



FRASER AND NEAVE, LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 189800001R)

PROPOSED ACQUISITION OF PENGUIN RANDOM HOUSE PTE. LTD. AND PENGUIN BOOKS MALAYSIA SDN. BHD.

Pursuant to Rule 704(17)(c) of the listing manual of the Singapore Exchange Securities Trading Limited, Fraser and Neave, Limited (“**F&N**” or the “**Company**”) wishes to announce that Times Publishing Limited, a wholly-owned subsidiary of the Company incorporated in Singapore, has today entered into a conditional agreement (the “**Share Purchase Agreement**”) to acquire (the “**Proposed Acquisition**”) the entire issued share capital in each of the following companies:

- (i) Penguin Random House Pte. Ltd., a company incorporated in Singapore (“**Penguin Singapore**”); and
- (ii) Penguin Books Malaysia Sdn. Bhd., a company incorporated in Malaysia (“**Penguin Malaysia**”). (“**PS Shares**” and “**PM Shares**”, respectively, and collectively, the “**Sale Shares**”).

If the Proposed Acquisition is completed successfully, each of Penguin Singapore and Penguin Malaysia will become indirect wholly-owned subsidiaries of F&N. Completion of the Proposed Acquisition is subject to, *inter alia*, obtaining clearance from the Competition Commission of Singapore.

Each of Penguin Singapore and Penguin Malaysia are currently the local sales and distribution offices of Penguin Random House Limited (Company Registration No. 00734421) in Singapore and Malaysia respectively. Penguin Random House Limited (the “**Vendor**”) is a company incorporated in the United Kingdom. The businesses of Penguin Singapore and Penguin Malaysia are complementary to the existing business of the Company.

The aggregate consideration for the Sale Shares is S\$8,000,000, subject to certain post-completion cash, debt and working capital adjustments to be made in accordance with the Share Purchase Agreement (the “**Consideration**”). The Consideration was arrived at on a “willing-buyer-willing-seller” basis, taking into consideration, *inter alia*, the net asset value and earnings of Penguin Singapore and Penguin Malaysia. The Consideration is payable in cash and will be funded from internal resources.

Based on the unaudited financial statements of each of Penguin Singapore and Penguin Malaysia as at 30 September 2016:

- (i) the net asset value attributable to the PS Shares and PM Shares are approximately S\$6,993,000 and S\$2,962,000 respectively; and
- (ii) the book value attributable to the PS Shares and PM Shares are approximately S\$6,993,000 and S\$2,962,000 respectively.

Subject to and in connection with the Proposed Acquisition, on completion, each of Penguin Singapore and Penguin Malaysia (collectively, the “**Distributors**”) will enter into a distribution agreement (the “**Distribution Agreement**”) with:

- (i) Penguin Books Limited, a company incorporated in England;
- (ii) The Random House Group Limited, a company incorporated in England; and
- (iii) Dorling Kindersley Limited, a company incorporated in England; and
- (iv) Penguin Random House LLC, a company incorporated in the United States of America,

(collectively, the “**Publishers**”), under which the Distributors shall, subject to the terms and conditions of the Distribution Agreement, be appointed as the exclusive distributors of (a) the English books titles (in physical format) published by the Publishers (or its subsidiaries) or in which the Publishers control rights; and (b) products containing the Publishers’ brands in Singapore, Malaysia and Brunei.

The Proposed Acquisition and/or the entry into the Distribution Agreement is not expected to have a material effect on the net asset value per share or earnings per share of F&N and its subsidiaries for the current financial year.

None of the Directors or controlling shareholders of the Company has any interest, directly or indirectly, in the Proposed Acquisition and/or the entry into the Distribution Agreement.

By Order of the Board

Anthony Cheong Fook Seng
Company Secretary

9 January 2017