interested Persons are to be carried out by obtaining quotations at the prevailing market rates or prices of the service or product providers, on terms which are no less favourable than those extended by the Interested Person to third parties. Further, quotations shall be obtained (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to the entry into the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the Interested Person are fair and reasonable, qualitative and quantitative factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account in deciding whether or not to accept a particular quotation, as it is not commercially viable, and therefore not beneficial to the Company, to transact solely on the basis of quantitative factors (such as price) alone; and
- (2) in the limited circumstance where such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item such as beverage concentrates), the senior management staff of the relevant entity in the EAR Group (with no interest, direct or indirect in the transaction), will

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determine whether the price and terms offered by the Interested Person are fair and reasonable, having regard to the costs and benefits of entering into the transactions, as well as factors including, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases.

The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

Threshold Limits

For the purposes of sub-paragraphs (i), (ii) and (iii) below, the "**Financial Limit**" shall be the amount equivalent to 5% of the Company's audited consolidated net tangible assets for the time being, as determined by reference to the Company's latest announced audited consolidated financial statements.

In addition to the above review procedures, the following review and approval procedures will apply to the General Transactions:

- (i) transactions equal to or exceeding \$100,000 but below the Financial Limit (as defined above) each in value, will be reviewed and approved prior to their entry by the chief executive officer of the relevant business division or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose, and tabled for review by the Audit Committee on a quarterly basis;
- (ii) transactions equal to or exceeding the Financial Limit each in value will be reviewed and approved by the Audit Committee prior to their entry;
- (iii) where the value of a transaction, when aggregated with previous transactions of the same kind in any particular financial year, is equal to or exceeds the Financial Limit, such transaction, and all future transactions of the same kind in that particular financial year will be reviewed and approved by the Audit Committee prior to their entry; and
- (iv) the chief executive officer of the relevant business division or other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose, and the Audit Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

(b) **Management Support Services**

Review Procedures

(i) *Provision of Management Support Services*

The EAR Group will satisfy itself that the costs for any Management Support Services provided to any Interested Person shall be on an arm's length and normal commercial basis and will be arrived at on a cost-recovery basis, based on the service provider's cost of providing such services, plus an appropriate mark-up (if any), as agreed with the Interested Person, and after taking into account factors such as the synergies and benefits derived, complexity of issues encountered, time spent

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and operating environment. The EAR Group will also satisfy itself that, having regard to the nature of the service to be provided to the Interested Person, the mark-up (if any) is no more favourable to the Interested Person than that applied to its other business units for the same or substantially the same service, or is otherwise fair and reasonable to the EAR Group.

(ii) *Obtaining of Management Support Services*

The review procedures are:

- (1) quotations shall be obtained (wherever possible or available) from at least two other unrelated third party suppliers for similar quality of services, prior to the entry into the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services. In determining whether the price and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts, will also be taken into account; and
- (2) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar services), the senior management staff of the relevant entity in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are fair and reasonable, having regard to the costs and benefits of entering into the transactions, as well as factors including, but not limited to, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts.

The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

Transactions equal to or exceeding the Financial Limit (as defined in sub-paragraph (a) above) must be approved by the Audit Committee prior to their entry, and transactions equal to or below the Financial Limit shall be reviewed on a quarterly basis by the Audit Committee.

(c) **Other Review Procedures**

The following will apply to the review and approval process for all categories of Interested Person Transactions:

- (i) if the chief executive officer of the relevant business division has an interest in the transaction or is a nominee for the time being of the Interested Person, the review and approval process shall be undertaken by such other senior executive of the Company designated by the Audit Committee from time to time for such purpose;
- (ii) if the chief executive officer of the relevant business division and such other senior executive have an interest in the transaction or are nominees for the time being of the Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) designated by the Chairman of the Audit Committee from time to time for such purpose;

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- (iii) if a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction; and
- (iv) if a member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Interested Person, and he participates in the review and approval process of the Audit Committee in relation to a transaction with that Interested Person, he will abstain from participating on any decision before the board or committee of that Interested Person with respect to such transaction.

- 6.2 The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.
- 6.3 The Audit Committee will review the internal audit reports on an annual basis to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.
- 6.4 If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the EAR Group or the Interested Persons are conducted, the Company will revert to shareholders for a fresh general mandate based on new guidelines and review procedures so that Interested Person Transactions will be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

7. Disclosures

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will:

- (a) disclose in the Company's Annual Report the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the Annual Reports for subsequent financial years that the IPT Mandate continues in force); and
- (b) announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

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LETTER FROM PRICEWATERHOUSECOOPERS CORPORATE FINANCE PTE LTD TO THE INDEPENDENT DIRECTORS

13 February 2014

The Independent Directors
Fraser and Neave, Limited
#21-00 Alexandra Point
438 Alexandra Road
Singapore 119958

Dear Sirs

PROPOSED GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the Circular dated 13 February 2014.

1. INTRODUCTION

This letter ("**IFA Letter**") has been prepared for inclusion in the Circular to Shareholders dated 13 February 2014 (the "**Circular**") of Fraser and Neave, Limited (the "**Company**") to be issued in relation to the proposed adoption of a general mandate for interested person transactions ("**IPT Mandate**").

Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST Listing Manual**") permits the Company to seek a general mandate from shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase or sale of supplies, materials and services (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the interested persons. This general mandate is subject to annual renewal.

Transactions between Entities At Risk ("**EAR**") and interested persons (as such term is defined in the SGX-ST Listing Manual) conducted under such a general mandate are not subject to Rules 905 and 906 of the SGX-ST Listing Manual, which require respectively an immediate announcement to be made and/or shareholders' approval for an interested person transaction if the value of the transaction is equal to or exceeds certain thresholds.

For the purposes of the IPT Mandate, the following entities are considered EARs:

- a) the Company;
- b) subsidiaries of the Company (excluding other subsidiaries listed on the SGX-ST or an approved exchange); and
- c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Company, or the Company and its interested person(s), has or have control,

(collectively, the "**EAR Group**")

In relation thereto, the Directors envisage that in the ordinary course of their businesses, transactions between companies in the EAR Group and the Company's interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to the Company's interested persons or the obtaining of goods and services from them. In view of the time-sensitive and recurrent nature of commercial transactions, the obtaining of the IPT Mandate

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pursuant to Chapter 9 of the Listing Manual will enable the EAR Group, in the ordinary course of their businesses, to enter into the categories of transactions (“**Interested Person Transactions**”) set out in paragraph 3 below with the specified classes of the Company’s interested persons (“**Interested Persons**”) set out in paragraph 3 below, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. Based on the foregoing, PricewaterhouseCoopers Corporate Finance Pte Ltd (“**PwCCF**”) has been appointed as the independent financial adviser (“**IFA**”) to provide an opinion on whether the procedures under the IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on an arm’s length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Directors who are considered independent for the purposes of the proposed adoption of the IPT Mandate are, as at the Latest Practicable Date, Mr Koh Poh Tiong, Tengku Syed Badarudin Jamalullail and Mr Timothy Chia Chee Ming.

2. TERMS OF REFERENCE

We have been appointed to provide an opinion on whether the review procedures for determining the transaction prices and/or value under the IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on an arm’s length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Our terms of reference do not require us to evaluate or comment on the rationale for, commercial merits and/or commercial risks of the Interested Person Transactions or the future performance or prospects of the EAR Group and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company, although, we may draw upon their views to the extent deemed necessary or appropriate by us in arriving at our opinion set out in this letter. In addition, we have not been involved, whether directly or indirectly, in any aspect of the discussions on the scope of the IPT Mandate.

We have held discussions with the management of the Company and have examined information provided to us by the Company. We have also relied on the information provided in the Circular. We have not independently verified such information, whether written or verbal, and accordingly we cannot and do not warrant, expressly or impliedly, and do not accept any responsibility for the accuracy or completeness of such information. Whilst care has been exercised in reviewing the information on which we have relied, we have not independently verified the information but nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary and have found no reason to doubt the accuracy or reliability of the information.

We noted that the Directors have collectively and individually accepted responsibility for the accuracy of the information given in the Circular as set out in the **Directors’ Responsibility Statements** in Section 7 of the Circular.

Our opinion is for the use and benefit of the Independent Directors in their deliberation on whether the review procedures for determining transaction prices and/or value under the IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on an arm’s length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Our opinion in relation to the above should be considered in the context of the entirety of this letter of opinion and the Circular.

APPENDIX B

3. SCOPE OF THE IPT MANDATE

The Interested Person Transactions to which the IPT Mandate will apply, and the benefits to be derived therefrom, are set out below (extracted from **Section 5 – “Categories of Interested Person Transactions”** of Appendix A to the Circular):

a) General Transactions

- (i) sale and/or purchase of beer, spirits, water, soda, dairy products, ice cream and other products;
- (ii) sale and/or purchase of raw materials, energy sources, intermediate goods, packaging materials, material handling structures and by-products such as beverage concentrates, sugar, milk and dairy products, yeast, hops, fuel, new and used glass bottles, aluminium cans, cartons and caps, PET and pallets;
- (iii) provision and/or obtaining of leases or subleases of office space, warehouses, transportation vehicles, passenger cars and land;
- (iv) obtaining of property-linked services (such as property marketing, property and rental valuation services, building maintenance services and security services) and services relating to provision of hotel and serviced residence accommodation, meeting rooms and other related facilities;
- (v) obtaining of property development and project management services;
- (vi) obtaining of operation, maintenance, management and marketing services for properties;
- (vii) obtaining of asset management services, such as obtaining advice on repositioning, asset enhancement or leasing matters;
- (viii) obtaining of insurance and insurance-related services;
- (ix) provision and/or obtaining of office and storage supplies, and of shared data-centre storage and/or information technology services;
- (x) contract printing, publishing, distribution and/or manufacturing services;
- (xi) provision and/or obtaining of software licences and related licensing programs; and
- (xii) provision and/or obtaining of such other products and/or services which are incidental to or in connection with the provision and/or obtaining of products and/or services in sub-paragraphs (i) to (xi) above.

b) Management Support Services

The EAR Group may also, from time to time, receive management and support services from, or provide management and support services to, its Interested Persons in the areas of procurement, logistics, information technology, legal, compliance and trade mark management, corporate secretarial, human resource, tax, treasury, accounting and internal audit (“**Management Support Services**”). By having access to and providing such management support, the EAR Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the global network of its Interested Persons.

APPENDIX B

The IPT Mandate will apply to the following classes of interested persons (extracted from **Section 4 – “Classes of Interested Persons”** of Appendix A to the Circular):

- (a) Mr Charoen Sirivadhanabhakdi and his associates; and
- (b) Khunying Wanna Sirivadhanabhakdi and her associates.

Transactions with interested persons which do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

Further details to the IPT Mandate are as set out in Appendix A to the Circular.

4. EVALUATION OF THE REVIEW PROCEDURES FOR THE IPT MANDATE

In our evaluation of the review procedures for the IPT Mandate, we have given due consideration to the following factors:

- (i) the IPT Mandate;
- (ii) the rationale for the IPT Mandate as set out in Section 2 of Appendix A to the Circular;
- (iii) the scope of the IPT Mandate as set out in Section 3 of Appendix A to the Circular;
- (iv) the classes of Interested Persons as set out in Section 4 of Appendix A to the Circular;
- (v) the categories of Interested Person Transactions as set out in Section 5 of Appendix A to the Circular; and
- (vi) the review procedures for Interested Persons Transactions as set out in Section 6 of Appendix A to the Circular.

5. OPINION

In arriving at our opinion as to whether the review procedures for determining the transaction prices and/or value under the IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on an arm’s length basis and on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, we have given due consideration to the factors set out in paragraph 4 of this IFA Letter.

Having regard to the foregoing, we are of the opinion that the review procedures set out in Appendix A to the Circular for determining transaction prices and/or value under the IPT Mandate, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on an arm’s length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This IFA Letter is addressed to the Independent Directors for their benefit in connection with and for the purpose of their consideration of the IPT Mandate. The recommendation made by the Independent Directors to the Shareholders remains the responsibility of the Independent Directors.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PwCCF in each specific case except in relation to the IPT Mandate.

APPENDIX B

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly

For and on behalf of

PRICEWATERHOUSECOOPERS CORPORATE FINANCE PTE LTD

Benjamin Kan

Managing Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

FRASER AND NEAVE, LIMITED

(Incorporated in Singapore)
(Company Registration No. 18980001R)

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 Ballrooms II and III, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on 28 February 2014 at 3.00 p.m. (or as soon thereafter following the conclusion or adjournment of the Extraordinary General Meeting of the Company to be held at 2.30 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the following Resolution which will be proposed as an Ordinary Resolution:

Ordinary Resolution

The Proposed Adoption of the Interested Person Transactions Mandate

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“**Chapter 9**”) of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix A to the Company’s Circular to Shareholders dated 13 February 2014 (the “**Circular**”), with any party who is of the class of interested persons described in Appendix A to the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions (the “**IPT Mandate**”);
- (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng
Company Secretary

13 February 2014

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, Mr Koh Poh Tiong or failing him, Tengku Syed Badarudin Jamalullail or failing him, Mr Timothy Chia Chee Ming, 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 Extraordinary General Meeting ("EGM") to be held at Ballrooms II and III, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 on 28 February 2014 at 3.00 p.m. (or as soon thereafter following the conclusion or adjournment of the Extraordinary General Meeting of the Company to be held at 2.30 p.m. on the same day and at the same place) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary 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 to be put to the vote at the EGM and at any adjournment thereof. Accordingly, the Ordinary Resolution at the EGM will be voted on by way of a poll.

	For	Against
Ordinary Resolution To approve the proposed adoption of the Interested Person Transactions Mandate		

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

Dated this _____ day of _____ 2014

Total Number of Shares held (Note 4):

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



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 of the Company, 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 of the Company. 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' names, 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.