



ASIA PACIFIC BREWERIES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 193100007K)

PROPOSED DIVESTMENT OF SHARES IN KINGWAY BREWERY

The Board of Directors of Asia Pacific Breweries Limited (“**APBL**”) is pleased to announce that its joint venture company, Heineken-APB (China) Pte Ltd (“**HAPBC**”), has reached an agreement with a potential purchaser (the “**Purchaser**”) for the sale of 365,767,453 ordinary shares (“**Sale Shares**”) in the share capital of Kingway Brewery Holdings Limited (“**Kingway Brewery**”), which are held by HAPBC to the Purchaser (the “**Proposed Transaction**”). HAPBC is a 50:50 joint venture between APBL and Asia Pacific Investment Pte Ltd (“**APIPL**”) and APIPL in turn is a 50:50 joint venture between the Heineken group and Fraser and Neave, Limited. The Sale Shares represent approximately 21.37% of the issued share capital of Kingway Brewery.

Completion of the Proposed Transaction is conditional upon GDH Limited (“**GDH**”), the controlling shareholder of Kingway Brewery, not exercising or otherwise waiving its pre-emption rights to acquire the Sale Shares on the same or equivalent terms pursuant to the share purchase agreement between HAPBC and GDH dated 28 January 2004. In the event that GDH exercises its pre-emption rights to the Sale Shares and completes its acquisition of the Sale Shares from HAPBC, the Proposed Transaction will terminate.

The consideration (the “**Consideration**”) for the Sale Shares is RMB 1.08 billion (equivalent to approximately S\$205 million based on an agreed exchange rate mechanism) subject to the following adjustments:

- (i) if Kingway Brewery increases its issued share capital or issues securities convertible into its shares after 31 December 2009 and before completion of the Proposed Transaction (“**Completion**”), HAPBC shall subscribe for such pro rata number of shares or securities in Kingway Brewery offered to HAPBC, which additional shares and securities in Kingway Brewery shall be included in the Sale Shares and the amount of Consideration shall be increased by the amount paid by HAPBC in respect of such subscription;
- (ii) if Kingway Brewery issues shares to HAPBC by way of capitalisation of its funds or profits and without payment by HAPBC after 31 December 2009 and before Completion, such shares in Kingway Brewery received by HAPBC shall be included in the Sale Shares, but there shall be no change to the amount of Consideration;
- (iii) if Kingway Brewery conducts any sub-division, consolidation or re-classification of the Sale Shares after 31 December 2009 and before Completion and no payment therefore is required from HAPBC, the shares resulting from such changes shall constitute the Sale Shares but there will be no change to the amount of Consideration; and
- (iv) if Kingway Brewery distributes any dividends after 31 December 2009 and before Completion, the dividends received by HAPBC shall be deducted from the amount of Consideration.

The Consideration was arrived at after arm's length negotiations and on a willing-buyer willing-seller basis. Subject to Completion, the Consideration will be paid in cash in USD based on an agreed exchange rate mechanism whereby fluctuations in the RMB to USD exchange rate would be borne equally by HAPBC and the Purchaser.

The offer received by HAPBC values Kingway Brewery at an estimated premium of 72% over the book value of the Sale Shares and represents a gain of approximately S\$76 million after deducting foreign exchange and transaction related expenses. By virtue of its 50% stake in HAPBC, APBL's share of the gain on disposal is approximately S\$38 million.

Based on the latest audited consolidated accounts of HAPBC group as at 30 September 2010, the book value of the Sale Shares amounted to approximately S\$119.0 million.

A further announcement will be issued by APBL in the event GDH exercises or does not exercise or otherwise waives its pre-emption rights.

Save as disclosed above in this announcement, none of the directors or controlling shareholders of APBL has any interest, direct or indirect, in the Proposed Transaction.

A copy of the press release issued by APBL today is attached for information.

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng
Company Secretary

9 March 2011