

CIRCULAR DATED 11 OCTOBER 2012

**THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS OF FRASER AND NEAVE, LIMITED (“COMPANY”) AND THE ADVICE OF J.P. MORGAN (S.E.A.) LIMITED TO THE INDEPENDENT DIRECTORS OF THE COMPANY. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.**

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

If you have sold or transferred all your ordinary shares (“**Shares**”) in the capital of the Company, you should immediately forward this Circular to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the 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

### **MANDATORY CONDITIONAL CASH OFFER**

by

**United Overseas Bank Limited**  
(Incorporated in Singapore)  
(Company Registration No. 193500026Z)

**DBS Bank Ltd.**  
(Incorporated in Singapore)  
(Company Registration No. 196800306E)

**Morgan Stanley Asia (Singapore) Pte.**  
(Incorporated in Singapore)  
(Company Registration No. 199206298Z)

for and on behalf of

**TCC ASSETS LIMITED**  
(Incorporated in the British Virgin Islands)  
(BVI Company No. 1046746)

**to acquire all the issued and paid-up ordinary shares in the capital of the Company**

*Independent Financial Adviser to the Independent Directors of the Company*

**J.P.Morgan**

**J.P. Morgan (S.E.A.) Limited**  
(Incorporated in Singapore)  
(Company Registration No. 198500154W)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT THE OFFER WILL REMAIN OPEN FOR ACCEPTANCE UNTIL **5.30 P.M. ON 29 OCTOBER 2012** OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

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## CORPORATE INFORMATION

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- Board of Directors** : Mr Lee Hsien Yang (*Chairman, Non-Executive and Non-Independent Director*)  
Mr Timothy Chia Chee Ming (*Non-Executive and Independent Director*)  
Ms Maria Mercedes Corrales (*Non-Executive and Independent Director*)  
Mr Ho Tian Yee (*Non-Executive and Independent Director*)  
Mr Hirotake Kobayashi (*Non-Executive and Non-Independent Director*)  
Mr Koh Beng Seng (*Non-Executive and Independent Director*)  
Dr Seek Ngee Huat (*Non-Executive and Independent Director*)  
Mr Tan Chong Meng (*Non-Executive and Independent Director*)  
Mr Nicky Tan Ng Kuang (*Non-Executive and Independent Director*)
- Group Company Secretary** : Mr Anthony Cheong Fook Seng
- Registered Office** : 438 Alexandra Road  
#21-00 Alexandra Point  
Singapore 119958
- Share Registrar and Transfer Office** : Tricor Barbinder Share Registration Services  
80 Robinson Road #02-00  
Singapore 068898
- Independent Financial Adviser to the Independent Directors in respect of the F&N Offer** : J.P. Morgan (S.E.A.) Limited  
168 Robinson Road #17-00  
Capital Tower  
Singapore 068912
- Legal Adviser to the Company in respect of the F&N Offer** : Stamford Law Corporation  
10 Collyer Quay #27-00  
Ocean Financial Centre  
Singapore 049315

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless the content otherwise requires:

<b>“9M2011”</b>	:	The nine months ended 30 June 2011
<b>“9M2012”</b>	:	The nine months ended 30 June 2012
<b>“Acceptance Forms”</b>	:	The FAA and the FAT collectively, or either one of them (as the case may be)
<b>“Acquisition”</b>	:	Has the meaning ascribed to it in Section 1.2 of this Circular
<b>“APB Sale”</b>	:	The proposed sale by the Company to Heineken International B.V. of its interests in Asia Pacific Breweries Limited and Asia Pacific Investment Pte Ltd, the details of which are set out in the circular to shareholders dated 6 September 2012 and which was approved by Shareholders at the extraordinary general meeting of the Company on 28 September 2012
<b>“Articles”</b>	:	The articles of association of the Company
<b>“AUD”</b>	:	Australian dollar, being the lawful currency of Australia
<b>“Business Day”</b>	:	A day (other than a Saturday, Sunday or public holiday in Singapore) on which commercial banks in Singapore are generally open for business in Singapore
<b>“Capital Reduction”</b>	:	The proposed capital reduction exercise the details of which are set out in the circular to Shareholders dated 6 September 2012 and which, on 28 September 2012, did not receive the requisite approval from Shareholders pursuant to Section 78G of the Companies Act
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular dated 11 October 2012 issued by the Company to Shareholders in relation to the F&N Offer
<b>“Closing Date”</b>	:	5.30 p.m. on 29 October 2012 or such later date(s) as may be announced from time to time by or for and on behalf of the Offeror, being the last day for the lodgement of acceptances for the F&N Offer
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore
<b>“Company”</b>	:	Fraser and Neave, Limited
<b>“CPF”</b>	:	The Central Provident Fund
<b>“CPF Agent Banks”</b>	:	The agent banks included under the CPFIS
<b>“CPFIS”</b>	:	The Central Provident Fund Investment Scheme
<b>“CPFIS Investors”</b>	:	Investors who have purchased Shares using their CPF contributions pursuant to CPFIS

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## DEFINITIONS

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“Despatch Date”	:	27 September 2012, being the date of despatch of the Offer Document
“Encumbrances”	:	All liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever
“ESOS Option”	:	Option to subscribe for new Shares granted pursuant to the Scheme
“FAA”	:	Form of Acceptance and Authorisation, which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
“FAT”	:	Form of Acceptance and Transfer, which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP
“F&N Offer”	:	The mandatory conditional cash offer by the Offeror’s Financial Advisers, for and on behalf of the Offeror, to acquire all the Offer Shares, on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT
“First Closing Date”	:	5.30 p.m. on 29 October 2012
“FY”	:	The financial year ending or ended 30 September
“F&N Group”	:	The Company, together with its subsidiaries and associated companies
“HKD”	:	Hong Kong dollar, being the lawful currency of Hong Kong
“Holding Announcement Date”	:	11 September 2012, being the date on which ThaiBev announced, <i>inter alia</i> , that it understands that a party acting in concert with ThaiBev is exploring the possibility of making an offer for the Company
“IBHL”	:	International Beverage Holdings Limited, a wholly-owned subsidiary of ThaiBev
“IDR”	:	Indonesian rupiah, being the lawful currency of Indonesia
“IFA Reference Date”	:	1 October 2012, being the reference date used in the J.P. Morgan Letter
“Independent Directors”	:	The directors of the Company who are considered independent for the purposes of making the recommendation to Shareholders in respect of the F&N Offer, namely, Mr Lee Hsien Yang, Mr Timothy Chia Chee Ming, Ms Maria Mercedes Corrales, Mr Ho Tian Yee, Mr Hirotake Kobayashi, Mr Koh Beng Seng, Dr Seek Ngee Huat, Mr Tan Chong Meng and Mr Nicky Tan Ng Kuang
“Independent Valuers”	:	Knight Frank Pte Ltd, CBRE Pte. Ltd., CBRE Valuations Pty Ltd, CKS Property Consultants Pte Ltd, DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd., DTZ Debenham Tie Leung (Vietnam) Co. Ltd, Savills Valuation and Professional Services Limited and KJPP Rengganis, Hamid & Rekan

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## DEFINITIONS

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<b>“J.P. Morgan”</b>	:	J.P. Morgan (S.E.A.) Limited, the independent financial adviser to the Independent Directors in respect of the F&N Offer
<b>“J.P. Morgan Letter”</b>	:	Has the meaning ascribed to it in Section 8.1 of this Circular
<b>“Latest Practicable Date”</b>	:	4 October 2012, being the latest practicable date prior to the printing of this Circular
<b>“Listing Manual”</b>	:	The listing manual of the Mainboard of the SGX-ST
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading of securities
<b>“Minimum Acceptance Condition”</b>	:	Has the meaning ascribed to it in Section 2.5 of this Circular
<b>“Offer Announcement”</b>	:	The announcement issued by the Offeror’s Financial Advisers on the Offer Announcement Date, for and on behalf of the Offeror, in relation to the F&N Offer
<b>“Offer Announcement Date”</b>	:	13 September 2012, being the date of the Offer Announcement
<b>“Offer Document”</b>	:	The offer document dated 27 September 2012 issued by the Offeror’s Financial Advisers, for and on behalf of the Offeror, in respect of the F&N Offer
<b>“Offer Price”</b>	:	Has the meaning ascribed to it in Section 2.1 of this Circular
<b>“Offer Shares”</b>	:	All the Shares to which the F&N Offer relates, as more particularly defined in Section 2.2 of this Circular
<b>“Offeror”</b>	:	TCC Assets Limited
<b>“Offeror Relevant Persons”</b>	:	The Offeror and its directors, ThaiBev, IBHL, and the Offeror’s Financial Advisers
<b>“Offeror’s Financial Advisers”</b>	:	United Overseas Bank Limited, DBS Bank Ltd. and Morgan Stanley Asia (Singapore) Pte. collectively
<b>“Outside Purchases”</b>	:	Has the meaning ascribed to it in Section 2.11 of this Circular
<b>“Overseas Shareholders”</b>	:	Has the meaning ascribed to it in paragraph 9.1 of Appendix I of this Circular
<b>“PHP”</b>	:	Philippine peso, being the lawful currency of the Philippines
<b>“PSP”</b>	:	The F&N Performance Share Plan
<b>“Register”</b>	:	The register of members of the Company as maintained by the Registrar
<b>“Registrar”</b>	:	Tricor Barbinder Share Registration Services, the share registrar of the Company
<b>“RM”</b>	:	Ringgit Malaysia, being the lawful currency of Malaysia
<b>“RMB”</b>	:	Renminbi, being the lawful currency of the People’s Republic of China

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## DEFINITIONS

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“RSP”	:	The F&N Restricted Share Plan
“Scheme”	:	The F&N Executive Share Option Scheme which was approved and adopted by the Company on 30 September 1999 and expired on 30 September 2009
“Securities Account”	:	A securities account maintained by a depositor with CDP, but does not include a securities sub-account
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Award”	:	A contingent award of a Share granted under the Share Plans
“Share Plans”	:	The PSP and the RSP
“Shareholders”	:	The registered holders of Shares, including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person (including a corporation) who has an interest in not less than 5 per cent. of the issued voting Shares
“ThaiBev”	:	Thai Beverage Public Company Limited
“THB”	:	Thai baht, being the lawful currency of Thailand
“USD” or “US\$”	:	United States dollar, being the lawful currency of the United States of America
“VND”	:	Vietnamese dong, being the lawful currency of Vietnam
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“%” or “per cent.”	:	Percentage or per centum

The term “**acting in concert**” shall have the meaning ascribed to it in the Code, and references to “**concert parties**” shall be construed accordingly.

The term “**associated company**” shall have the meaning ascribed to it in the Listing Manual.

The terms “**depositor**”, “**depository agent**” and “**depository register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term “**subsidiaries**” and “**related corporations**” shall have the meanings ascribed to them respectively in 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 and *vice versa*. References to persons shall, where applicable, include corporations.



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## DEFINITIONS

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

Any discrepancies in this Circular between the listed amounts and the total thereof are due to rounding. Accordingly, figures may have been adjusted to ensure that totals reflect an arithmetic aggregation of the figures that precede them.

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, the Code, the Listing Manual or any statutory or regulatory modification thereof and not otherwise defined in this Circular, shall have the meaning assigned to it under the Companies Act, the Code, the Listing Manual or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

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

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## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “if”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

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## SUMMARY TIMETABLE

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Date of despatch of Offer Document	:	27 September 2012
Date of despatch of Circular	:	11 October 2012
Closing Date	:	5.30 p.m. on 29 October 2012, or such later date(s) as may be announced from time to time by or for and on behalf of the Offeror
Date of settlement of consideration for valid acceptances of the F&N Offer	:	Within 10 days after (a) the F&N Offer becomes or is declared unconditional in all respects; or (b) the date of receipt of each valid and complete acceptance where such acceptance is tendered after the F&N Offer has become or has been declared unconditional in all respects

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### FRASER AND NEAVE, LIMITED

(Incorporated in Singapore)  
(Company Registration No.: 189800001R)

#### Board of Directors:

Mr Lee Hsien Yang (*Chairman, Non-Executive and Non-Independent Director*)  
Mr Timothy Chia Chee Ming (*Non-Executive and Independent Director*)  
Ms Maria Mercedes Corrales (*Non-Executive and Independent Director*)  
Mr Ho Tian Yee (*Non-Executive and Independent Director*)  
Mr Hirotake Kobayashi (*Non-Executive and Non-Independent Director*)  
Mr Koh Beng Seng (*Non-Executive and Independent Director*)  
Dr Seek Ngee Huat (*Non-Executive and Independent Director*)  
Mr Tan Chong Meng (*Non-Executive and Independent Director*)  
Mr Nicky Tan Ng Kuang (*Non-Executive and Independent Director*)

#### Registered Office:

438 Alexandra Road  
#21-00 Alexandra Point  
Singapore 119958

11 October 2012

To: The Shareholders of the Company

Dear Sir / Madam

#### MANDATORY CONDITIONAL CASH OFFER BY THE OFFEROR FOR THE OFFER SHARES

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##### 1. BACKGROUND

- 1.1 Holding Announcement.** On 11 September 2012, ThaiBev announced, *inter alia*, that it understood that a party acting in concert with ThaiBev was exploring the possibility of making an offer for the Company.
- 1.2 Offer Announcement.** On 13 September 2012, the Offeror's Financial Advisers announced, for and on behalf of the Offeror, that the Offeror had acquired 19,500,000 Shares in the capital of the Company, representing approximately 1.37% of the total issued Shares as at the Offer Announcement Date<sup>1</sup> ("**Acquisition**") at a price range of S\$8.80 to S\$8.88 per Share.

Following the Acquisition and prior to the making of the Offer Announcement, the Offeror, together with the Offeror Relevant Persons, owned, controlled or had agreed to acquire an aggregate of 433,202,370 Shares, representing approximately 30.36% of the total issued Shares as at the Offer Announcement Date.<sup>2</sup>

A copy of the Offer Announcement is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

In accordance with Rule 14.1 of the Code, the Offeror's Financial Advisors had, in the Offer Announcement, announced for and on behalf of the Offeror, that the Offeror is making a mandatory conditional cash offer for all the remaining Shares, other than those Shares held by the Company as treasury shares and those Shares owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror and IBHL as at the date of the F&N Offer.

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<sup>1</sup> In the Offer Announcement, for purposes of computation of the percentage shareholdings, the total number of Shares was taken as 1,426,843,818 Shares (excluding 4,100 Shares held by the Company as treasury shares) based on the Bizfile search extracted from the Accounting and Corporate Regulatory Authority of Singapore on 12 September 2012.

<sup>2</sup> Ibid.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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- 1.3 Offer Document.** Shareholders should have received a copy of the Offer Document, setting out, *inter alia*, the terms and conditions of the F&N Offer. **Shareholders are advised to read the terms and conditions of the F&N Offer set out in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

- 1.4 Purpose of Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the F&N Offer and to set out the recommendation of the Independent Directors and the advice of J.P. Morgan to the Independent Directors. J.P. Morgan has been appointed as the independent financial adviser to the Independent Directors in respect of the F&N Offer. **Shareholders should carefully consider the recommendation of the Independent Directors and the advice of J.P. Morgan to the Independent Directors set out in this Circular before deciding whether or not to accept the F&N Offer.**

## 2. THE F&N OFFER

Based on the information set out in the Offer Document, the Offeror's Financial Advisers have, for and on behalf of the Offeror, offered to acquire the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT. The principal terms and conditions of the F&N Offer, as extracted from the Offer Document, are set out below:

- 2.1 Offer Price.** As set out in the Offer Document, the F&N Offer is made on the following basis:

**For each Offer Share: S\$8.88 in cash ("Offer Price").**

- 2.2 Offer Shares.** The F&N Offer is extended to all Shares, other than those Shares held by the Company as treasury shares and those Shares owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror and IBHL as at the date of the F&N Offer.

The F&N Offer will be extended, on the same terms and conditions, to:

- (a) all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any ESOS Options to subscribe for new Shares granted under the Scheme, on or prior to the close of the F&N Offer; and
- (b) all new Shares unconditionally issued or to be issued pursuant to the valid vesting or release of any Share Award, on or prior to the close of the F&N Offer.

For the purposes of the F&N Offer, the expression "**Offer Shares**" shall include the aforesaid Shares.

- 2.3 No Encumbrances.** The Offer Shares are to be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital, including any distribution to be made pursuant to the Capital Reduction) (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date.

Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any dividend, other distribution and/or return of capital that may be declared, made or paid by the Company on or after the Offer Announcement Date (including any distribution to be made pursuant to the Capital Reduction). **In the event any dividend, other distribution and/or return of capital has been paid by the Company to a Shareholder who accepts the F&N Offer, the Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such dividend, other distribution and/or return of capital paid by the Company to such accepting Shareholder.**

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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**2.4 Capital Reduction.** On 28 September 2012, the Company held an extraordinary general meeting for the purpose of, *inter alia*, approving the Capital Reduction. **As the special resolution of the Company for the Capital Reduction did not receive the requisite approval from Shareholders pursuant to Section 78G of the Companies Act, the Capital Reduction will not be carried out and accordingly, will not have any impact on the F&N Offer or the Offer Price.**

**2.5 Minimum Acceptance Condition.** Pursuant to Rule 14.2 of the Code, the F&N Offer will be subject to the Offeror having received, by the close of the F&N Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (either before or during the F&N Offer and pursuant to the F&N Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of Shares carrying more than 50 per cent. of the total voting rights attributable to the Shares as at the close of the F&N Offer ("**Minimum Acceptance Condition**").

Accordingly, the F&N Offer will not become or be capable of being declared unconditional as to acceptances until the close of the F&N Offer, unless at any time prior to the close of the F&N Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the number of Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (either before or during the F&N Offer and pursuant to the F&N Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of Shares carrying more than 50 per cent. of the voting rights attributable to the maximum potential issued share capital of the Company. For this purpose, the "**maximum potential issued share capital of the Company**" means the total number of Shares which would be in issue had all the ESOS Options and Share Awards been validly exercised, vested or released (as the case may be) as at the date of such declaration.

Save for the Minimum Acceptance Condition, the F&N Offer is unconditional in all other respects.

**2.6 ESOS Options.** Under the rules of the Scheme, the ESOS Options are not freely transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the ESOS Options. However, as stated in the Offer Document, the F&N Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise on or prior to the close of the F&N Offer of any such ESOS Options.

As at the Latest Practicable Date, there are 10,038,144 outstanding ESOS Options granted under the Scheme.

**2.7 Share Awards.** Under the rules of the Share Plans, the Share Awards are not freely transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the Share Awards. However, as stated in the Offer Document, the F&N Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid vesting or release of any awards on or prior to the close of the F&N Offer of any such Share Awards.

As at the Latest Practicable Date, there are 6,032,672<sup>3</sup> outstanding Share Awards granted under the Share Plans.

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<sup>3</sup> Depending on whether certain performance targets are met over a two-year period (for the RSP) and three-year period (for the PSP), the final number of Shares allotted or transferred to the recipient can range from 0% to 150% (for the RSP) and 0% to 200% (for the PSP) of the Share Awards. In this regard, the maximum number of Shares which could be allotted or transferred pursuant to the outstanding Share Awards would be 8,536,800 Shares.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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- 2.8 Warranty.** According to Section 2.6 of the Offer Document, acceptance of the F&N Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the F&N Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital) (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date.
- 2.9 Further terms of the F&N Offer.** Further details of the F&N Offer, including details on (a) the duration of the F&N Offer; (b) the settlement of the consideration for the F&N Offer; (c) the requirements relating to the announcement of the level of acceptance of the F&N Offer; and (d) the right of withdrawal of the acceptances of the F&N Offer, are set out in Section 2.7 and Appendix IV to the Offer Document.
- 2.10 Procedures for Acceptance.** The procedures for the acceptance of the F&N Offer are set out in Appendix V to the Offer Document.
- 2.11 Purchases Outside of the F&N Offer.** Section 2.10 of the Offer Document states that subject to the requirements under the laws of Singapore, the Offeror and its affiliates may purchase or make arrangements to purchase Offer Shares outside of the F&N Offer, such as in open market transactions or privately negotiated purchases (“**Outside Purchases**”), provided that (a) such Outside Purchases will not be made, and may not be accepted by, any Overseas Shareholders resident or domiciled in the United States of America and (b) the Offer Price is increased to match any consideration paid in any such purchase or arrangement that is greater. To the extent information about any Outside Purchases is made publicly available in Singapore, such information will be made publicly available to Overseas Shareholders resident or domiciled in the United States of America on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

### 3. NO IRREVOCABLE UNDERTAKINGS

Section 10 of the Offer Document states that neither the Offeror nor any party acting in concert with it has received any irrevocable undertaking from any other party to accept or reject the F&N Offer.

### 4. INFORMATION ON THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT

Information on the Offeror and the parties acting in concert with it as set out in Section 3 of the Offer Document, is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

#### **“3.1 The Offeror**

*The Offeror is a special purpose vehicle incorporated in the British Virgin Islands on 23 August 2006.*

*As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US\$50,000 comprising an aggregate of 50,000 shares. The shareholders of the Offeror are Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, who each owns 50% of the issued and paid-up share capital of the Offeror. The directors of the Offeror are Mr. Chow Kam Kun, Ms. Man Kit Yee, Mr. Surapong Pornsirikul, and Mr. Chotiphat Bijananda.*

*As at the Latest Practicable Date, the Offeror owns, controls or has agreed to acquire 25,562,000 F&N Shares, representing approximately 1.79 % of the total issued F&N Shares.*

*Appendix I to this Offer Document sets out certain additional information on the Offeror.*

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### **3.2 Thai Beverage Public Company Limited**

*ThaiBev is a company incorporated in Thailand in 2003. In 2006, ThaiBev was listed on the Mainboard of the SGX-ST and afterwards, expanded to the non-alcohol and food businesses in order to diversify its product portfolio, enhance logistics efficiency, and mitigate business risks. Presently, ThaiBev is not only the leading beverage producer in Thailand, but also one of the largest beverage producers in Asia. The business of ThaiBev consists of four (4) main business segments i.e. spirits, beer, non-alcohol beverages and food. Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi have a deemed interest in approximately 65.9% of all the issued shares of ThaiBev. ThaiBev is a member of the TCC Group.*

*As at the Latest Practicable Date, ThaiBev has an indirect interest in the Company through its direct wholly-owned subsidiary, IBHL, in an aggregate of 412,423,822 F&N Shares, representing approximately 28.89% of the total issued F&N Shares.*

### **3.3 Thai Charoen Corporation Group**

*The TCC Group is one of Thailand's leading corporations. Established by Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi in 1960, it has developed into one of Thailand's leading conglomerates. The TCC Group's businesses cover beverages, trading and consumer products, property investment and development, insurance and leasing and other businesses."*

Appendix I to the Offer Document sets out certain additional information on the Offeror, which is reproduced in Appendix II to this Circular.

## **5. NO DOWNSTREAM OFFERS FOR CERTAIN ENTITIES**

The SIC ruled on 12 September 2012 that the Offeror is not required to make mandatory offers under Note 7 on Rule 14.1 of the Code for the following entities in the event the F&N Offer turns unconditional:

- (a) Asia Pacific Breweries Limited;
- (b) Frasers Centrepoint Trust;
- (c) Frasers Commercial Trust; and
- (d) Fung Choi Media Group Limited.

## **6. OFFEROR'S RATIONALE, INTENTIONS AND FUTURE PLANS**

**6.1 General.** The full text of the rationale for the F&N Offer, the Offeror's intentions for the Company and the future plans for the Company has been extracted from Sections 6, 7 and 9 of the Offer Document and reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document. Shareholders are advised to read these pages carefully.

### **6.2 Rationale for the F&N Offer.**

**"6.1** *As set out in paragraph 1 of this Offer Document, the Offeror is making the F&N Offer in compliance with Rule 14.1 of the Code.*



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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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**6.2** *The Offeror and ThaiBev hold the Company in high regard and they believe the Company's long established track record and success in its core businesses will be beneficial to them. However, given ThaiBev's 28.89% shareholding interest in the Company, the purchase by ThaiBev of any additional meaningful stake in the Company resulting in ThaiBev and parties acting in concert with it acquiring 30% or more of the voting rights in the Company would trigger an obligation on ThaiBev to make a mandatory general offer for the remaining F&N Shares.*

*From a financial discipline perspective, ThaiBev has determined that it will not incur additional debt or expend any funds to acquire more F&N Shares or to make an offer for the Company. In these circumstances, the Offeror has stepped forward to acquire the additional F&N Shares and undertake the F&N Offer. The Offeror and ThaiBev view each other as valued and reliable partners in cooperating to consolidate effective control of the Company. Depending on the outcome of the F&N Offer, the Offeror and ThaiBev may have the benefit of exercising greater influence over the Company.*

**6.3** *The F&N Offer provides Shareholders with an opportunity to exit from the Company and realise their investment in the F&N Shares for cash at an attractive premium of 22.4 per cent., 29.0 per cent. 31.5 per cent. and 41.1 per cent. over the one-month VWAP of S\$7.25 per F&N Share, three-month VWAP of S\$6.88 per F&N Share, six-month VWAP of S\$6.75 per F&N Share, and 12-month VWAP of S\$6.29 per F&N Share respectively, in the period prior and up to 16 July 2012, being the date of the joint announcement by Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited of an offer to purchase their combined stakes in the Company and Asia Pacific Breweries Limited."*

### **6.3 Intentions for the Company.**

**"7.2** *The Offeror intends to be a long-term strategic shareholder of Company and continues to believe in its long-term prospects. Subsequent to the Closing Date and depending on the outcome of the F&N Offer, the Offeror intends to undertake a review of the Company's businesses and operations as well as evaluate various strategic options.*

**7.3** *Save as disclosed above, the Offeror has no current intention of (a) making material changes to the existing businesses of the Company; (b) redeploying fixed assets of the Company; or (c) discontinuing the employment of the existing employees of the Company or the F&N Group, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility to, at any time, consider options or opportunities which may present themselves, or be required, and which it regards to be in the best interests of the Offeror and/or the F&N Group."*

### **6.4 Listing Status and Compulsory Acquisition.**

#### **"9.1 Listing Status**

*Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the F&N Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares), the SGX-ST may suspend the listing of the F&N Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares), thus causing the percentage of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the F&N Shares only at the close of the F&N Offer.*

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*Under Rule 724(1) of the Listing Manual, if the percentage of the F&N Shares held in public hands falls below 10%, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the F&N Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the F&N Shares held in public hands to at least 10%, failing which the Company may be delisted.*

### **9.2 Compulsory Acquisition**

*Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued F&N Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the F&N Offer and excluding any F&N Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the F&N Shares from Shareholders who have not accepted the F&N Offer at a price equal to the Offer Price.*

*In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of F&N Shares which, together with the F&N Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares), the Shareholders who have not accepted the F&N Offer at a price equal to the Offer Price have a right to require the Offeror to acquire their F&N Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.*

### **9.3 Offeror's Intentions**

*It is the current intention of the Offeror to maintain the present listing status of the Company on the Mainboard of the SGX-ST and the Offeror does not intend to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. However, in the event that the Company does not meet the minimum public float required under the Listing Manual at the close of the F&N Offer, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) as described in paragraph 9.2 of this Offer Document, depending on, *inter alia*, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time."*

## **7. DIRECTORS' INTERESTS AND INTENTIONS**

**7.1 Interests in Offer Shares.** Details of the Directors, including *inter alia*, the Directors' direct and deemed interests in the Offer Shares as at the Latest Practicable Date, are set out in Appendix I to this Circular.

### **7.2 Intentions with regard to the F&N Offer.**

- (a) Mr Lee Hsien Yang intends not to accept the F&N Offer in respect of the 180,000 Shares directly held by him unless the F&N Offer turns unconditional. In respect of the 408,240 Shares held by the estate of Mr Kwa Siew Tee, which Mr Lee Hsien Yang is one of three trustees, the family estate intends not to accept the F&N Offer in respect of such Shares unless the F&N Offer turns unconditional.
- (b) Mr Timothy Chia Chee Ming intends not to accept the F&N Offer in respect of the 7,594 Shares directly held by him unless the F&N Offer turns unconditional. In respect of the 30,374 Shares he has deemed interest in, probate has not been obtained.
- (c) Mr Tan Chong Meng intends not to accept the F&N Offer in respect of the 30,000 Shares directly held by him unless the F&N Offer turns unconditional.
- (d) Mr Nicky Tan Ng Kuang intends not to accept the F&N Offer in respect of the 50,000 Shares directly held by him unless the F&N Offer turns unconditional.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 8. ADVICE AND RECOMMENDATIONS

**8.1 General.** Shareholders should read and carefully consider the recommendations of the Independent Directors and the advice of J.P. Morgan to the Independent Directors dated 11 October 2012 (“**J.P. Morgan Letter**”) before deciding whether to accept or reject the F&N Offer.

**8.2 Independence of Directors.** All of the Directors consider themselves to be independent for the purposes of making a recommendation on the F&N Offer.

**8.3 Advice of J.P. Morgan to the Independent Directors.** The Independent Directors have carefully considered the advice of J.P. Morgan to the Independent Directors in respect of the F&N Offer, which is set out on pages 23 to 90 of this Circular. J.P. Morgan’s advice to the Independent Directors in respect of the F&N Offer, as extracted from Section 10 of the J.P. Morgan Letter, is set out below and should be read in conjunction with, and in the context of, the full text of the J.P. Morgan Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the J.P. Morgan Letter.

#### **“10. ADVICE TO INDEPENDENT DIRECTORS**

*In arriving at our opinion to the Independent Directors, we have relied upon the following key considerations:*

- a) *The Shares have adequate liquidity. We therefore believe that the historical Share prices of the Company provide a meaningful reference price against which to compare the Offer Price. However, the liquidity of the Shares may be impacted following the close of the Offer depending on, amongst other things, the number of Shares tendered into the Offer and there is no assurance that the liquidity of the Shares will remain at current levels.*
- b) *In the 12-month period prior to the Unaffected Share Price Date, the Shares have traded between S\$5.39 and S\$7.90 based on the daily closing price, i.e. where the Offer Price represents a premium in a range between 12.4% to 64.7%;*
- c) *Following the Unaffected Share Price Date up to the IFA Reference Date, the Shares have traded between S\$7.60 and S\$8.97 based on the daily closing price, i.e. where the Offer Price represents a range between a discount of 1.0% to premium of 16.8%;*
- d) *Based on our comparison of the Offer Price against the Company’s volume-weighted average prices over the various timeframes, we have assessed:*
  - (i) *The Offer Price represents a premium of approximately 15.7%, 22.4%, 29.0%, 31.5% and 41.1% respectively over the volume-weighted average price of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods up to and including the Unaffected Share Price Date*
  - (ii) *The Offer Price represents a premium of approximately 4.5%, 5.5%, 9.3%, 15.9% and 26.9% respectively over the volume-weighted average price of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods preceding the Offer Announcement Date*
  - (iii) *The Offer Price represents a premium of approximately 12.4% to the last transacted price of S\$7.90 on 16 July 2012, the Unaffected Share Price Date and represents a premium of approximately 4.3% to the last transacted price of S\$8.51 one Market Day prior to the Offer Announcement Date*
  - (iv) *The Offer Price represents a discount of approximately 0.2% to the closing price of the Shares of S\$8.90 as at the IFA Reference Date*

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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- (v) *The implied Offer Price excluding the potential cash proceeds from the APB sale would be S\$5.00 per Share. We note that the estimated volume-weighted average price from the Unaffected Share Price Date of 16 July 2012 to the IFA Reference Date excluding the potential cash proceeds from the APB sale is S\$4.61 per Share. Therefore, the Offer Price excluding the potential cash proceeds from the APB sale represents a premium of approximately 8.5% during this period*
- e) *The valuation multiples implied by the Offer Price as compared with the historical trading levels of the Company are as follows:*

  - (i) *The Offer Price represents a premium of approximately 38.8%, to the median of F&N's trailing 12 month EV/EBITDA multiple from the Unaffected Share Price Date.*
  - (ii) *The Offer Price represents a premium of approximately 39.3%, to the median of F&N's trailing 12 month P/E multiple from the Unaffected Share Price Date.*
  - (iii) *The Offer Price represents a premium of approximately 40.0%, to the median of F&N's trailing 12 month P/B multiple from the Unaffected Share Price Date*
  - (iv) *The Offer Price represents a premium of approximately 4.2% to the median of F&N's trailing 12 month EV/EBITDA multiple of 11.6x from the Unaffected Share Price Date to the IFA Reference Date*
  - (v) *The Offer Price represents a premium of approximately 3.2% to the median of F&N's trailing 12 month P/E multiple of 19.9x from the Unaffected Share Price Date to the IFA Reference Date*
  - (vi) *The Offer Price represents a premium of approximately 7.1% to the median of F&N's trailing 12 month P/B multiple of 1.7x from the Unaffected Share Price Date to the IFA Reference Date*
- f) *The general offer premia resulting from the Offer Price compared with the corresponding median offer premia of selected general offers in Singapore for acquisition targets across a number of industries for control since January 2007 are as follows:*

  - (i) *The general offer premia resulting from the Offer price compared to the share price as of the Unaffected Share Price Date is below the median of the 1-day, 1-month and 6-month offer premia of selected general offers in Singapore but above the 3-month offer premia of the abovementioned transactions*
  - (ii) *The general offer premia resulting from the Offer price compared to the share price preceding the Offer Announcement Date is below the median of the 1-day, 1-month, 3-month and 6-month offer premia of selected general offers in Singapore*
- g) *Based on certain research reports by stock analysts in relation to the Shares and/or the Offer, we note the following:*

  - (i) *The Offer Price represents a premium of 20.0% to the average price target estimates by brokers as of the Unaffected Share Price Date*
  - (ii) *The Offer Price represents a discount of 4.9% to the average price target estimates by brokers as of the Offer Announcement Date*

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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- (iii) *The Offer Price represents a discount of 5.5% to the average price target estimates by brokers as of the IFA Reference Date*
- h) *We note that the Offer Price falls within the range of the estimated sum-of-the-parts valuation of each Share of \$8.30 to \$11.22*
  - (i) *We also note that the Offer Price excluding the potential cash proceeds from the APB sale falls within the range of the estimated sum-of-the-parts valuation of each Share excluding the potential cash proceeds for the APB sale*

*On the basis of and subject to the foregoing, it is our opinion that, as of the IFA Reference Date, the Offer Price is **not compelling but fair**, from a financial point of view.*

***The Independent Directors should note that a discount may be applied on the sum-of-the-parts valuation of a conglomerate such as the F&N Group for various reasons. In an efficient capital market, investors can generally diversify more effectively by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a conglomerate investing in a range of diverse businesses. A valuation discount may also be applied as conglomerates are generally believed to use capital less efficiently. In arriving at the sum-of-the-parts valuation of the F&N Group above, we have not applied any conglomerate discount as the quantification of such discount is highly subjective. The conglomerate discount is dependent on inter alia the size of the conglomerate, the extent of business diversification or synergies (if any) within the conglomerate and the requirement for additional management as compared to standalone businesses.***

***For the purposes of providing this letter and our evaluation of the Offer Price from a financial point of view, we have not received or relied on any financial projections or forecasts in respect of the Company or the F&N Group. We are not required to express, and we do not express, an opinion on the future growth prospects and earnings potential of the Company. We are therefore not expressing any opinion herein as to the price at which the Shares may trade whether or not the Offer is declared unconditional in all respects or on the future financial performance of the Company.***

***In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax status or positions or particular needs or constraints or other particular circumstances and we neither assume any responsibility for, nor hold ourselves out as advisers to any Shareholder or other person other than the Independent Directors.***

***Our opinion is only based on a financial analysis and does not incorporate any assessment of commercial, legal, tax, regulatory or other matters including potential synergies that may arise out of the Offer. Our opinion also does not incorporate an assessment of the price at which Shares may trade following the success or failure of the Offer or any alternative offers that may be made for the Company and its assets. Such factors are beyond the ambit of our review and do not fall within our terms of reference in connection with the Offer.***

*The Independent Directors may wish to consider advising Shareholders who:*

- (i) *wish to realize their investments in the Company at this time but are unable to sell their Shares in the open market at a price (after deducting related expenses) higher than the Offer Price; and/or;*
- (ii) *believe that the current market price of the Shares may decrease; and/or*
- (iii) *believe that a competing offer will not be made; and/or*



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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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- (iv) *are uncertain of the longer term performance and prospects of the Company, either on a status quo basis or under the stewardship of the Offeror and its concert parties*

*that such Shareholders may wish to consider selling all or a portion of their Shares in the open market or tendering Shares in acceptance of the Offer. If the Independent Directors make a recommendation to Shareholders to tender Shares in acceptance of the Offer, the Independent Directors may also wish to consider highlighting that (i) there is no certainty that the Offer will become unconditional in all respects, (ii) there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer, and (iii) the current price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing and future economic conditions and outlook, stock market conditions and sentiments.*

*The Independent Directors may wish to consider advising Shareholders who:*

- (i) *do not currently wish to realise their investments in the Company; and/or*
- (ii) *believe that the current market price of the Shares may increase; and/or*
- (iii) *believe that a competing offer may be made; and/or*
- (iv) *hold a favourable view and are confident of the Company's prospects, either on a status quo basis or under the stewardship of the Offeror and its concert parties, and believe that they will be able to realise greater value from continuing to own their Shares,*

*that such Shareholders may wish to consider retaining all or a portion of their Shares. If the Independent Directors make a recommendation to Shareholders to retain their Shares, the Independent Directors may also wish to consider highlighting that (i) there is no certainty that following the close of the Offer, the Company will meet the minimum public float required under the Listing Manual, (ii) there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer, and (iii) the current price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing and future economic conditions and outlook, stock market conditions and sentiments.*

*As the ESOS Options and the Share Awards are not freely transferable by the holders thereof, the Offeror has stated in paragraphs 2.4 and 2.5 of the Offer Document that it will not make an offer to acquire the ESOS Options and/or the Share Awards.*

*However, as the Offer is being extended on the same terms and conditions to all new Shares unconditionally issued or to be issued pursuant to the valid exercise, vesting or release of the ESOS Options or Share Awards (collectively, "**Options**") on or prior to the Closing Date, the Independent Directors may wish to consider providing the same advice to the holders of such Options in respect of any Option held by them, and also highlighting the matters set forth in the relevant Section of this letter."*

**8.4 Recommendation of the Independent Directors.** The Independent Directors, having carefully considered the terms of the F&N Offer and the advice given by J.P. Morgan to the Independent Directors in the J.P. Morgan Letter, share J.P. Morgan's view that the Offer Price is not compelling, though fair.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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The Independent Directors wish to highlight the following for Shareholders' attention:

- (a) The range of the estimated sum-of-the-parts valuation of each Share by J.P. Morgan (as set out in Section 8.10 of the J.P. Morgan Letter)<sup>4</sup> is between S\$8.30 and S\$11.22. As such, while the Offer Price at S\$8.88 falls within the range of such valuation, it lies at the low end of the range.
- (b) The figure of S\$8.30 at the bottom end of J.P. Morgan's valuation range comprises certain valuations for the individual parts of the F&N Group which, in the Independent Directors' opinion, present in aggregate a conservative view on the value of the F&N Group. The Board especially notes, *inter alia*<sup>5</sup>, that:
  - (i) The bottom end of the F&N Group's property business valuation is approximately S\$4,433 million, which is based on the median P/B multiple of listed comparable companies as described in Section 8.10.1 Properties under "(iii) Valuation ratios of listed comparable companies" of the J.P. Morgan Letter. This values the F&N Group's development and investment properties at approximately S\$2,562 million, an approximately 48% discount to the RNAV of approximately S\$4,949 million<sup>6</sup>. Shareholders should note that the median discount to RNAV implied by the share prices of the selected Property Companies trading comparables, as shown in Chart 10 of the J.P. Morgan Letter, is 30% (or a P/RNAV ratio of 0.70).
  - (ii) The F&N Group's 55.0% stake in Myanmar Brewery Limited ("**MBL**") is valued at approximately S\$211 million, which is equivalent to approximately 7.1 times the attributable profit (before exceptional items) for the twelve month period ending 30 June 2012. The Independent Directors believe that MBL is a unique asset, with a leadership position in the Myanmar beer market, at a time when Myanmar is attracting foreign investor interest with the recent positive political and economic developments in the country. Shareholders should also note that the median last twelve months' price-to-earnings ratio of the select Asia breweries trading comparables, as shown in Chart 17 of the J.P. Morgan Letter, is 22.5 times.
- (c) Based on the advice of J.P. Morgan as set out in the J.P. Morgan Letter, the Independent Directors note that the Offer Price (i) reflects a premium over the volume-weighted average price of the Shares over various reference periods in the J.P. Morgan Letter; and (ii) represents a premium to the valuation multiples implied by the Offer Price relative to the historical trading levels of the Company.

However, the Independent Directors also note that such historical prices may not fully reflect the cash proceeds to be received by the Company pursuant to the APB Sale of S\$5.591 billion in aggregate or S\$3.88 per Share.

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<sup>4</sup> Shareholders should read Section 8.10 (*Sum-of-the-parts valuation*) of the J.P. Morgan Letter in its entirety and in particular, note all of the considerations associated with a "sum-of-the-parts" valuation analysis.

<sup>5</sup> Other valuations of the F&N Group's individual parts by J.P. Morgan which the Independent Directors have taken note of are as follows:

- (i) The F&N Group's 56.05% controlling stake in Fraser & Neave Holdings Bhd is valued at approximately S\$1,301 million, based on its 52-week trading low price of RM15.94 per share, which is at an approximately 13% discount to the market price as of the IFA Reference Date.
- (ii) The F&N Group's 9.5% stake in Vietnam Dairy Products Joint Stock Company is valued at approximately S\$248 million, based on its 52-week trading low price of VND79,500 per share, which is at an approximately 31% discount to the market price as of the IFA Reference Date.
- (iii) The F&B Singapore businesses are valued at approximately S\$58 million, which translates to approximately 3.4 times the post-tax royalty income received each year from its ice cream, soft drinks and dairies businesses.
- (iv) Times Publishing Limited is valued at approximately S\$71 million, which is at an approximately 78% discount to Times Publishing Limited's book NAV of S\$330 million as at 30 June 2012.

<sup>6</sup> Being the figure of S\$6,820 million after deducting i) the market values of the F&N Group's holdings in Frasers Centrepoint Trust, Frasers Commercial Trust and the F&N Group's holdings of convertible perpetual preferred units in Frasers Commercial Trust of S\$611 million, S\$203 million and S\$309 million respectively, ii) the value of Frasers Centrepoint Limited's asset management business of S\$487 million (J.P. Morgan's implied valuation for the asset management business based on the median last twelve months' price-to-earnings ratio of asset management trading comparables), and iii) the realized value of the recent sale of F&N's approximately 56.05% stake in Frasers Property (China) Limited for S\$261 million.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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- (d) As set out in the Offer Document, neither the Offeror nor any party acting in concert with it has received any irrevocable undertaking from any other party to accept or reject the F&N Offer. Accordingly, as at the Latest Practicable Date, there is no assurance that the F&N Offer will become unconditional in all respects.
- (e) The Independent Directors who hold Shares intend not to accept the Offer in respect of their own direct holdings in the Shares unless the F&N Offer turns unconditional.

**The Independent Directors urge Shareholders not to take any action in relation to the Offer until after Shareholders have carefully considered the recommendations of the Independent Directors, the advice of J.P. Morgan to the Independent Directors as set out in the J.P. Morgan Letter, the intentions of the Offeror and the intentions of the Independent Directors in relation to their own direct holdings in the Shares as set out in this Circular.**

Shareholders who, after taking the above into consideration:

- (i) wish to realize their investments in the Company at this time but are unable to sell their Shares in the open market at a price (after deducting related expenses) higher than the Offer Price; and/or;
- (ii) believe that the current market price of the Shares may decrease; and/or
- (iii) believe that a competing offer will not be made; and/or
- (iv) are uncertain of the longer term performance and prospects of the Company, either on a status quo basis or under the stewardship of the Offeror and its concert parties,

may wish to consider selling all or a portion of their Shares in the open market or tendering Shares in acceptance of the Offer.

Shareholders who, after taking the above into consideration:

- (i) do not currently wish to realise their investments in the Company; and/or
- (ii) believe that the current market price of the Shares may increase; and/or
- (iii) believe that a competing offer may be made; and/or
- (iv) hold a favourable view and are confident of the Company's prospects, either on a status quo basis or under the stewardship of the Offeror and its concert parties, and believe that they will be able to realise greater value from continuing to own their Shares,

may wish to consider retaining all or a portion of their Shares.

Shareholders who wish to retain their Shares regardless of whether the F&N Offer turns unconditional in all respects should take note of the following:

- (i) While the Offeror has stated in the Offer Document that, *inter alia*, it intends to undertake a review of the Company's businesses and operations as well as evaluate various strategic options, the Offeror has not indicated any firm intentions on the future directions of the Company. In addition, as at the Latest Practicable Date, there is also no clarity on the Offeror's intentions with regard to the S\$5.591 billion proceeds from the APB Sale. As announced by the Company on 28 September 2012, the Offeror and its concert parties voted against the Capital Reduction to distribute a significant part of the sale proceeds from the APB Sale to Shareholders. Shareholders should take these into account when considering the longer term performance and prospects of the Company, either on a stand-alone basis or under the stewardship of the Offeror.



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- (ii) If the Offer should turn unconditional, there is no certainty that following the close of the Offer, the Company will meet the minimum public float required under the Listing Manual.
- (iii) By retaining their Shares, Shareholders will be subject to the general risks associated with share investments, including but not limited to fluctuations in the price and trading liquidity of the Shares. In addition, the current price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing and future economic conditions and outlook, stock market conditions and sentiments.

Shareholders should note that in the event the F&N Offer closes or lapses, the trading volume and market price of the Shares as at the Latest Practicable Date may not be sustained. As the trading of the Shares is subject to market fluctuations, the Independent Directors' recommendations do not and cannot take into account any future transactions or price levels of the Shares.

In rendering the above recommendations, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, risk profiles, tax status or position, or particular needs and constraints or other particular circumstances of any individual Shareholder.

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

### 9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the F&N Offer must do so not later than **5.30 p.m. on 29 October 2012**, or such later date(s) as may be announced from time to time by or for and on behalf of the Offeror. Shareholders who wish to accept the F&N Offer should refer to Appendix V to the Offer Document which sets out the procedures for acceptance of the F&N Offer.

Shareholders who do not wish to accept the F&N Offer need not take any further action in respect of the Offer Document (including the FAA and/or FAT) which has been sent to them.

### 10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular), collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than the J.P. Morgan Letter and the valuation reports by the Independent Valuers), and confirm after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the F&N Offer and the F&N Group, and the Directors are not aware of any fact 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 (including information extracted from the Offer Document and the J.P. Morgan Letter), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources and/or reproduced in this Circular in its proper form and context.

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

**Mr Lee Hsien Yang**  
Chairman

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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5 October 2012

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

Dear Sir/Madam:

**Mandatory conditional cash offer by United Overseas Bank Limited (“UOB”), DBS Bank Ltd. (“DBS Bank”) and Morgan Stanley Asia (Singapore) Pte. (“Morgan Stanley”) for and on behalf of TCC Assets Limited (the “Offeror”), to acquire all the ordinary shares in the capital of Fraser and Neave, Limited (“Offeree” or “Company” or “F&N”) other than those held by the Company as treasury shares and those already owned by the Offeror, and International Beverage Holdings Limited (“IBHL”) (the “Offer”).**

### 1 Introduction

J.P. Morgan (S.E.A.) Limited (“**JPMSEAL**”) refers to the announcements by UOB, DBS Bank and Morgan Stanley for and on behalf of the Offeror dated 13 September 2012 (“**Offer Announcement**”) as well as the Offer Document dated 27 September 2012 (“**Offer Document**”) in relation to the Offer.

As announced by the Offeree in an announcement dated 25 September 2012, JPMSEAL has been appointed as the independent financial adviser to advise the Independent Directors of the Offeree.

This letter sets out our evaluation of the Offer Price, from a financial perspective, for inclusion in the circular (the “**Circular**”) to be sent to Shareholders in connection with the Offer. Unless otherwise defined in this letter or where the context otherwise requires, all terms defined in the Circular shall have the same meaning when used in this letter.

### 2 Terms of reference

In the course of our evaluation of the Offer Price, from a financial point of view, we have, amongst other things:

- Reviewed certain publicly available business and financial information concerning the F&N Group and the industries in which it operates as well as certain information provided, and representations made, to us by the Directors, senior executives, professional advisers and other authorised representatives of the Company;
- Compared the proposed financial terms of the Offer with the publicly available financial terms of certain transactions involving companies we deemed relevant and the consideration received for such companies;
- Compared the financial and operating performance of the Company with publicly available information concerning certain other companies we deemed relevant;
- Participated in discussions with certain members of the management of the Company with respect to certain aspects of the Offer, and the past and current business operations and financial condition of the Company, and certain other matters we believed necessary or appropriate to our inquiry;
- Reviewed and relied on certain internal financial analyses prepared by or at the direction of the management of the Company relating to its business operations;

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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- Participated in discussions with representatives of the Company and its legal advisers with respect to the Offer;
- Reviewed the reported prices, trading multiples and trading activity for the Shares;
- Reviewed the Offer Document and the Circular; and
- Performed such other financial studies and analyses and considered such other information as we deemed appropriate for the purposes of this letter

For purposes of this letter, we have relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with us by the Company or otherwise reviewed by or for us, and we have not independently verified (nor have we assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness or adequacy. We have not conducted any valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of the Company, the F&N Group, the Offeror or the Offeror group of companies and parties acting in concert with them or any other relevant party to the Offer under any applicable laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses provided to us or derived therefrom, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the financial condition of the Company to which such analyses relate. We express no view as to such analyses or the assumptions on which they were based. We are not legal, regulatory or tax experts. We are the financial advisers only and have relied on, without independent verification, the assessments made by advisors to the Company with respect to such issues. In addition, we have assumed that the Offer will be consummated in accordance with the terms set forth in the Offer Document without any waiver, amendment or delay of any terms or conditions and that no conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. We have further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Offer will be obtained and that no delays, limitations, conditions or restrictions will be imposed that would have any material adverse effect on the Company or on the contemplated benefits of the Offer.

This letter is based on economic, market and other conditions as in effect on, and the information made available to us as of 1 October 2012 (“**IFA Reference Date**”). It should be understood that subsequent developments may affect the contents of this letter and that we do not have any obligation to update, revise, or reaffirm the contents of this letter. Our opinion is limited to the fairness, from a financial point of view, of the Offer Price and we express no opinion as to the fairness of the Offer Price to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the Offer. Furthermore, we express no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the Offer, or any class of such persons relative to the Offer Price to be received by the holders of the Shares in the Offer or with respect to the fairness of any such compensation.

In addition, we were not requested to and did not provide advice concerning the structure, the specific amount of the Offer Price, or any other aspects of the Offer, or to provide services other than the delivery of this letter. We have not been requested to and were not authorised to and did not solicit any expressions of interest from any other parties with respect to the Shares or the sale of all or any part of the Company or any other alternative transaction. We do not comment on the merits of the Offer, nor do we evaluate and/or comment on the strategic or commercial merits of the Offer or on the prospects of the Company. We do not address the relative merits of the Offer as compared to any other alternative transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We also note that we did not participate in negotiations with respect to the terms of the Offer and related transactions.

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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The Directors have confirmed to us that, to the best of their knowledge and belief, all material information in connection with the Company, the F&N Group, the Offer and the Circular has been disclosed to us, that such information is true, complete and accurate in all material respects and that there are no omissions which may cause any information given to us to be incomplete, inaccurate or misleading. The Directors have jointly and severally accepted the responsibility for the accuracy and completeness of such information. We have relied upon such confirmation by the Directors and the accuracy and completeness of all information given to us and have not independently verified such information, whether written or verbal, and accordingly cannot and do not represent or warrant, expressly or impliedly, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information.

We have relied upon the assurances of the Directors that the Circular has been approved by the Directors (including those who may have delegated detailed supervision of the Circular) who accept full responsibility for the accuracy of the information given in the Circular (other than the letter from J.P. Morgan, and the valuation reports by Knight Frank Pte Ltd, DTZ Debenham Tie Leung (Vietnam) Co. Ltd, DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd, CBRE Pte. Ltd., CBRE Valuations Pty Ltd, CKS Property Consultants Pte Ltd, Savills Valuation and Professional Services Limited and KJPP Rengganis, Hamid & Rekan (together, the “**Valuers**”), and confirm after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Offer, the Company and its subsidiaries, and the Directors are not aware of any fact the omission of which would make any statement in the Circular misleading. For the purposes of providing this letter and our evaluation of the Offer Price from a financial point of view, we have not received or relied on any financial projections or forecasts in respect of the Company or the F&N Group. We are not required to express, and we do not express, an opinion on the future growth prospects and earnings potential of the Company. We are therefore not expressing any opinion herein as to the price at which the Shares may trade whether or not the Offer is declared unconditional or on the future financial performance of the Company.

In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax status or positions or particular needs or constraints or other particular circumstances of any Shareholder and do not assume any responsibility for, nor hold ourselves out as advisers to, any person other than the Independent Directors. As different Shareholders would have different investment profiles and objectives, the Independent Directors may wish to advise any Shareholder who may require specific advice in relation to his investment portfolio to consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this letter). We have no role or involvement and have not and will not provide any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this letter and Section 5.1(d) of Appendix I to the Circular). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (except for this letter and Section 5.1(d) of Appendix I to the Circular).

We will receive a fee from the Company for the delivery of this letter. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement. In the ordinary course of our trading, brokerage, asset management and financing activities, we and our affiliates have actively traded, and may continue to actively trade, the debt or equity securities or senior loans of certain companies within the F&N Group or certain companies within the Offeror group of companies and parties acting in concert with them or any other company that may be involved in the Offer, for our own account or for the accounts of customers and, accordingly, we may at any time hold long or short positions in such securities. JPMSEAL and its affiliates may also seek to provide services to the Company, the Offeror and parties acting in concert with each of the Company and the Offeror in the future and expect to receive fees for rendering such services.

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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The issuance of this letter has been approved by a committee of JPMSEAL in accordance with our customary practice. This letter is provided to the Independent Directors for their information only. This letter is not addressed to and may not be relied upon by any third party including, without limitation, Shareholders, holders of options or awards issued by the Company, employees or creditors of the Company. This letter does not constitute a recommendation to any Shareholder of the Company as to whether such Shareholder should accept or reject the Offer or any other matter. Whilst a copy of this letter and parts thereof may be reproduced in the Circular, neither the Company nor any of its Directors may use, reproduce, disseminate, refer to, or quote this letter (or any part thereof) for any purpose whatsoever except with our prior written approval.

Our opinion in relation to the Offer Price should be considered in the content of the entirety of this letter and the Circular.

### 3 Terms and conditions of the Offer

Shareholders should by now have received a copy of the Offer Document which, amongst other things, sets out the terms and conditions of the Offer in Paragraph 2 and Appendices IV and V of the Offer Document. The principal terms of the Offer, as extracted from the Offer Document, are set out below.

#### Offer Price

For each Share: S\$8.88 in cash (the “**Offer Price**”).

#### Offer conditional

In accordance with Rule 14.1 of the Code, the Offeror is making a mandatory conditional cash offer for all the remaining Shares, other than those Shares held by the Company as treasury shares and those Shares owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror and IBHL as at the date of the Offer.

The Shares are to be acquired (a) fully paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (“**Encumbrances**”), and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital, including the distribution to be made pursuant to the Capital Reduction) (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date.

In the Offer Document, it was stated that the Offer will be subject to the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of Shares carrying more than 50% of the total voting rights attributable to the Shares as at the close of the Offer (the “**Minimum Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the number of Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company. For this purpose, the “maximum potential issued share capital of the Company” means the total number of Shares which would be in issue had all the ESOS Options and Share Awards been validly exercised, vested or released (as the case may be) as at the date of such declaration. Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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### ESOS Options and Share Awards

Under the rules of the Scheme, the ESOS Options are not freely transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the ESOS Options. However, as stated in the Offer Document, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise on or prior to the close of the Offer of any such ESOS Options. As at the Latest Practicable Date, based on the information provided by the Company to the Offeror, there are 10,038,144 outstanding ESOS Options granted under the F&N Executive Share Option Scheme (“**Scheme**”).

Under the rules of the Share Plans, the Share Awards are not freely transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the Share Awards. However, as stated in the Offer Document, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid vesting or release of any awards on or prior to the close of the Offer of any such Share Awards. As at the Latest Practicable Date, based on the latest information provided by the Company to the Offeror, there are 6,032,672<sup>1</sup> outstanding Share Awards granted under the Share Plans.

### Dividend Adjustments

Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Shares will be acquired with the right to receive any dividend, other distribution and/or return of capital that may be declared, made or paid by the Company on or after the Offer Announcement Date (including the distribution to be made pursuant to the Capital Reduction). **In the event any dividend, other distribution and/or return of capital has been paid by the Company to a Shareholder who accepts the Offer, the Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such dividend, other distribution and/or return of capital paid by the Company to such accepting Shareholder.**

### Offer period

The Offer will close at 5:30p.m. on 29 October 2012 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

### Procedures for the acceptance

Procedures for acceptance of the Offer are set out in Appendix V of the Offer Document.

#### 4 Information on the Offeror

Information on the Offeror and parties acting in concert with the Offeror is set out in Paragraph 3 and Appendix I of the Offer Document.

#### 5 Rationale for the Offer

The rationale for the Offer is set out in Paragraph 6 of the Offer Document.

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<sup>1</sup> Depending on whether certain performance targets are met over a two-year period (for the RSP) and three-year period (for the PSP), the final number of Shares allotted or transferred to the recipient can range from 0% to 150% (for the RSP) and 0% to 200% (for the PSP) of the Share Awards. In this regard, the maximum number of Shares which could be allotted or transferred pursuant to the outstanding Share Awards would be 8,536,800 Shares.



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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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### 6 Listing status and compulsory acquisition

The full text of the Offeror's future plans for the Company and its intentions relating to the listing status and compulsory acquisition of the Company has been extracted from the Offer Document and set out in italics below:

**“9.1 Listing Status** Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the F&N Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares), the SGX-ST may suspend the listing of the F&N Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares), thus causing the percentage of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the F&N Shares only at the close of the F&N Offer.

*Under Rule 724(1) of the Listing Manual, if the percentage of the F&N Shares held in public hands falls below 10%, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the F&N Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the F&N Shares held in public hands to at least 10%, failing which the Company may be delisted.*

**9.2 Compulsory Acquisition** Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued F&N Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the F&N Offer and excluding any F&N Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the F&N Shares from Shareholders who have not accepted the F&N Offer at a price equal to the Offer Price.

*In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of F&N Shares which, together with the F&N Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued F&N Shares (excluding any F&N Shares held by the Company as treasury shares), the Shareholders who have not accepted the F&N Offer at a price equal to the Offer Price have a right to require the Offeror to acquire their F&N Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.*

**9.3 Offeror's Intentions** *It is the current intention of the Offeror to maintain the present listing status of the Company on the Mainboard of the SGX-ST and the Offeror does not intend to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. However, in the event that the Company does not meet the minimum public float required under the Listing Manual at the close of the F&N Offer, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) as described in paragraph 9.2 of this Offer Document, depending on, inter alia, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.”*

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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### 7 Information on the Company

Information on the Company can be found in Paragraph 4 and Appendix II of the Offer Document.

### 8 Financial evaluation of the Offer

Introduction

#### 8.1 Methodology

We have confined our evaluation to the financial terms of the Offer Price. In evaluating the fairness of the Offer Price, from a financial point of view, we have performed the following analyses based upon market, economic, industry, monetary and other conditions in effect on the IFA Reference Date, upon publicly available information and information made available to us by the Company as at the IFA Reference Date:

**Liquidity analysis** to assess whether the historical share price of the Company provides a meaningful reference point for comparison against the Offer Price;

**Historical share price analysis** to assess how the Offer Price compares to the historical share prices of the Company over different observation periods;

**Historical multiple analysis** to assess how the Offer Price compares to the historical trading multiple of the Company over the last 12-month period immediately preceding and including the Unaffected Share Price Date;

**Precedent general offer analysis** to evaluate how the premia/discounts implied by the Offer Price compare to the premia/discounts on selected general offers in Singapore;

**Research analyst estimates analysis** to assess how the Offer Price compares to research analyst estimates for the Company; and

**Sum-of-the-parts valuation** to assess how the sum of the value of the individual but diversified business segments compares against the Offer Price

#### 8.2 General bases and assumptions

The figures and underlying financial data used in our analyses in this section of this letter have been extracted from, amongst others, Bloomberg, FactSet, Dealogic, SGX-ST, the management information provided by the Company, the relevant Company affiliates' financials and relevant public documents of those respective companies covered by those sources as at the IFA Reference Date. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and make no representations or warranties, express or implied, on the accuracy or completeness or adequacy of such information. We note that the generally accepted accounting principles ("GAAP") used by the respective comparable companies may be different. The differences between Singapore GAAP used by the Company and the respective GAAP used by the comparable companies may therefore render comparisons between these companies less useful than if they all used the same GAAP. In addition, we point out that the comparable companies are not exactly identical to the Company in terms of location, business mix, scale, geographical spread and track record. Any conclusions drawn from comparisons made may therefore not necessarily reflect the possible market valuation for the Company.

In the course of our analysis, we have relied on the basis that the share capital of the Company as of the Latest Practicable Date comprises 1,429,381,042 Shares excluding treasury shares. We have also relied on the basis that as of the Latest Practicable Date, there are 10,038,144 ESOS options granted under the Scheme. For the purpose of our analysis, we have considered the fully diluted share capital comprising 1,439,419,186 Shares. This 1,439,419,186 Shares includes Shares assuming the ESOS options are exercised but excludes the Share Awards.



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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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### 8.3 Valuation ratios

We have applied the following valuation ratios in our analysis:

Valuation ratio	General description
P/B	■ “P/B” (price-to-book) ratio illustrates the ratio of the market price of a company’s shares relative to its historical book NAV per share as recorded in its latest reported financial statements. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.
P/RNAV	■ “P/RNAV” or “price-to-Revalued Net Asset Value” ratio illustrates the ratio of the market price of a company’s shares relative to NAV figure derived from adjusting the value of a company’s key assets to their current market values, also referred to as “Revalued NAV”. Refer to 8.10.1(ii) “Revalued net asset value (“RNAV”) of properties segment” for more details on the basis and assumptions of RNAV analysis.
P/E	■ “P/E” or “price-to-earnings” ratio illustrates the ratio of the market price of a company’s shares relative to its earnings per share. The P/E ratio is affected by, inter alia, the capital structure of a company, its tax position as well as its accounting policies relating to revenues recognition, depreciation and intangible assets.
EV/EBITDA	■ “EV” or “enterprise value” is the sum of company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents. “EBITDA” stands for historical earnings before interest, tax, depreciation and amortization expenses, inclusive of share of associates’ and joint ventures’ income and excluding exceptional items. The EV/EBITDA ratio illustrates the market value of a company’s business relative to its historical pre-tax operating cash flow performance, without regard to the company’s capital structure.
EV/Revenue	■ “EV” or “enterprise value” is the sum of company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents. The EV/revenue ratio illustrates the market value of a company’s business relative to its historical revenue, without regard to the company’s capital structure.

### 8.4 Liquidity analysis

Ordinarily, share prices may be affected by different factors including relative liquidity, free float and investor interest or market sentiment at a given point in time. In considering the Offer Price relative to the Company’s historical share price, we have considered the relative liquidity of the Company in comparison with companies that make up the top 15 companies traded on the SGX-ST in Singapore based on market capitalisation, excluding the Company (the “**Top-15**”). This analysis is to check whether historical trading prices provide a meaningful reference point for comparison against the Offer Price.

## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

Chart 1 — Liquidity analysis

Liquidity analysis of top 15 SGX-ST listed companies by market capitalisation <sup>(1)</sup>					
Rank		Market cap (S\$mm)	Free float <sup>(2)</sup> (%)	12M ADTV / Free float <sup>(3)</sup> (%)	12M ADTV / Market cap <sup>(4)</sup>
1	Singapore Telecommunications Ltd	51,179	47.8%	0.29%	0.14%
2	Jardine Matheson Holdings Ltd <sup>(5)</sup>	46,330	17.9%	0.09%	0.02%
3	Jardine Strategic Holdings Ltd <sup>(5)</sup>	46,123	36.4%	0.10%	0.03%
4	DBS Group Holdings Ltd	34,815	70.3%	0.27%	0.17%
5	Oversea-Chinese Banking Corporation Ltd	32,015	80.5%	0.15%	0.11%
6	United Overseas Bank Ltd	31,083	92.1%	0.17%	0.14%
7	Keppel Corp Ltd	20,555	78.1%	0.36%	0.25%
8	Wilmar International Ltd	20,529	36.2%	0.42%	0.20%
9	Dairy Farm Holdings International <sup>(5)</sup>	18,377	22.0%	0.04%	0.01%
10	Hongkong Land Holdings Ltd <sup>(5)</sup>	17,398	49.7%	0.18%	0.08%
11	Jardine Cycle & Carriage Ltd	17,113	22.7%	0.27%	0.06%
12	Genting Singapore Plc	16,726	48.0%	0.99%	0.54%
13	Asia Pacific Breweries Ltd (“APBL”)	13,582	6.3%	1.21%	0.07%
14	Capitaland Ltd	13,474	59.8%	0.45%	0.24%
15	Singapore Airlines Ltd	12,548	41.7%	0.24%	0.10%
	Mean	26,123	47.3%	0.35%	0.14%
	Median	20,529	47.8%	0.27%	0.11%
	Maximum	51,179	92.1%	1.21%	0.54%
	Minimum	12,548	6.3%	0.04%	0.01%
	<b>Fraser &amp; Neave Ltd.</b>	<b>12,707</b>	<b>54.7%</b>	<b>0.52%</b>	<b>0.25%</b>

Source: Bloomberg

Note:

- (1) All figures are as of the IFA Reference Date
- (2) Free float percentages are based on Bloomberg except for F&N, which is calculated as 100% less the 30.36% stake held by ThaiBev and the 14.90% stake held by Kirin Holdings Company, Limited (“Kirin”)
- (3) 12 month average daily trading volume up to IFA Reference Date, divided by free float number of shares
- (4) 12 month average daily trading value up to IFA Reference Date, divided by market capitalisation
- (5) For Jardine Matheson Holdings Ltd, Jardine Strategic Holdings Ltd, Hongkong Land Holdings Ltd and Dairy Farm International Holdings Ltd, market capitalisation and average daily traded value converted from US\$ to S\$ at US\$:S\$=1.2292 (Bloomberg) as of IFA Reference Date

We note that in the 12 months leading up to the IFA Reference Date, the Company’s Average Daily Trading Volume to Free Float of 0.52% is within the range of the minimum and the maximum of the Average Daily Trading Volume to Free Float for the Top-15 companies for the same 12-month period leading up to the IFA Reference Date and above the mean and median (0.35% and 0.27%) respectively. The Company’s Average Daily Trading Value to Market Capitalization of 0.25% is within the range of the minimum and the maximum of the Average Daily Trading Value to Market Capitalisation for the Top-15 companies for the same 12-month period leading up to the IFA Reference Date and above the mean and median (0.14% and 0.11%) respectively. The analysis indicates that the Shares of the Company do not suffer from illiquid trading conditions.

We have also considered the market liquidity of the Shares for the 1-week, 1-month, 3-month, 6-month and 12-month periods leading up to the IFA Reference Date.

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Chart 2 — Historical trading volume

Historical trading volume					
Period up to the IFA Reference Date	VWAP (S\$)	Total volume traded ('000)	Avg. daily trading value <sup>(3)</sup> (S\$'000)	Avg. daily trading volume <sup>(4)</sup> ('000)	Avg. daily trading volume/free float <sup>(5)</sup> (%)
12-month	7.81 <sup>(1)</sup>	1,059,537	32,989	4,221	0.54%
6-month	8.02 <sup>(2)</sup>	812,598	51,295	6,398	0.61%
3-month	8.45 <sup>(2)</sup>	727,336	96,015	11,365	1.25%
1-month	8.81 <sup>(2)</sup>	138,221	57,955	6,582	0.85%
1-week	8.89 <sup>(2)</sup>	24,138	37,151	4,179	0.55%
From the first Market Day following the Unaffected Share Price Date (16 July 2012)	8.52 <sup>(2)</sup>	712,936	114,327	13,425	1.73% <sup>(6)</sup>
From the first Market Day following the Offer Announcement Date (13 September 2012)	8.90 <sup>(2)</sup>	110,596	74,753	8,400	1.08% <sup>(6)</sup>

Source: Bloomberg as of the IFA Reference Date

Note:

- (1) Volume Weighted Average Price ("VWAP") calculated as total daily trading value divided by total daily trading volume for the relevant period over the last 12 months up to IFA Reference Date
- (2) Bloomberg VWAP
- (3) Average daily trading value for the relevant period up to the IFA Reference Date
- (4) Average daily trading volume for the relevant period up to the IFA Reference Date
- (5) Free float taken as average free float over the period as per Bloomberg
- (6) Free float for F&N is calculated as 100% less the 30.36% stake held by ThaiBev and the 14.90% stake held by Kirin

The analysis of historical trading volume of the Shares includes the period from 16 July 2012 (being the "**Unaffected Share Price Date**") to the IFA Reference Date. We note that announcements related to the offer by Heineken International B.V. ("**Heineken**") for the acquisition of the direct and indirect interest in Asia Pacific Breweries may have had an impact on the trading volume of the Shares during this period.

We also note that the analysis of historical trading volume of the Shares includes the period from 13 September 2012 (the "**Offer Announcement Date**") to the IFA Reference Date. We note that announcements related to the Offer by the Company may have had an impact on the trading volume of the Shares during this period.

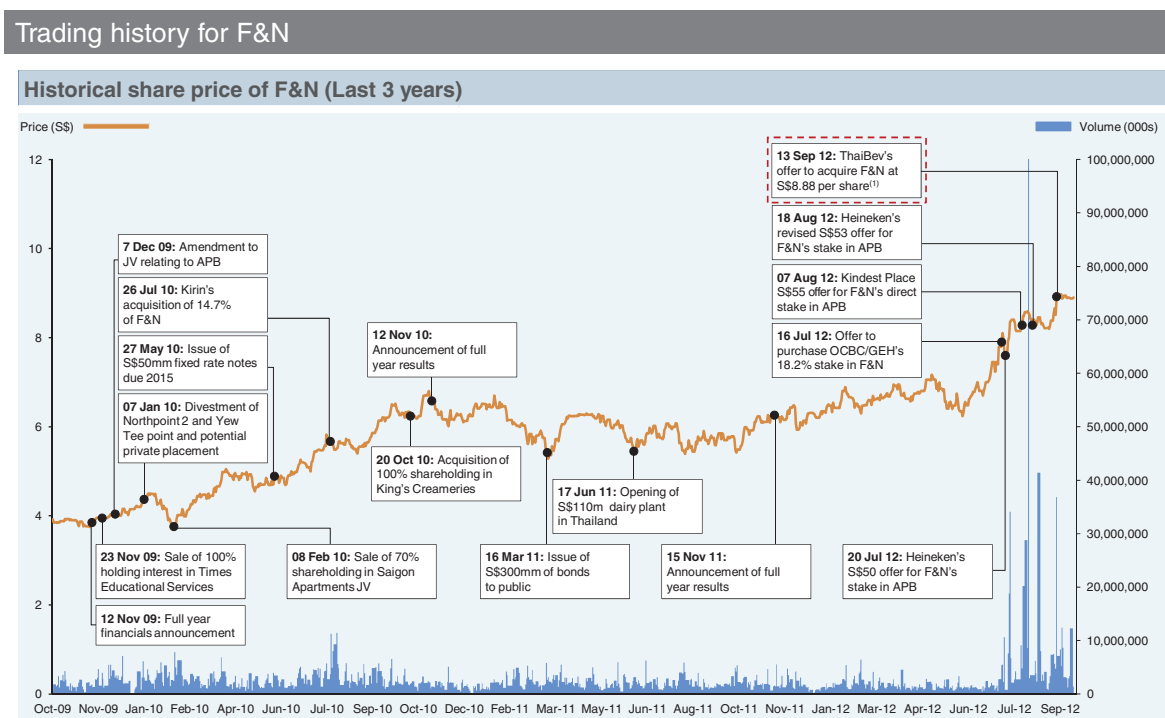
Our analysis of the historical trading volume of the Shares and the average daily trading volume and value in comparison to the Top-15 companies suggests that there is reasonable liquidity in the Shares and that the market prices of the Shares should generally reflect a fundamental, market-based value of the Shares.

### 8.5 Historical share price trading analysis

In evaluating the fairness of the Offer Price from a market price expectations perspective, we have considered whether the current and historical price performances of the Shares are reasonable indicators for assessing the financial value of the Shares at a given point in time. We set out below in Chart 3, the daily closing price and daily trading volume of the Shares for the 3-year period from 1 October 2009 to the IFA Reference Date.

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Chart 3 — Historical share price performance and trading volume



Source: Bloomberg, company announcements as of IFA Reference Date

- (1) TCC, a concert party of ThaiBev, in accordance with Rule 14.1 of the Code, announced that it will make an Offer for all of the issued and paid-up Shares of F&N, including new F&N Shares issued on or prior to the close of the Offer pursuant to the valid exercise of options granted under the F&N Executive Share Option Scheme or valid vesting or release of awards granted under the F&N Restricted Share Plan and F&N Performance Share Plan, for S\$8.88 per Share
- **12 November 2009: Full year financials announcement**
    - F&N announced full year revenue of S\$5,333 million, up 7% from the previous year. Profit before interest, taxation, fair value adjustment and exceptional item (“PBIT”) was up 6% to S\$811 million.
  - **23 November 2009: Sale of 100% holding interest in Times Educational Services**
    - F&N announced that its subsidiary, Times Publishing Limited (“TPL”), entered into a conditional sale and purchase agreement to sell its 100% shareholding interest in Times Educational Services Private Limited (“TES”), a wholly-owned subsidiary of TPL, for an aggregate consideration of US\$200,000 (equivalent to S\$277,291.76, based on an exchange rate of US\$1 : S\$1.386).
  - **7 December 2009: Amendment to joint venture relating to APBL**
    - F&N announced that it entered into a supplemental agreement with Heineken to facilitate the proposed transactions described in a separate announcement by APBL regarding the proposed sale by APBL of its subsidiaries in India to Heineken and its proposed acquisition of Heineken’s subsidiaries in Indonesia and New Caledonia.
  - **7 January 2010: Divestment of Northpoint 2 and Yew Tee Point and potential private placement**
    - F&N announced that its subsidiary, Frasers Centrepoint Limited (“FCL”), the sponsor of Frasers Centrepoint Trust (“FCT”) had, through FCL’s wholly-owned subsidiary, Yishun Development Pte Ltd (“YDPL”) entered into a put and call option agreement with HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of FCT (the “Trustee”), pursuant to which: (a) the Trustee was granted a call option (the “YewTee Point Call Option”) which, if exercised by the Trustee, will require YDPL to enter into a sale and purchase agreement (the “YewTee Point Sale and Purchase Agreement”) with the Trustee; and (b) YDPL was granted a put option (the “YewTee Point Put Option”) which, if exercised by YDPL, will require the Trustee to enter into the YewTee Point Sale and Purchase Agreement with YDPL, for the divestment of the property known as YewTee Point, to the Trustee. Further, as announced by Frasers Centrepoint Asset Management Ltd., the manager of FCT obtained the approval in-principle letter from Singapore Exchange Securities Trading Limited in connection with the proposed issue of up to 152.0 million new units in FCT pursuant to an equity fund raising.

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- **8 February 2010: Sale of 70% shareholding in Saigon Apartments joint venture**
  - F&N announced that SAJV Co Pte. Ltd., a wholly-owned subsidiary of the Company's subsidiary, FCL, entered into a conditional capital transfer agreement to sell its entire 70% shareholding interest in Saigon Apartments Joint Venture Company Limited for an aggregate consideration of US\$7.5 million (equivalent to approximately S\$10.6million).
- **27 May 2010: Issue of S\$50mm fixed rate notes due 2015**
  - F&N announced that its wholly-owned subsidiary, F&N Treasury Pte. Ltd. issued an eleventh series, comprising S\$50 million in principal amount of Fixed Rate Notes pursuant to its S\$2 billion Multicurrency Medium Term Note Programme established on 7 May 2007.
- **26 July 2010: Kirin's acquisition of 14.7% of F&N**
  - Kirin's announced the signing of a Share Purchase Agreement for the acquisition of shares in F&N. Kirin acquired 205,500,000 shares in F&N (14.7% of total shares outstanding from Seletar Investments Pte Ltd, which is a wholly-owned subsidiary of Temasek Holdings (Private) Limited for S\$6.50 per share. The total consideration for the acquisition amounted to S\$1,335,750,000. Kirin funded the acquisition through existing cash on hand and borrowings.
- **20 October 2010: Acquisition of 100% shareholding in King's Creameries**
  - F&N announced that it entered into a conditional agreement to acquire 100% of the issued share capital of King's Creameries (S) Pte Ltd ("**King's Creameries**"). King's Creameries is a wholly-owned subsidiary of Lion Nathan National Foods Pty Ltd, a leading food and beverage company in Australia and New Zealand. Lion Nathan National Foods Pty Ltd is itself a wholly-owned subsidiary of Kirin which acquired a 14.7% interest in F&N in July 2010. Negotiations for this transaction started before Kirin became a shareholder of F&N.
- **12 November 2010: Announcement of full year results**
  - F&N announced FY2010 full year revenue was up 11% from the previous year to S\$5,697 million, while PBIT increased 34% from the previous year to S\$1,070 million.
- **16 March 2011: Issue of S\$300mm of bonds to public**
  - F&N announced an underwritten offer by its wholly-owned subsidiary, F&N Treasury Pte. Ltd, of S\$300,000,000 in aggregate principal amount of bonds, comprising an offer to the public in Singapore and to institutional and other investors.
- **17 June 2011: Opening of S\$110m dairy plant in Thailand**
  - F&N officially opened its new S\$110 million canned milk plant in Thailand, further advancing F&N's ambition of becoming a leading and innovative food and beverage player in the Asia Pacific region.
- **15 November 2011: Announcement of full year results**
  - F&N reported results for the year ended 30 September 2011. Group revenue improved 10% to S\$6,274 million. PBIT improved 8%, to S\$1,152 million, led by double-digit earnings growth in F&B.
- **16 July 2012: Offer to purchase Oversea-Chinese Banking Corporation Limited ("OCBC") / Great Eastern Holdings Limited ("GEH") 18.2% stake in F&N**
  - OCBC and GEH announced that they were approached with an offer to purchase, *inter alia*, their combined stakes in F&N (aggregating approximately 18.20% of F&N's total issued shares as at 31 March 2012) and aggregating approximately 7.92% of APBL's total issued shares as at 31 March 2012.
- **20 July 2012: Heineken's S\$50 offer for F&N's stake in APBL**
  - F&N announced that the Board received an offer from Heineken N.V. ("**Heineken**") to acquire the Company's direct and indirect interests in APBL at a price of S\$50 per share, for a total consideration of S\$5.1 billion. In addition, Heineken offered S\$163 million for the Company's interest in non-APBL assets held by Asia Pacific Investment Pte Ltd ("**APIPL**"), subject to any adjustment for further impairments.
- **7 August 2012: Kindest Place's S\$55 offer for F&N's direct stake in APBL**
  - F&N announced that it received an unsolicited offer from KPGL today to acquire the Company's direct interest in APBL comprising 18,753,887 APBL shares at the price of S\$55 for each share in APBL.
- **18 August 2012: Heineken's revised S\$53 offer for F&N's stake in APBL**
  - Heineken International B.V., a wholly-owned subsidiary of Heineken, announced that it had entered into two separate conditional sale and purchase agreements with F&N, for the purchase by the Heineken International B.V. and the sale by F&N, of the following shares: (a) 41,175,000 ordinary shares and 31,766,808 preference shares ("**APIPL Sale Shares**") in the issued and paid-up capital of APIPL, representing 50% of the entire issued and paid-up share capital of APIPL as of the date of this Announcement; and (b) 18,753,887 ordinary shares in the issued and paid-up capital of APBL, representing approximately 7.26% of the entire issued and paid-up share capital of APBL as of the date of this Announcement. The consideration payable by Heineken International B.V. for the Sale Shares was determined on the following basis: (a) S\$53 for each APBL Share (as defined below) held by F&N directly or through APIPL; and (b) S\$163 million for F&N's interest in the non-APBL assets held by APIPL.

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- **13 September 2012: ThaiBev's offer to acquire F&N at S\$8.88 per share**

- United Overseas Bank Limited, DBS Bank Ltd and Morgan Stanley Asia (Singapore) Pte. announced, for and on behalf of TCC Assets Limited ("TCC"), that TCC acquired 19,500,000 issued and paid-up ordinary shares in the capital of F&N, representing approximately 1.37% of the total issued F&N shares at a price range of S\$8.80 to S\$8.88 per F&N share. Following the Acquisition, TCC, together with the Relevant Persons (as defined in paragraph 8.1 of the Announcement), own, control or have agreed to acquire an aggregate of 433,202,370 F&N Shares, representing approximately 30.36% of the total issued F&N Shares. In accordance with Rule 14.1 of the Singapore Code on Take-overs and Mergers (the "Code"), the Offeror will make a mandatory conditional cash offer for all the remaining F&N Shares, other than those F&N Shares held by the Company as treasury shares and those F&N Shares owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror and International Beverage Holdings Limited ("IBHL") as at the date of the F&N Offer. TCC will make the F&N Offer for the Offer Shares on the following basis: For each Offer Share: S\$8.88 in cash.

Between 1 October 2009 and 16 July 2012 (being the Unaffected Share Price Date), the Shares traded within a range of S\$3.73 and S\$7.90 per Share based on the daily closing price.

The latest traded share price of the Company as of 16 July 2012 (being the Unaffected Share Price Date) was S\$7.90. On 17 July 2012 (being the Market Day immediately after the Unaffected Share Price Date) the price of the Shares rose from the previous closing price to close at S\$8.10 with an aggregate volume of approximately 5.57 million Shares traded.

The latest traded share price of the Company as of 12 September 2012 (being the Market Day immediately prior to the Offer Announcement Date) was S\$8.51. On the Offer Announcement Date, the closing price was S\$8.92, with an aggregate volume of approximately 36.84 million Shares traded. On 14 September 2012 (being the Market Day immediately after the Offer Announcement Date) the price of the Shares rose from the previous closing price to close at S\$8.97 with an aggregate volume of approximately 7.14 million Shares traded.

The Shares have traded in a band between S\$3.73 and S\$8.97 based on the daily closing price over the 3-year period prior to the IFA Reference Date. In the 12-month period prior to the Unaffected Share Price Date, the Shares have traded between S\$5.39 and S\$7.90 based on the daily closing price. We note the Offer Price represents a premium in a range between 12.4% to 64.7% to this level.

Following the Unaffected Share Price Date up to the IFA Reference Date, the Shares have traded in a band between S\$7.60 and S\$8.97 based on the daily closing price. We note the Offer Price represents a premium/ (discount) in a range of (1.0)% to 16.8% to this level.

Following the Offer Announcement Date up to the IFA Reference Date, the Shares have traded in a band between S\$8.88 and S\$8.97 based on the daily closing price. We note the Offer Price represents a premium/ (discount) in a range of (1.0)% to 0.0% to this level.

### 8.6 Volume Weighted Average Price Analysis

We have analyzed the premium/(discount) implied by the Offer Price over the 1-day closing price and the volume weighted average price of the Shares for the 1-week, 1-month, 3-month, 6-month, and 12-month periods up to the Unaffected Share Price Date as well as the 1-week, 1-month, 3-month, 6-month and 12 month period preceding the Offer Announcement Date and have tabulated them as follows in Chart 4.



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Chart 4 — Premium / (discount) implied by the Offer Price

Premium to VWAP (%)				
Reference period	OCBC / GEH stake sale to ThaiBev <sup>(2)</sup>		Offer Announcement Date <sup>(3)</sup>	
	VWAP (S\$)	Premium/ (Discount) %	VWAP (S\$)	Premium/ (Discount) %
<b>Offer Price</b>	<b>8.88</b>		<b>8.88</b>	
1 Market Day before relevant announcement <sup>(1)</sup>	7.90	12.4%	8.51	4.3%
1 week before relevant announcement	7.68	15.7%	8.50	4.5%
1 month before relevant announcement	7.25	22.4%	8.42	5.5%
3 months before relevant announcement	6.88	29.0%	8.12	9.3%
6 months before relevant announcement	6.75	31.5%	7.66	15.9%
12 months before relevant announcement	6.29	41.1%	7.00	26.9%

Source: Company, Bloomberg, Factset as of IFA Reference Date

Note:

- (1) Closing price 1- Market Day before the relevant announcements;
- (2) Represents date of 17 July 2012 based on OCBC / GEH stake sale to ThaiBev announcement;
- (3) ThaiBev's general offer announcement date on 13 September 2012

We note the following:

- (i) The Offer Price represents a premium of approximately 15.7%, 22.4%, 29.0%, 31.5% and 41.1% respectively over the volume-weighted average price of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods up to and including the Unaffected Share Price Date.
- (ii) The Offer Price represents a premium of approximately 4.5%, 5.5%, 9.3%, 15.9% and 26.9% respectively over the volume-weighted average price of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods preceding the Offer Announcement Date.
- (iii) The Offer Price represents a premium of approximately 12.4% to the last transacted price of S\$7.90 on 16 July 2012, the Unaffected Share Price Date and represents a premium of approximately 4.3% to the last transacted price of S\$8.51 one Market Day prior to the Offer Announcement Date.
- (iv) The Offer Price represents a discount of approximately 0.2% to the closing price of the Shares of S\$8.90 as at the IFA Reference Date.
- (v) The implied Offer Price excluding the potential cash proceeds from the sale of the direct interests in Asia Pacific Breweries Limited (“**APBL**”) and Asia Pacific Investment Pte Ltd (“**APIPL**”) (the “**APB sale**”) would be S\$5.00 per share. We note that the estimated volume-weighted average price from the Unaffected Share Price Date of 16 July 2012 to the IFA Reference Date excluding the potential cash proceeds from the APB sale is S\$4.61 per share. Therefore, the Offer Price excluding the potential cash proceeds from the APB sale represents a premium of approximately 8.5% during this period.

**We note that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer. In addition, we note that our analysis of the past price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiments.**

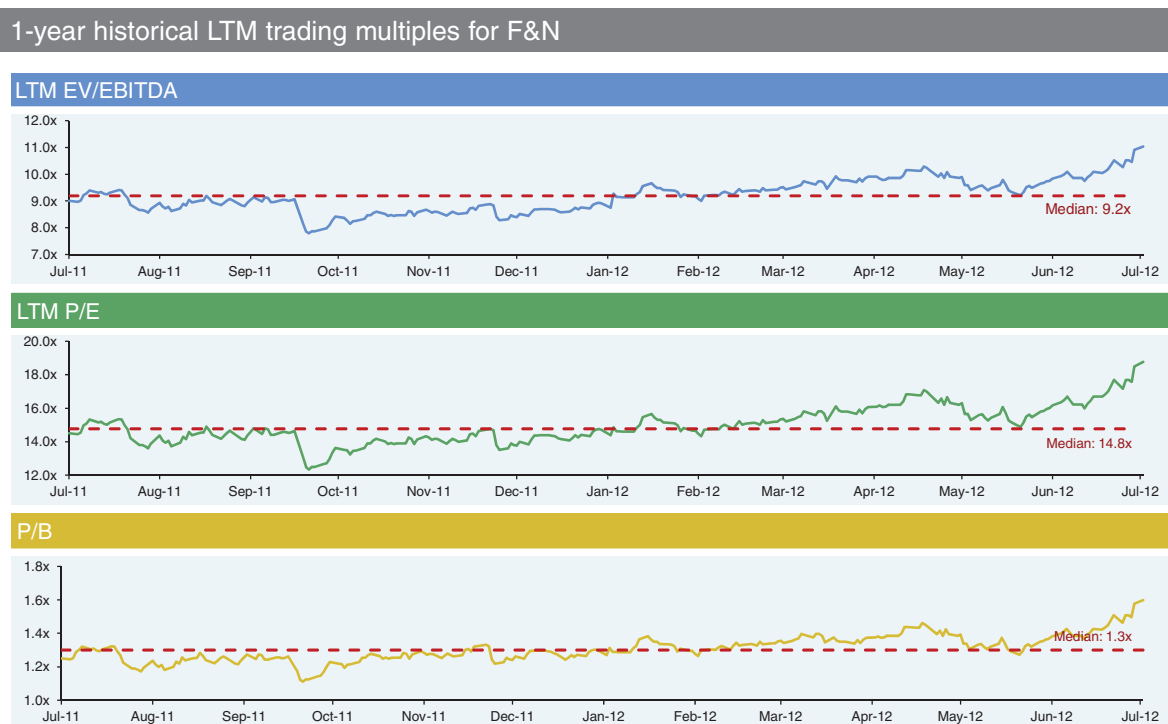
## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

### 8.7 Historical multiple analysis

We set out below the historical trading multiples of the Company. Historical trading multiples are related to how the Company is perceived by the stock market and subject to market efficiency and rationality, reflects the information relevant to a company such as its business directions, plans and strategies, expected financial performance, future prospects and potential growth and is susceptible to, *inter alia*, investor sentiment and market speculation.

We set out below in Chart 5 the Company's EV/Last twelve months ended 30 June 2012 ("LTM") EBITDA, P/E (based on its trailing 12-month earnings for the applicable time periods) and P/B over the last twelve months prior to the Unaffected Share Price Date.

Chart 5 — Historical LTM EV/EBITDA, LTM P/E and P/B for F&N



Source: Company Filings, Bloomberg

Note: Multiples reflect prior twelve month period as of the Unaffected Share Price Date

We note the following:

- (i) The Offer Price represents a premium of approximately 38.8%, to the median of F&N's trailing 12 month EV/EBITDA multiple of 9.2x from the Unaffected Share Price Date
- (ii) The Offer Price represents a premium of approximately 39.3%, to the median of F&N's trailing 12 month P/E multiple of 14.8x from the Unaffected Share Price Date
- (iii) The Offer Price represents a premium of approximately 40.0%, to the median of F&N's trailing 12 month P/B multiple of 1.3x from the Unaffected Share Price Date
- (iv) The Offer Price represents a premium of approximately 4.2% to the median of F&N's trailing 12 month EV/EBITDA multiple of 11.6x from the Unaffected Share Price Date to the IFA Reference Date



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- (v) The Offer Price represents a premium of approximately 3.2% to the median of F&N's trailing 12 month P/E multiple of 19.9x from the Unaffected Share Price Date to the IFA Reference Date
- (vi) The Offer Price represents a premium of approximately 7.1% to the median of F&N's trailing 12 month P/E multiple of 1.7x from the Unaffected Share Price Date to the IFA Reference Date

**We wish to highlight that the historical trading patterns or performance of the Shares should not, in any way, be relied upon as an indication of its future trading patterns or performance, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiments.**

### 8.8 Precedent general offer analysis

We have looked at general offers in Singapore which were announced and completed between 1 January 2007 and the IFA Reference Date, and where the transaction size implied by the respective offer is greater than S\$100 million.

Chart 6 — Comparison of Offer Price to Singapore general offer precedent transactions

Singapore general offer precedent transactions						
Precedent general offer precedent transactions in Singapore (2007–2012YTD)						
Ann. date	Target	Acquiror	Premium/(Discount) to pre-announcement share price			
			Closing 1 day	VWAP		
				1-month	3-month	6-month
10-May-12	Wing Tai Holdings Ltd <sup>(1)</sup>	Ascend Capital Ltd	18%	14%	10%	22%
28-Dec-11	SMB United Ltd <sup>(2)</sup>	Osaki Electric Co Ltd	46%	46%	52%	54%
7-Oct-11	Heng Long International Ltd <sup>(3)</sup>	HLI Holding Pte Ltd	77%	99%	107%	105%
23-Aug-11	Asia Environment Holdings Ltd <sup>(4)</sup>	Ciena Enterprises Ltd	33%	24%	21%	24%
1-Aug-11	C & O Pharmaceutical Technology (Holdings) Ltd <sup>(4)</sup>	Shinog & Co Ltd	11%	32% <sup>(5)</sup>	39% <sup>(5)</sup>	32% <sup>(5)</sup>
1-Jun-11	Portek International Ltd <sup>(4)</sup>	ICTSIFar East Pte Ltd	69%	71% <sup>(5)</sup>	89% <sup>(5)</sup>	111% <sup>(5)</sup>
23-May-11	Allgreen Properties Ltd <sup>(4)</sup>	Brookvale Investments Pte Ltd	39%	41%	45%	43%
6-Jan-11	Kim Eng Holdings Limited <sup>(6)</sup>	Malayan Banking Berhad	56%	63%	68%	79% <sup>(6)</sup>
29-Oct-10	Thomson Medical Centre Ltd <sup>(4)</sup>	Sasteria Pte Ltd	62%	70% <sup>(7)</sup>	83% <sup>(7)</sup>	100% <sup>(6)</sup>
16-Aug-10	Pine AgriTech Ltd <sup>(4)</sup>	Link Crest Ltd	11%	7%	19%	50%
23-Jul-10	RSH Ltd <sup>(9)</sup>	Peak Retail Investments Pte Ltd	42%	N/A	N/A	33%
27-May-10	Parkway Holdings Ltd <sup>(10)</sup>	Integrated Healthcare Holdings Ltd	31%	20%	23%	29%
15-Dec-09	Furama Limited <sup>(4)</sup>	Samta Hotels	37%	39%	43%	51%
24-Aug-09	Sihuan Pharmaceutical Holdings Group Ltd <sup>(4)</sup>	China Pharma Ltd	27% <sup>(11)</sup>	24%	33%	36%
21-Jun-09	Singapore Petroleum Co Ltd <sup>(12)</sup>	Petrochina International (Singapore) Pte Ltd	24%	51%	89%	120%
20-Jan-09	Singapore Food Industries Ltd <sup>(13)</sup>	Singapore Airport Terminal Services Ltd	25%	25%	24%	20%
19-Sep-08	King's Safetywear Ltd <sup>(4)</sup>	Safe Step Group Ltd	12% <sup>(11)</sup>	13%	15%	23%
25-Aug-08	Singapore Computer Systems Ltd <sup>(14)</sup>	Computer Systems Holdings Pte Ltd	56%	27%	30%	39%
10-Jun-08	SNP Corporation Ltd <sup>(4)</sup>	Toppan Printing Co Ltd	8%	15%	22%	25%
20-Jan-08	Robinson & Co <sup>(15)</sup>	ALF Global Pte Ltd	61%	64%	60%	55%
08-Jan-08	Ascott Group <sup>(4)</sup>	CapitalLand	43%	42%	19%	N/A
7-Dec-07	Sincere Watch Ltd <sup>(16)</sup>	A-A United Ltd	11%	19% <sup>(8)</sup>	30% <sup>(8)</sup>	36% <sup>(8)</sup>
29-Oct-07	Labroy Marine Ltd <sup>(4)</sup>	Dubai Drydocks World LLC	3%	9%	20%	18%
13-Jun-07	Sembawang Kimtrans Ltd <sup>(17)</sup>	Toll Express (Asia) Pte Ltd	13%	14% <sup>(8)</sup>	15%	16%
28-May-07	Pan-United Marine Ltd <sup>(4)</sup>	Dubai Drydocks World LLC	3%	15%	24%	37%
22-May-07	Amtelk Engineering Ltd <sup>(18)</sup>	Metcomp Co (Singapore) Pte Ltd	41%	51%	59%	67%
	<b>Mean</b>		<b>33%</b>	<b>34%</b>	<b>38%</b>	<b>45%</b>
	<b>Median</b>		<b>32%</b>	<b>26%</b>	<b>24%</b>	<b>37%</b>
	<b>Max</b>		<b>77%</b>	<b>99%</b>	<b>107%</b>	<b>120%</b>
	<b>Min</b>		<b>3%</b>	<b>7%</b>	<b>10%</b>	<b>16%</b>
13-Sep-12	Fraser and Neave Ltd	TCC Assets Ltd (Unaffected Share Price) <sup>(19)</sup>	12%	22%	29%	32%
		TCC Assets Ltd (Prior to Offer Announcement) <sup>(20)</sup>	4%	6%	9%	16%

Source: Dealogic, Bloomberg, and relevant offer documents. Includes Singapore general offer transactions above S\$100mm in value and excludes schemes of arrangement and voluntary delistings

Notes:

- (1) Time reference in calculating the premia is 9 May 2011, being the last trading day prior to the offer announcement date on which the shares of Wing Tai Holdings Limited ("Wing Tai") were traded on the SGX-ST. On 10 May 2011, Ascend Capital Limited announced a voluntary conditional cash partial offer to acquire 15% of the ordinary shares in the issued and paid up capital of Wing Tai Holdings Limited other than shares held in treasury and those already owned, controlled or agreed to be acquired by the offeror and the Cheng Brothers

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- (2) Time reference in calculating the premia is 28 October 2011, being the last trading day prior to the offer announcement date by PSHL, an indirect wholly owned subsidiary of Boer Power Holdings Limited ("**BPH**") on which the shares of SMB United Limited were traded on the SGX-ST. On 31 October 2011, BPH announced a voluntary conditional cash offer ("**Boer offer**") to acquire all the issued and fully paid up shares other than those already owned, controlled or agreed to be acquired by PSHL at an offer price of S\$0.32 in cash for each share. As at the announcement date, the Boer offer has not become unconditional in accordance with its terms. On 28 December 2011, OSAKI Electric Co Ltd limited made a voluntary conditional cash offer for all the ordinary shares in the capital of SMB United Limited at an offer price of S\$0.40. Premium calculated based on offer price of S\$0.40 per share
- (3) Time reference in calculating the premia is 5 May 2011, being the last trading day prior to the holding announcement date about expression of interest on which the shares Heng Long International were traded on the SGX-ST
- (4) Time reference in calculating the premia is the last trading day prior to the offer announcement date on which the shares of the respective company were traded on the SGX-ST
- (5) Premium over average closing price of the shares for the period
- (6) Premium to the Antecedent Share Price Date being 16 December 2010, the Market Day immediately prior to the Holding Announcement Date
- (7) Bloomberg VWAP
- (8) VWAP calculated as total daily trading value divided by total daily trading volume for the relevant period
- (9) Time reference in calculating the premium over last transacted price is 23 March 2010, being the last trading day prior to the offer announcement date on which the shares of RSH Limited ("**RSH**") were traded on the SGX-ST. Time reference in calculating the premia over the respective VWAP is 23 July 2010, being the offer announcement date. No trading information is available to provide the 1-month and 3-month VWAP of RSH
- (10) Time reference in calculating the premia is 26 May 2010, being the last trading day prior to the offer announcement date on which the shares of Parkway Holdings Limited ("**Parkway**") were traded on the SGX-ST. On 27 May 2010, Integrated Healthcare Holdings Limited ("**IHH**") announced a voluntary conditional cash partial offer for 313,000,000 ordinary shares in the capital of Parkway Holdings Limited. On 26 July 2010, IHH announced the revision of the voluntary conditional cash partial offer to a voluntary conditional cash general offer with a revised offer price of S\$3.95 per share. Premium calculated based on final offer price of S\$3.95 per share
- (11) Time reference in calculating the premium over 1-day closing is the last trading day prior to the offer announcement date on which the shares were traded on the SGX-ST. Time reference in calculating the premia over VWAP is the offer announcement date
- (12) Time reference in calculating the premia is 22 May 2009, being the last trading day prior to the pre-conditional offer announcement date on which the shares of Singapore Petroleum Co Ltd ("**Singapore Petroleum**") were traded on the SGX-ST. On 24 May 2009, a pre-conditional offer for Singapore Petroleum was announced in conjunction with a purchase of a 45.5% stake in Singapore Petroleum
- (13) Time reference in calculating the premia is 22 October 2008, being the last trading day prior to the SGX-ST query date on which the shares of Singapore Food Industries ("**SFI**") were traded on the SGX-ST. On 22 October 2008, a substantial increase in the price of the SFI shares led to the SGX-ST query. Premium over VWAP is calculated based on dividend-adjusted VWAP as stated in the offer announcement
- (14) Time reference in calculating the premium over last transacted price is 29 July 2008, being the last trading day prior to 30 July 2008 on which shares of Singapore Computer Systems Limited ("**SCS**") were traded on the SGX-ST. On 30 July 2008, SCS responded to the query by the SGX-ST regarding trading activity and announced that Green Dot Capital Pte Ltd, a majority shareholder was evaluating options with respect to its stake in SCS. Time reference in calculating the premium over the respective VWAP is 21 August 2008, being the last trading day prior to the offer announcement date
- (15) Time reference in calculating the premium over 1-day closing is 18 January 2008, being the last trading day prior to the offer announcement date on which the shares of Robinson & Co Limited were traded on the SGX-ST. Time reference in calculating the premia over VWAP is the offer announcement date. Premia is calculated based on final offer price of S\$7.20 per share announced on 3 April 2008
- (16) Time reference in calculating the premia is the last trading day prior to the offer announcement date on which the shares of Sincere Watch Limited ("**Sincere Watch**") were traded on the SGX-ST. On 7 December 2007, a pre-conditional offer for Sincere Watch was announced. The offer price for each Sincere Watch share was S\$2.051 in cash and 0.228 new share in the capital of Peace Mark (Holdings) Limited (a company listed on Hong Kong Stock Exchange). The offer was equivalent to a total notional value of S\$2.564
- (17) Time reference in calculating the premia is 12 June 2007, being the last trading day prior to the offer announcement date on which the shares of Sembawang Kimtrans Limited ("**SKL**") were traded on the SGX-ST. On 13 June 2007, Toll Express (Asia) Pte Ltd ("Toll Express") launched a voluntary general offer for SKL at S\$0.70 per share. If Toll Express were to acquire more than 90% of shares of the shares not already owned by Toll Express, the offer price would be revised to S\$0.80. Premium calculated using S\$0.80 as the offer price
- (18) Time reference in calculating the premia is 13 April 2007, being the last trading day prior to the announcement on 16 April 2007 on which the shares of Amtek Engineering Limited ("**Amtek**") were traded on the SGX-ST. On 16 April 2007, Amtek announced that certain shareholders have been approached in relation to possible transactions involving their shares
- (19) Time reference in calculating the premia is 16 July 2012, the unaffected share price being the last trading day prior to the announcement on 17 July 2012 on which the shares of Fraser and Neave, Limited ("**F&N**") were traded on the SGX-ST. On 17 July 2012, F&N announced that Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**") and Great Eastern Holdings Limited ("**GEH**") were approached with an offer to purchase, *inter alia*, their combined stakes in F&N and Asia Pacific Breweries Limited.

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- (20) Time reference in calculating the premia is 12 September 2012, the last trading day prior to the Offer Announcement Date on 13 September 2012 on which the shares of Fraser and Neave, Limited (“F&N”) were traded on the SGX-ST. On 13 September 2012, F&N announced that TCC Assets Limited (“TCC”) acquired 19,500,000 issued and paid-up ordinary shares in the capital of F&N. In accordance with Rule 14.1 of the Singapore Code on Takeovers and Mergers, TCC will make a mandatory conditional cash offer for all the remaining F&N shares.

Based on the above chart, it should be noted that the Offer Price represents:

- (i) A premium of approximately 12% to the closing price of the Company’s Shares on the Unaffected Share Price Date and a premium of approximately 4% to the closing price of the Company’s Shares on the Offer Announcement date. This compares to a median premium of 32% to the last trading price for the selected transactions;
- (ii) A premium of approximately 22% to the 1-month VWAP of the Company’s Shares prior to the Unaffected Share Price Date and a premium of approximately 6% to the 1-month VWAP of the Company’s Shares prior to the Offer Announcement Date. This compares to the median premium of 26% to the 1-month VWAP for the selected transactions;
- (iii) A premium of approximately 29% to the 3-month VWAP of the Company’s Shares prior to the Unaffected Share Price Date and a premium of approximately 9% to the 3-month VWAP of the Company’s Shares prior to the Offer Announcement Date. This compares to the median premium of 24% to the 3-month VWAP for the selected transactions; and
- (iv) A premium of approximately 32% to the 6-month VWAP of the Company’s Shares prior to the Unaffected Share Price Date and a premium of approximately 16% to the 6-month VWAP of the Company’s Shares prior to the Offer Announcement Date. This compares to a median premium of 37% to the 6-month VWAP for the selected transactions.

**The Independent Directors should note that the level of premium (if any) an acquirer would normally pay in a general offer, merger or takeover transaction varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company’s businesses with its existing business, the possibility of significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company’s shares, the presence of or potential for competing bids for the target company, the form of consideration offered by an acquirer, the extent of control the acquirer already has in the target company and prevailing market conditions and expectations.**

**The Independent Directors should also note that the comparison is made without taking into consideration the relative efficiency of information or the underlying liquidity of the shares of the relevant companies, the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or relative need for control leading to compulsory acquisition. Moreover, as the Company is not in the same industry and does not conduct the same businesses as the other target companies in Chart 6, it may not, therefore, be directly comparable to the target companies in terms of composition of business activities, product lines, scale of operations, risk profile, geographical spread of activities, client base, accounting policies, track record, prospects and other relevant criteria. Accordingly, the selected precedent general offer analysis may not provide a meaningful basis for premium comparison and the Independent Directors should note that the above comparison merely serves only as a general guide.**

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### 8.9 Precedent research estimates analysis

We have reviewed certain research reports by stock analysts in relation to the Shares and/or the Offer as compiled from Bloomberg and Thomson Research.

The table below summarizes the key points of various research notes and reports

Chart 7 — Brokers research price targets for F&N

Brokers research price targets for F&N												
Brokers research price targets for F&N as at:				16 July 2012 <sup>(1)</sup>			12 September 2012 <sup>(2)</sup>			IFA Reference Date <sup>(2)</sup>		
Broker	Date (2012)	Rating	Target price (\$)	Date (2012)	Rating	Target price (\$)	Date (2012)	Rating	Target price (\$)			
Nomura	16 Jul	Neutral	8.08	11 Sep	Buy	9.86	30 Sep	Buy	10.19			
Deutsche Bank	14 May	Buy	7.83	20 Aug	Buy	9.42	20 Aug	Buy	9.42			
DBS Bank	30 Mar	Buy	7.70	3 Sep	Hold	8.99	3 Sep	Hold	8.99			
BNP Paribas	16 Jul	Buy	7.60	27 Aug	Hold	8.95	1 Oct	Hold	8.95			
CIMB	19 Apr	Neutral	7.20	27 Aug	Outperf	9.85	13 Sep	Outperf	9.85			
Goldman Sachs	10 May	Neutral	6.78	N/A	N/A	N/A	N/A	N/A	N/A			
Religare Securities	13 May	Hold	6.63	27 Aug	Buy	8.98	19 Sep	Buy	8.98			
<b>Mean</b>			<b>7.40</b>			<b>9.34</b>			<b>9.40</b>			

Source: Bloomberg

(1) Excludes EVA Dimensions and HSBC as target price was not available. Excludes IIFL as last report was prepared in May 2011

(2) Excludes EVA Dimensions, Goldman Sachs and HSBC as target price was not available. Excludes IIFL as last report was prepared in May 2011

Based on the above, we note that:

- a) The Offer Price represents a premium of 20.0% to the average price target estimates by brokers as of the Unaffected Share Price Date
- b) The Offer Price represents a discount of 4.9% to the average price target estimates by brokers as of the Offer Announcement Date
- c) The Offer Price represents a discount of 5.5% to the average price target estimates by brokers as of the IFA Reference Date

**We wish to highlight that the above broker research reports are not exhaustive and the estimated price target for the Shares and other statements in these reports represent the individual views of the respective analysts (and not JPMSEAL) based on the circumstances (including *inter alia*, market, economic, industry and monetary conditions as well as market sentiment and investor perceptions regarding the future prospects of the Company) prevailing at the date of the publication of the respective equity research reports. The opinions of the analysts may change over time as a result of, among other things, changes in market conditions, the Company's corporate developments and the emergence of new information relevant to the Company. As such the estimated price targets in these equity research reports may not be an accurate prediction of future market prices of the Shares.**

**Please note that any opinions or price targets expressed in such broker research reports represent the individual views of the respective brokers and not of JPMSEAL.**

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### 8.10 Sum-of-the-parts valuation

F&N Group has three distinct core businesses comprising:

- Properties;
- Food and Beverage, including Breweries; and
- Printing and Publishing.

Given the unique profile of the F&N Group whereby the F&N Group is engaged in distinct businesses, we consider it appropriate to value each of the F&N Group's businesses separately to arrive at an aggregate valuation of the F&N Group on a sum-of-the-parts basis. We have arrived at a range of valuation for the F&N Group rather than a single specific value as this will provide a more objective measure of the value of the Shares taking into account, *inter alia*, market price volatility of the listed entities under the F&N Group and the F&N Group's significant property portfolio which is sensitive to general stock market and economic conditions.

Our valuation methodologies for each of the F&N Group's businesses are further set out from Section 8.10.1 to Section 8.10.3 of this letter. We set out below a summary of our sum-of-the-parts analysis of the F&N Group.

Chart 8 — Summary sum-of-the-parts Valuation Analysis

Summary sum-of-the-parts Valuation Analysis		
	Lower (S\$ million)	Upper (S\$ million)
Properties	4,433	6,820
Food and Beverage, including Breweries	7,409	8,996
Printing and publishing	101	333
<b>Total valuation</b>	<b>11,943</b>	<b>16,149</b>
<b>Estimated valuation for each Share (S\$)<sup>(1)</sup></b>	<b>S\$8.30</b>	<b>S\$11.22</b>

(1) Based on fully diluted share count of 1,439,419,186 as of Latest Practicable Date

We note that the Offer Price falls within the range of the estimated sum-of-the-parts valuation of each Share.

We note that the implied Offer Price excluding the potential cash proceeds from the APB sale would be S\$5.00 per share. We note that the estimated sum-of-the-parts valuation of each Share excluding the potential cash proceeds from the APB sale would be in the range of S\$4.41 – S\$7.33 per share. Therefore, we note that the Offer Price excluding the potential cash proceeds from the APB sale falls within the range of the estimated sum-of-the-parts valuation of each Share excluding the potential cash proceeds from the APB sale.

**The Independent Directors should note that a discount may be applied on the sum-of-the-parts valuation of a conglomerate such as the F&N Group for various reasons. In an efficient capital market, investors can generally diversify more effectively by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a conglomerate investing in a range of diverse businesses. A valuation discount may also be applied as conglomerates are generally believed to use capital less efficiently. In arriving at the sum-of-the-parts valuation of the F&N Group above, we have not applied any conglomerate discount as the quantification of such discount is highly subjective. The conglomerate discount is dependent on, *inter alia*, the size of the conglomerate, the extent of business diversification or synergies (if any) within the conglomerate and the requirement for additional management as compared to standalone businesses.**



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We note the above “Sum-of-the-parts Valuation Analysis” range includes the RNAV of the Properties segment. The Independent Directors should note that the analysis assumes the hypothetical sale of all the Property-related assets and businesses of the F&N Group as at 30 June 2012. The analysis thus assumes, *inter alia*, the existence of ready and committed buyer(s) for each asset at the fully revalued basis, and that the sale can be conducted efficiently without any timing constraint and without regard to other relevant market factors that may affect the sale process. The Independent Directors should also evaluate the analysis above in conjunction with the contents of Section 8.10.1 Properties specifically under “(ii) Revalued Net Asset Value (“RNAV”) of properties segment” for further details on the basis and assumptions of our RNAV analysis.

In addition, as a part of the “Sum-of-the-parts Valuation Analysis”, we utilise historical share price and trading activity. We wish to highlight that a control premium may be imputed on the market valuation of F&N Group’s businesses as a result of majority ownership. We have however not applied any control premium as the quantification of such premium is highly subjective. We note that implied P/E and EV/EBITDA multiples are and will continue to be affected to varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical P/E and EV/EBITDA multiples should not be relied upon as a promise of its future trading performance.

We further note that in the “Sum-of-the-parts Valuation Analysis”, we utilise precedent transaction analysis. The Selected Precedent Transactions are provided for illustrative purposes only. The Selected Precedent Transactions and the acquired companies may not be directly comparable and may vary with respect to, amongst other factors: the geographical spread of activities, business mix and model within the securities and brokerage sector, scale of operations, asset intensity, accounting policies, risk profile, track record and future prospects. Accordingly, the Selected Precedent Transactions may not provide a meaningful basis for valuation comparison. We further wish to highlight that underlying financial data used to calculate the EV/ Revenue, EV/EBITDA and P/E multiples in our analysis have been extracted from the relevant companies’ financials, Bloomberg, Accounting and Corporate Regulatory Authority of Singapore and FactSet as at the relevant announcement date of each transaction. JPMSEAL has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, on the accuracy or completeness of such information.

We also note that in the “Sum-of-the-parts Valuation Analysis”, we utilise valuation ratios of listed comparable companies. We further wish to highlight that underlying financial data used to calculate the EV/Revenue, EV/EBITDA and P/E multiples in our analysis have been extracted from the relevant companies’ financials, Bloomberg and FactSet as at the IFA Reference Date. JPMSEAL has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, expressed or implied, on the accuracy or completeness of such information.

Similarly, we have not taken into account any premium that may arise from the F&N Group’s controlling stake. In particular, for purposes of conducting the “Sum-of-the-parts Valuation Analysis”, we have relied upon and assumed the accuracy and completeness of all information that was furnished to or discussed with us by the Company or otherwise reviewed by or for us, and we have not independently verified (nor have we assumed any responsibility or liability for independently verifying such information) any such information or its accuracy or completeness. We have not conducted any valuation or appraisal of any assets or liabilities of the F&N Group. In relying on financial analyses and estimates provided to us by the management of the Company, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the financial condition of the Company to which such analyses or estimates relate. We express no view as to such analyses or estimates or the assumptions on which they were based.



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While the sum-of-the-parts methodology is useful as a cross-check, the Independent Directors should note that it would not be appropriate to solely rely on the sum-of-the-parts valuation in assessing the Offer Price in view of its various drawbacks and limitations and they should also consider the analyses in the other sections of this letter.

### 8.10.1 Properties

The property arm of F&N is one of Singapore's leading integrated real estate companies. It owns a global portfolio of quality residential and commercial properties, gold standards serviced residences and a real estate fund management business in over 20 countries spanning Asia, Australasia, Europe and the Middle East.

The property arm of F&N Group, Frasers Centrepoint Limited ("**FCL**"), has total property assets of over \$8 billion<sup>(2)</sup>, including real estate development projects in Singapore, China, Thailand, United Kingdom, Australia and New Zealand, as well as 13 retail malls<sup>(3)</sup>, 10 office buildings, two business parks<sup>(4)</sup> and one logistic park in Singapore, Australia, China, Japan and Vietnam, which it owns and/or manages. In addition, FCL, as one of the leading international branded serviced apartment operators, owns and/or manages 73 properties with over 12,200 apartments in 39 key gateway cities<sup>(5)</sup>.

List of investment properties			
Retail Malls	Office	Business Park	Logistic Park
<ul style="list-style-type: none"> <li>■ Anchorpoint</li> <li>■ Bedok Point</li> <li>■ Causeway Point</li> <li>■ Northpoint</li> <li>■ YewTee Point</li> <li>■ Compass Point</li> <li>■ Robertson Walk</li> <li>■ The Centrepoint</li> <li>■ Valley Point</li> <li>■ Changi City Point</li> <li>■ Waterway Point (under development)</li> <li>■ Eastpoint</li> <li>■ Crosspoint</li> </ul>	<ul style="list-style-type: none"> <li>■ Market Street</li> <li>■ China Square</li> <li>■ Caroline Chisholm Centre</li> <li>■ Central Park</li> <li>■ Galleria Otemae Building</li> <li>■ Azabu Aco Building</li> <li>■ Ebara Techno-Serve</li> <li>■ Me Linh Point</li> <li>■ Alexandra Point</li> <li>■ Valley Point</li> </ul>	<ul style="list-style-type: none"> <li>■ Alexandra Technopark</li> <li>■ Changi Business Park (under development)</li> </ul>	<ul style="list-style-type: none"> <li>■ Chengdu</li> </ul>

We note that the following key considerations in reference to the valuation of the Properties business:

- The F&N Group's properties in FCL have an aggregate book NAV of approximately S\$5,152 million as of 30 June 2012, which reflects an adjustment for shareholders' loan in the amount of S\$682 million from F&N to FCL as of 30 June 2012
- Based on Revalued Net Asset Value ("**RNAV**") of the Properties segment, the implied valuation of FCL is approximately S\$6,820 million as of 30 June 2012
- Based on the low to high median range of P/B, P/E and P/RNAV of the listed comparable companies of the Properties Business, the implied valuation of FCL will range from approximately S\$4,433 million to S\$6,444 million

(2) FCL's property assets include investment properties, properties under development, development property held for sale, completed property held for sale and investments in associates, as at 31 March 2012

(3) Includes Waterway Point which is currently under development

(4) Includes Changi Business Park which is currently under development

(5) Includes properties in the pipeline. **We wish to highlight that we had relied upon and assumed the accuracy and completeness of the information provided by the Company's management. JPMSEAL has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, expressed or implied, on the accuracy or completeness of such information**

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- Based on the low to high median range of P/B and P/RNAV of the precedent transaction comparables of the Properties Business, the implied valuation of FCL will range from approximately S\$4,791 million to S\$5,429 million
- **In arriving at valuation of the Properties Business we have used a range of values between S\$4,433 million and S\$6,820 million based on the above**

(i) **Net Asset Value (“NAV”) of the properties segment**

Given the asset intensive nature of the Company’s core property development and investment business, we have adopted an historical book NAV-based valuation approach. Property-related companies such as the Company are often valued using a historical book NAV-based approach as their asset backings are perceived as providing support for the value of their equity, while the reported annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.

We have relied on the Company’s estimate of the property segment’s latest unaudited consolidated financial statements as at 30 June 2012. The F&N Group’s properties in FCL have an aggregate book NAV of approximately S\$5,152 million, which reflects an adjustment for shareholder’s loan in the amount of S\$682mm from F&N to FCL as of 30 June 2012.

(ii) **Revalued Net Asset Value (“RNAV”) of properties segment**

In connection with the Offer, we have relied on the revaluation estimates of certain development and investment properties as provided by the Company and the Valuers to ascertain the RNAV of the Company.

A summary of the revaluation approach adopted is as follows:

Type	Methodology
<b>Development Properties</b>	
I. Properties under development with no contracted sales and land bank held for future development	<ul style="list-style-type: none"> <li>■ Properties that are currently under development but have no contracted sales or are land bank held for future development, the valuation methodology is as follows:               <ul style="list-style-type: none"> <li>a) Singapore Properties – the Company has valued the majority of these properties on the basis of existing carrying value</li> <li>b) Overseas Properties – the Valuers have valued the majority of these properties by assuming development and completion in accordance with the latest development proposal</li> </ul> </li> </ul>
II. Properties under development with some contracted sales	<ul style="list-style-type: none"> <li>■ For properties which are under development and have achieved some pre-sales to date but has not been recognised for book accounting purposes, the Company has valued:               <ul style="list-style-type: none"> <li>a) The contracted units based on actual transacted selling prices and associated estimated development costs; and</li> <li>b) The uncontracted units based on management estimates of selling prices and associated development costs</li> </ul> </li> </ul>
III. Completed properties having unsold stock	<ul style="list-style-type: none"> <li>■ For properties that have been completed but have some unsold units, the Company has valued these properties on the basis of latest carrying value</li> </ul>
<b>Investment Properties</b>	
IV. Investment properties, and properties under development including hotel properties	<ul style="list-style-type: none"> <li>■ For the investment properties, Valuers have valued the properties based on <i>inter alia</i>, investment method, market comparison and discounted cash flow methods</li> </ul>

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Type	Methodology
<b>Listed entities under the property portfolio</b>	
V. Listed entities	<ul style="list-style-type: none"> <li>■ Listed entities have been valued based on their current market value of the F&amp;N Group's equity interests as per the IFA Reference Date</li> </ul>
<b>Asset Management business</b>	
VI. Asset Management business	<ul style="list-style-type: none"> <li>■ The asset management business has been valued based on trading P/E multiples of comparable companies</li> </ul>

We note there are several development properties that have commenced development and contracted some sales and which have uncontracted units expected to be completed in the future. The property segment's launched projects have completion dates ranging up to 2016. This implies that the expected profits and cash flows from these development properties will only be realized over a number of years in the future. In view of this, the Company has adjusted revaluation surplus to take into account the time required to develop and complete the development projects. For this purpose, the Company has discounted the estimated after-tax profit from the future sales of the uncontracted units to arrive to an adjusted revaluation surplus.

**We have placed sole reliance on such information provided to us by the Company's management and do not assume any responsibility to inquire about the bases of such valuations or if the contents thereof have been prepared in accordance with all applicable regulatory requirements including Rule 26 of the Code. In relying on financial analyses and estimates provided to us by the management of the Company, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the estimated future cash flows referred to above. We express no view as to such analyses or estimates or the assumptions on which they were based. JPMSEAL has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, expressed or implied, on the accuracy or completeness or adequacy of such information.**

We set out below the valuation figures for the revalued properties and the F&N Group's effective share of the net revaluation surplus net of potential tax liabilities and minority interest and after taking into account the relevant discounting.

	S\$ mm
Book value as of 30 June 2012 <sup>(1)</sup>	5,152
(a) Net revaluation surplus from development properties after-tax	804
(b) Net revaluation surplus from investment properties after-tax <sup>(2)</sup>	385
(c) Excess of market value of listed entities over book value <sup>(3)</sup>	90
(d) Excess of estimated market value of asset management business over book value <sup>(4)</sup>	390
<b>Total adjustment to book value</b>	<b>1,668</b>
<b>RNAV</b>	<b>6,820</b>

(1) Book value adjusted for shareholder's loan in the amount of S\$682mm from F&N to FCL as of 30 June 2012

(2) Includes net provisional gain of S\$33mm on disposal of F&N's interest in Frasers Property (China) Limited ("FPCL")

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- (3) Based on market capitalisation of FCT and FCOT as of the IFA Reference Date (adjusted for ownership stake in FCT and FCOT of 40.9% and 27.1% respectively) of S\$611mm and S\$203mm respectively above carrying book value of FCT and FCOT of S\$725mm as of 30 June 2012
- (4) Based on LTM earnings for FCL's fee management business of S\$31.9mm times median LTM P/E multiple of 15.3x of asset management comparables; Adjusted for current book value of fee management business on F&N's balance sheet amounting to S\$97mm

We set out below the detailed attributable after-tax net surplus figures each of the F&N Group's properties based on updated independent valuers' estimates and Company guidance.

### (a) Net revaluation surplus from development properties after-tax

Development properties overview			
Asset List	Attributable after-tax net surplus (\$mm)	Asset List	Attributable after-tax net surplus (\$mm)
<b>Singapore</b>		<b>Australia</b>	
Seastrand	26.8	<u>Properties under development</u>	-
Boathouse	35.9	Lumiere Residence	-
Flamingo Valley	94.8	Trio/Alexandra, City	-
Esparina Residences	51.0	Lome Killara/Habitat	-
Soleil @ Sinaran	5.5	Putney Hill Stage 1	32.7
8 Courtyards	31.0	Queens Riverside (QI,II,III)	26.5
Waterfront Isles	70.6	One Central Park	40.3
Waterfront Gold	40.1	Park Lane	14.3
Waterfront Key	-	The Mark	14.3
Caspian	-		
8@Woodleigh	-	<u>Projects yet to be developed</u>	-
Holland Park C2D1	-	Fraser/Sekisui House (Central Park)	-
Palm Isle	49.4	Non JV Landbank (Central Park)	-
Twin Waterfall	77.8	Killara Pavillions (pending approval)	-
ECO	29.0	Parramatta River Morton	-
Tampines Ave 10	-	Putney Hill (Remaining P) (launched)	-
WaterTown (Residential component)	17.6	Fraser's Landing Mandurah	-
Starhub Centre	7.3		
<b>Sub total</b>	<b>536.7</b>	<b>Sub total</b>	<b>128.1</b>
<b>China</b>			
Baitang One (1a)	95.4 <sup>(1)</sup>		
Baitang One (1b)			
<u>Projects yet to be developed</u>			
Baitang (P2)			
Baitang (P3-4)	0.3		
Shanshui 4 Seasons (P2-5)	38.8		
<u>Office/Business Park</u>			
Chengdu Logistic Park (P2-4)	4.6		
<b>Sub total</b>	<b>139.1</b>		

- (1) Represent the sum of the attributable after-tax net surplus for Baitang one (1a), (1b) and Baitang (p2) projects.

### (b) Net revaluation surplus from investment properties post-tax

Investment properties			
Asset List	Attributable after-tax net surplus (\$mm)	Asset List	Attributable after-tax net surplus (\$mm)
The Centrepoint	34.9	Fraser Suites Singapore	73.7
Robertson Walk SC	23.0	Fraser Place Singapore	22.7
Valley Point SC	8.2	Fraser Suites Beijing	(1.2)
Changi City Point	25.1	Fraser Residence Sudirman	1.7
Alexandra Point	68.0	Fraser Place Manila	-
Valley Point	32.3	Fraser Place Canary Wharf	-
Punggol waterfront	-	Fraser's Queens Gate	-
Crosspoint, Beijing	15.4	Fraser Suites Edinburgh	-
Me Linh Point	(4.5)	Fraser Suites Glasgow	-
		Fraser Suites Kensington	6.6
<u>Under construction</u>		Fraser Place Melbourne	0.1
Changi Business Park	24.2	Capri Singapore	21.4
<b>Sub total</b>	<b>226.6</b>	<b>Sub total</b>	<b>125.0</b>

## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

### (d) Asset management business

The F&N Group is also a manager of properties and listed REITS, through which it earns a management fee.

We considered the valuation ratios of selected listed companies (the “**Asset Management Companies**”) principally engaged in real estate fund management and which are, in our opinion, broadly comparable to the asset management business of the F&N Group. A summary profile of the Asset Management Companies is set out below:

Company name	Description	Market cap <sup>(1)</sup> (S\$m)
Cohen & Steers Inc. (“ <b>Cohen &amp; Steers</b> ”)	<ul style="list-style-type: none"> <li>■ Global investment management firm focused on global real estate securities, global listed infrastructure, real assets, large cap value stocks, and preferred securities</li> <li>■ Manages institutional accounts, open-end mutual funds and closed-end mutual funds</li> </ul>	1,762
ARA Asset Management Ltd. (“ <b>ARA</b> ”)	<ul style="list-style-type: none"> <li>■ Asia based real estate fund management company focused on the management of public-listed REITs and private real estate funds</li> <li>■ Portfolio spans across commercial, office, retail and industrial sectors</li> </ul>	1,214
APN Property Group (“ <b>APN</b> ”)	<ul style="list-style-type: none"> <li>■ Australia based real estate investment manager</li> <li>■ Engaged in investment, development and management of real estate and real estate securities on behalf of institutions, superannuation funds, high net worth and individual investors</li> </ul>	33

Source: Publicly available information including annual reports and company websites, and Factset

Note:

(1) Market capitalisation calculated based on share price and exchange rate from Factset as of IFA Reference Date multiplied by total ordinary shares outstanding as of latest Company filings

**We wish to highlight that the Asset Management Companies comparables are not exhaustive and they differ from the F&N Group’s asset management segment in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.**

The valuation ratios of the Asset Management Companies comparables set out below are based on their last transacted share prices as at the IFA Reference Date.

Chart 9 — Asset management trading comparables

Asset management trading comparables					
Company	Local currency (LC)	Price (LC)	Market cap (S\$m) <sup>(1)</sup>	AUM / FUM (S\$bn) <sup>(2)</sup>	LTM P/E <sup>(3)</sup>
Cohen & Steers <sup>(4)</sup>	USD	30.54	1,762	54.5	24.0x
ARA <sup>(5)</sup>	SGD	1.58	1,214	21.8	15.3x
APN <sup>(6)</sup>	AUD	0.16	33	2.7	7.0
<b>Mean</b>					<b>15.4x</b>
<b>Median</b>					<b>15.3x</b>

Source: Factset as of market close on IFA Reference Date and Company filings

## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

Note:

- (1) Market capitalisation calculated based on share price from Factset as of IFA Reference Date multiplied by total ordinary shares outstanding from latest Company filings;
- (2) AUM represents asset under management and FUM represents funds under management;
- (3) Net income attributable to equity holders of the company adjusted for one-off and extraordinary items per footnotes below. Tax effect on these adjustments applied using marginal tax rate as disclosed in the company filings;
- (4) AUM figure based on latest 10Q filings;
- (5) Net income figures have been adjusted for extraordinary items including fair value losses on trading securities, loss on disposal of property, plant and equipment and impairment losses, at statutory tax rate of 17.0%. AUM figure reported as of 30 June 2012; and
- (6) Net income figures have been adjusted for extraordinary items including impairment of investments, special dividend and new business investigation costs, at Australia statutory tax rate of 30.0%. AUM reported as of 30 June 2012

The P/E ratio has been chosen to value the asset management business as it is an earnings-based business. The valuation ratios of the asset management business are as set out below.

S\$m unless otherwise specified	LTM P/E
Cohen & Steers	24.0x
ARA	15.3x
APN	7.0x
<b>Maximum</b>	<b>24.0x</b>
<b>Minimum</b>	<b>7.0x</b>
<b>Median</b>	<b>15.3x</b>
Asset management segment LTM net income	31.9
<b>Implied valuation of asset management segment based on the median valuation ratio</b>	<b>487</b>

**We further wish to highlight that underlying financial data used to calculate the P/E multiples in our analysis have been extracted from the relevant companies' financials, Bloomberg and FactSet as at the IFA Reference Date. JPMSEAL has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, expressed or implied, on the accuracy or completeness of such information.**

We note as follows in relation to the sum-of-the-parts for the Property business:

- The analysis assumes the hypothetical sale of the assets (including those properties which have been revalued) of the Company as at the IFA Reference Date. The Directors have confirmed to us that, save for the sale of the development properties in the ordinary course of its business, as at the IFA Reference Date, the Company does not have any plans for an impending material disposal and/or conversion of the use of the Company's assets and/or any material change in the nature of the Company's businesses; and
- The RNAV figures per Share shown above include revaluation surpluses of select properties, which comprises revaluation surpluses of several unsold and/or uncompleted development properties. The Company may not have fully earned or realized the surpluses on such assets as at the IFA Reference Date. There is no assurance that any surpluses eventually recorded by the Company on such properties will be the same as that indicated above.

The Independent Directors may wish to advise Shareholders to read the above in conjunction with the Valuation Reports set out in Appendix V to the Circular



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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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The Directors have confirmed to us that to the best of their knowledge and belief:

- Save for the properties which have been revalued above, there are no material differences between the realizable value of the property segments other assets and their respective book values as at 30 June 2012 which would have a material impact on the historical book NAV of the property business;
- Save for those which have been disclosed publicly, there have been no material acquisitions and disposals of assets by the F&N Group's property business between 30 June 2012 and the IFA Reference Date; and
- Other than that provided for in the Company's consolidated financial statements for the 9-month period ended 30 June 2012, there are no other contingent liabilities under the property group which are likely to have a material impact on the historical book NAV of the property business as at the IFA Reference Date

**In addition, we wish to highlight that the RNAV per Stock Unit shown above includes the estimated revaluation surpluses on several unsold and/or uncompleted development properties. The Independent Directors should be aware that the F&N Group has not fully earned or realized the gains on such development properties as at the IFA Reference Date. The Independent Directors may wish to refer to the table set out in this section for the net surplus of the F&N Group's development properties. There is no assurance that the actual gains (if any) eventually recorded by the F&N Group on such development properties will be the same as that derived from the appraisals by the Company or the Valuers. Furthermore, the revised values of the Revalued Properties are based either on Valuation Reports or valuations performed or provided by the Company's management. We have placed sole reliance on such information provided to us by the Company's management in relation to the asset appraisal and do not assume any responsibility to inquire about the bases of such valuations or if the contents thereof have been prepared in accordance with all applicable regulatory requirements including Rule 26 of the Code. JPMSEAL has not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, expressed or implied, on the accuracy or completeness of such information.**

(iii) **Valuation ratios of listed comparable companies**

As an alternative assessment of the valuation of the property business, we consider the valuation ratios of selected listed companies ("**Property Companies**") principally engaged in property development and listed on the Singapore Stock Exchange, and which, in our opinion, are broadly comparable to the property business of the F&N Group. A summary profile of the Property Companies is set out below.

Company name	Description	Market cap <sup>(1)</sup> (S\$mm)
CapitaLand Ltd. ("CapitaLand")	<ul style="list-style-type: none"> <li>■ The largest Singapore-listed property developer (by market capitalisation) with core business comprises the owning, managing and developing of real estate and hospitality assets in Asia Pacific, Middle East, Australia and Europe</li> <li>■ Also engaged in investment management services in addition to managing six listed REITs and several private fund vehicles</li> <li>■ Real estate portfolio includes residential, office, retail properties, serviced residences and mixed developments spread across 110 cities in over 20 countries</li> </ul>	13,474

## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

Company name	Description	Market cap <sup>(1)</sup> (S\$m)
City Developments Ltd. (“ <b>CDL</b> ”)	<ul style="list-style-type: none"> <li>■ Owns and manages a portfolio of residential and investment properties, in addition to hotels, across Asia, Europe, Middle East, North America and New Zealand/Australia</li> <li>■ Global network includes over 300 subsidiaries and associated companies across 20 countries including a Singapore listed hospitality REIT – CDL Hospitality Trusts</li> </ul>	11,127
Keppel Land Ltd. (“ <b>Keppel Land</b> ”)	<ul style="list-style-type: none"> <li>■ Property developer arm of Keppel Corporation</li> <li>■ Develops office and residential properties in Singapore</li> <li>■ Has two property fund management vehicles, K-REIT Asia and Alpha Investment Partners with a total AUM of S\$15.1bn as at 30-Jun-12</li> </ul>	5,436
UOL Group Ltd. (“ <b>UOL</b> ”)	<ul style="list-style-type: none"> <li>■ Develops residential and commercial properties in prime locations both in Singapore and overseas</li> <li>■ Manages hotels and service apartments through listed subsidiary, Pan Pacific Hotels Group</li> </ul>	4,342
United Industrial Corp. (“ <b>UIC</b> ”)	<ul style="list-style-type: none"> <li>■ Core business comprise property development and investment in Singapore and overseas including holdings in a listed subsidiary, Singapore Land Limited</li> <li>■ Portfolio includes commercial and retail properties as well as residential projects in prime and suburban areas</li> </ul>	3,928
Overseas Union Enterprise (“ <b>OUE</b> ”)	<ul style="list-style-type: none"> <li>■ Engages in hospitality services, property investment and property development</li> <li>■ Diversified real estate owner, developer and operator with residential, commercial and hospitality properties in Singapore, Malaysia and China</li> </ul>	2,584
GuocoLand Ltd. (“ <b>GuocoLand</b> ”)	<ul style="list-style-type: none"> <li>■ Core business comprise property development, property investment and property management</li> <li>■ Develops and invests in residential and commercial properties, and hospitality facilities in Singapore, China, Malaysia and Vietnam</li> <li>■ Manages a commercial REIT in Malaysia (Tower REIT)</li> </ul>	2,231
Wheelock Properties Ltd. (“ <b>Wheelock</b> ”)	<ul style="list-style-type: none"> <li>■ Owner, developer and manager of residential and commercial properties</li> <li>■ Focus is primarily on development of luxury residences</li> </ul>	2,220
Wing Tai Holdings Ltd. (“ <b>Wing Tai</b> ”)	<ul style="list-style-type: none"> <li>■ Core business comprises property investment and development, lifestyle retail and hospitality management in key Asian markets</li> <li>■ Portfolio comprises residential and commercial properties in addition to service residences under the brand name of Lanson Place in Singapore and overseas</li> </ul>	1,333

Source: Company description based on publicly available information including annual reports and company websites. Market capitalisation based on Factset and Company filings

(1) Market capitalisation calculated based on share price from Factset as of market close on IFA Reference Date multiplied by total ordinary shares outstanding per latest Company filings

**We wish to highlight that the Property Companies are not exhaustive and they differ from the property segment of the F&N Group in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.**

The valuation ratios of the Property Companies set out below are based on their last transacted share prices as at the IFA Reference Date.

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Chart 10 — Property companies trading comparables

Property Companies trading comparables							
Company name	Market data and trading history				Trading multiples		
	Share price (S\$)	Market cap. (S\$mm) <sup>(1)</sup>	52 week high (S\$)	% 52 week high	P/B <sup>(2)</sup>	LTM P/E <sup>(3)</sup>	P/RNAV <sup>(4)</sup>
CapitaLand <sup>(5)</sup>	3.17	13,474	3.23	98.1%	0.90x	23.0x	0.65x
CDL <sup>(6)</sup>	11.66	11,127	12.02	97.0%	1.60x	17.7x	1.00x
Keppel Land <sup>(7)</sup>	3.52	5,436	3.62	97.2%	0.96x	9.8x	0.70x
UOL <sup>(8)</sup>	5.65	4,342	6.08	92.9%	0.79x	12.0x	0.71x
UIC <sup>(9)</sup>	2.85	3,928	3.00	95.0%	0.90x	22.5x	1.29x
OUE <sup>(10)</sup>	2.84	2,584	3.04	93.4%	0.83x	34.2x	0.66x
Wheelock <sup>(11)</sup>	1.86	2,220	1.96	94.6%	0.77x	12.0x	0.72x
GuocoLand <sup>(12)</sup>	2.01	2,231	2.06	97.6%	0.93x	36.1x	N/A
Wing Tai <sup>(13)</sup>	1.71	1,333	1.73	98.6%	0.63x	5.9x	0.59x
<b>Mean</b>					<b>0.84x<sup>(14)</sup></b>	<b>19.2x</b>	<b>0.79x</b>
<b>Median</b>					<b>0.86x<sup>(14)</sup></b>	<b>17.7x</b>	<b>0.70x</b>

Relevant metrics	LTM financials (S\$ mm) <sup>(15)</sup>		
	Book NAV	Net income	RNAV
Relevant metrics	5,152	364 <sup>(16)</sup>	6,820
Implied equity value	4,433	6,444	4,795

Source: Company filings and Factset as of market close on IFA Reference Date

**Notes:**

- (1) Market capitalisation calculated based on share price from Factset as of IFA Reference Date multiplied by total ordinary shares outstanding from latest Company filings; Financials not adjusted for differences in accounting policies adopted, if any.
- (2) Book NAV based on latest available Company filings;
- (3) Last twelve months net income ended 30 June 2012. Net income attributable to equity holders of the company adjusted for one-off and extraordinary items per footnotes below. Tax effect on these adjustments applied using marginal tax rate as disclosed in the respective Company filings;
- (4) Based on median RNAV obtained from research reports. No recent research reports with RNAV forecast for GuocoLand.
- (5) Reported profit after tax before minority interest (excluding revaluations and impairment) figures have been adjusted for mark-to-market gains, writeback of doubtful receivables and bad debt written off and foreign exchange losses on JPY bond; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on median of RNAV figures in Bank of America Merrill Lynch (1 June 2012), J.P. Morgan (1 August 2012) and Maybank (2 August 2012) research reports.
- (6) Financial information reflects data for the last twelve months ended 30 June 2012. Shares outstanding and net income figures are inclusive of preference shares. Net income figures have been adjusted for extraordinary items including fair value losses of financial assets and impairment losses; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on median of RNAV figures in Bank of America Merrill Lynch (15 August 2012), CIMB (11 May 2012), DBS Group (15 August 2012) and Maybank (15 August 2012) research reports.
- (7) Financial information reflects data for the last twelve months ended 30 June 2012. Net income figures have been adjusted for extraordinary items including fair value gains and corporate restructuring surplus; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on median of RNAV figures in CIMB (18 July 2012), DBS Group (20 January 2012), HSBC (19 July 2012) and Maybank (19 July 2012) research reports.
- (8) Financial information reflects data for the last twelve months ended 30 June 2012. Net income figures have been adjusted for extraordinary items including business acquisition cost and negative goodwill on acquisition of interests in associate companies, fair value gains and impairment charges; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on median of RNAV figures in RBS (11 Nov 2011), Bank of America Merrill Lynch (24 February 2012) and CIMB (11 August 2012) research reports.

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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- (9) Financial information reflects data for the last twelve months ended 30 June 2012. Net income figures have been adjusted for fair value gains on investment properties. RNAV figure based on median of RNAV figures in DBS Group (6 August 2012) research report.
- (10) Financial information reflects data for the last twelve months ended 30 June 2012. Net income figures have been adjusted for extraordinary items of fair value gains on investment properties and impairment losses; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on median of RNAV figures Bank of America Merrill Lynch (8 August 2012), CIMB (19 September 2012), J.P. Morgan (8 August 2012) and Maybank (13 August 2012) research reports.
- (11) Financial information reflects data for the last twelve months ended 30 June 2012. Net income figures have been adjusted for extraordinary items of exchange loss due to changes in fair value of forward exchange contracts, fair value changes of investment properties, plant, property and equipment written off and revaluation of bank loan and cash held in foreign currencies; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on median of RNAV figures CIMB (13 August 2012), OSK (8 March 2012) and DBS Group (9 November 2011) research reports.
- (12) Financial information reflects data for the last twelve months ended 30 June 2012. Net income figures have been adjusted for extraordinary items of net change of fair value on derivative instruments and investment properties; 17.0% statutory tax rate of Singapore applied to adjustments. No recent research reports with RNAV forecast available for GuocoLand.
- (13) Financial information reflects data for the last twelve months ended 30 June 2012. Net income figures have been adjusted for extraordinary items of fair value gains on investment properties; 17.0% statutory tax rate of Singapore applied to adjustments. RNAV figure based on median of RNAV figures in CIMB (22 August 2012), DBS Group (22 August 2012), J.P. Morgan (21 August 2012) and Maybank (22 August 2012) research reports.
- (14) While computing mean and median of P/B values, CDL is excluded as investment properties are not restated on fair value basis;
- (15) Financial information for Properties business reflects data for the last twelve months for the period ended 30 June 2012 as per Company's guidance; and
- (16) As per Company's guidance net income for the Property Segment includes other non-allocable net income which are not meaningful.

Given the asset intensive nature of the Company's core property development business, we consider historical book NAV-based valuation methods such as P/BV and P/RNAV as being more pertinent measures for assessing the Offer Price relative to the earnings-based valuation methods such as P/E and EV/EBITDA. The annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.

As at the IFA Reference Date, the Company holds approximately 100.0% shareholding interest in the issued share capital of FCL. We wish to highlight that a control premium may be imputed on the valuation of FCL given the majority controlling interest in FCL held by the F&N Group. We have however not applied any control premium in this analysis as the quantification of such premium is highly subjective.

**Based on the low to high median range of P/B, P/E and P/RNAV of the listed comparable companies of the Properties segment, the implied valuation of FCL ranges from approximately S\$4,433 million to S\$6,444 million.**

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### (iv) Precedent transactions analysis

We have reviewed selected transactions completed between 1 January 2005 and the IFA Reference Date, involving the acquisitions of equity interests in companies that operate in the Real Estate sector in Asia Pacific, and for which information is publicly available (“**Selected Precedent Transactions**”). Furthermore, in order to compile a list of representative transactions, we have excluded transactions where the transaction sizes are less than US\$100 million. We have conducted our analysis on the basis of P/B and P/RNAV multiples as the key parameters for the comparison. A brief description of the companies selected for our analysis is set out below:

Target	Date of announcement	Stake acquired	Description (at time of acquisition)
Allgreen Properties Limited	23 May 2011	44.3%	<p>■ Allgreen Properties Ltd. is engaged in trading, food industries, manufacturing, real estate, hotels, shopping and the media businesses. It carries out its operations through the following business segments: Development Properties, Investment Properties, Hotel, and Others. The Development Properties segment develops properties for sale. The Investment Properties segment includes long-term holding of properties for rental and related income. The Hotel segment refers to owning and operating hotel. The Others segment includes project and property management, estate agent, general construction and interior works, supplying building and construction materials, advertising agent, and providing maintenance and housekeeping services. The company was incorporated in 1986 and is headquartered in Singapore</p>
MCL Land Limited	26 August 2010	22.6%	<p>■ MCL Land Ltd. is engaged in property investment and development of the company. The company's business operation is located in Singapore &amp; Malaysia. MCL Land was founded in 1963 and is headquartered in Singapore.</p>

Chart 11 — Selected Asia real estate precedent transactions

Selected Asia Real Estate precedent transactions					
Announcement date	Target	Acquirer	Method	P/RNAV	P/B
23-May-11	Allgreen Properties Limited <sup>(1)</sup>	Brookvale Investments Pte Ltd	VGO	0.84x <sup>(3)</sup>	0.96x <sup>(4)</sup>
29-Aug-10	MCL Land Limited <sup>(2)</sup>	Hongkong Land Holdings	Voluntary delisting	0.75x <sup>(5)</sup>	0.90x <sup>(6)</sup>
<b>Mean</b>				<b>0.80x</b>	<b>0.93x</b>
<b>Median</b>				<b>0.80x</b>	<b>0.93x</b>
LTM financials (\$ mm) <sup>(7)</sup>					
				P/RNAV	P/B
Relevant metrics				6,820	5,152
<b>Implied equity value</b>				<b>5,429</b>	<b>4,791</b>

Source: Dealogic, Relevant offer documents

Notes:

(1) P/B and P/RNAV based on offer price of S\$1.60 per share

(2) P/B and P/RNAV based on offer price of S\$2.45 per share

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- (3) P/RNAV based on RNAV per share of S\$1.90 which includes the revaluation surpluses on revalued properties, which comprise revaluation surpluses on several unsold and/or uncompleted development properties. The Company may not have fully earned or realized the surpluses on such assets as at the Latest Practicable Date of 17 June 2011.
- (4) Book NAV based on the Company's unaudited consolidated financial statements for the 3 months ending 31 March 2011. Unaudited book NAV of the Company as at 31 March 2011 was approximately S\$2,569.45 million (adjusted having regard to the dividend declared on 28 April 2011 and paid on 20 May 2011) or approximately S\$1.62 per share.
- (5) P/RNAV based on discounted RNAV of S\$3.25 per share which includes the estimated revaluation surpluses on several unsold and/or uncompleted development properties. There is no assurance that the actual gains (if any) eventually recorded by the Group on such development properties will be the same as that derived from the appraisals by the Valuers.
- (6) Book NAV of approximately US\$701.4mm based on the Company's latest unaudited consolidated financial statements as at 30 September 2010, the Group's development properties, investment properties and investments in joint venture companies. The book NAV of the Group has been determined based on its existing income recognition policy as well as its unaudited book NAV determined on the alternative POC method as computed by the management of the Company. The above calculations have been based on the exchange rate of US\$1: S\$1.32 as at 30 September 2011.
- (7) Financial information for Properties Business reflects data for the last twelve months for the period ended 30 June 2012 as per management guidance.

**Based on the low to high median range of P/B and P/RNAV of the precedent transaction comparables of the Properties Business, the implied valuation of FCL will range from approximately S\$4,791 million to S\$5,429 million.**

### 8.10.2 Food and Beverage

The Food and Beverage business division ("**F&B Division**") of the Company produces, markets and sells beer beverages and non-beer beverages and products (the latter comprising soft drinks, dairies and ice cream). The business activities and operations of the non-beer division are mainly conducted through Bursa Malaysia-listed Fraser & Neave Holdings Bhd ("**F&NHB**"). The activities and operations of the beer division are mainly conducted through Asia Pacific Breweries Limited, a listed entity in Singapore, and Myanmar Brewery Limited.

Given the unique profile of the F&B Division whereby the F&B Division is engaged in diverse businesses, we consider it appropriate to value each of the F&B Division's businesses separately to arrive at an aggregate valuation of the F&B Division on a sum-of-the-parts basis. We have arrived at a range of valuation for the division rather than a single specific value as this will provide a more objective measure of the value of the F&B Division taking into account, *inter alia*, market price volatility of the listed entities under the F&B Division and the F&B Division's unlisted businesses which are sensitive to general stock market and economic conditions.

Our valuation methodologies for each of the F&B Division's businesses are further set out from Section 8.10.2 of this letter. We set out below a summary of our sum-of-the-parts analysis of the F&B Division.

Chart 12 — F&B Division summary of the sum-of-the-parts valuation analysis

F&B Division summary of the sum-of-the-parts valuation analysis		
	Lower (S\$ million)	Upper (S\$ million)
Fraser & Neave Holdings Bhd (" <b>F&amp;NHB</b> ")	1,301	1,703
F&N Non-Beer (Others) (" <b>F&amp;B Singapore</b> ")	58	667
Vietnam Dairy Products Joint Stock Company (" <b>Vinamilk</b> ")	248	367
APBL and APIPL	5,591	5,591
Myanmar Brewery Limited (" <b>MBL</b> ")	211	667
<b>Total valuation of Food and Beverage</b>	<b>7,409</b>	<b>8,996</b>



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a) **F&NHB**

F&N's Non-Beer business in Malaysia began in 1961 under F&NHB, a 56.05% subsidiary listed on the Kuala Lumpur Stock Exchange. A leading non-alcoholic player in Malaysia, F&NHB engages primarily in the manufacture, distribution, marketing and sale of soft drinks and dairy products in Malaysia and Thailand. It is also involved in property development activities.

Under license from F&N, F&NHB offers carbonated soft drinks under F&N brand, isotonic beverage under 100PLUS brand, non-carbonated drinks under F&N SEASONS and F&N FRUIT TREE brands, and water under F&N ICE MOUNTAIN brand. F&NHB is also the exclusive distributor of RED BULL energy drinks in Malaysia.

F&NHB's dairies portfolio is made up of many leading brands including F&N, GOLD COIN and TEAPOT sweetened condensed milk and evaporated milk. There are also third party licensed brands namely, BEAR, CAP JUNJUNG, IDEAL and CARNATION. It also includes liquid milk products under F&N's FARMHOUSE and F&N MAGNOLIA brands as well as licensed BEAR brand. Other products in the pasteurised segment include juices under the F&N FRUIT TREE FRESH and licensed SUNKIST brand.

In 2010, F&NHB acquired a 23.08% equity interest in Cocoaland Holdings Berhad, whose principal activities includes the manufacture, trading and distribution of food and food-related products and beverages.

We note that for the purpose of valuation of F&NHB, we have utilised the following methodology:

- Share price and trading activity

We note the following key considerations in reference to the valuation of the F&NHB business:

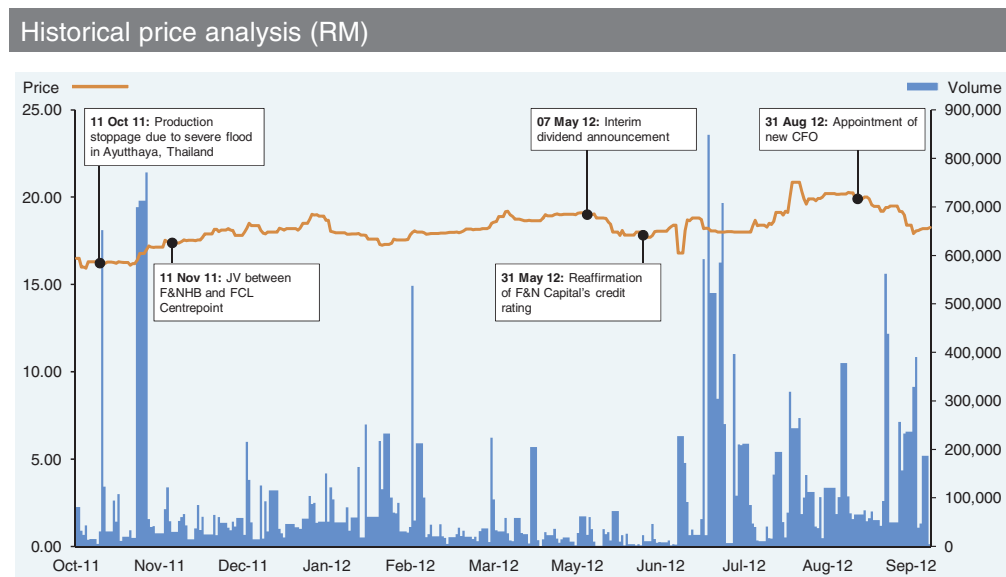
- The closing prices of the Shares of F&NHB traded within a range of RM15.94 and RM20.86 over the trailing twelve months prior to the IFA Reference Date which implies an equity value between S\$1,301 million and S\$1,703 million of the F&N Group's 56.05% stake in F&NHB based on an exchange rate of 1 RM to 0.4012 S\$ as of the IFA Reference Date
- The current market capitalisation as of the IFA Reference Date implies an equity value of the F&N Group's 56.05% stake in F&NHB based on an exchange rate of 1 RM to 0.4012 S\$ as of the IFA Reference Date of approximately S\$1,491 million
- **In arriving at our sum-of-the-parts analysis for the F&N Group we have used a range of values for the F&NHB business between S\$1,301 million and S\$1,703 million**

## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

### (i) Share price and trading activity

The trend of the daily last transacted prices of the shares of F&N Holdings Bhd (“F&NHB Shares”) for the past 1 year from the IFA Reference Date is set out below.

Chart 13 — F&NHB historical price analysis



Source: Bloomberg as of IFA Reference Date

Note:

■ **11 October 2011: Production stoppage due to severe flood in Ayutthaya, Thailand**

F&NHB dairies product manufacturing facilities in Rojana Industrial Park, Ayutthaya, Thailand under F&N Dairies (Thailand) Limited, a wholly-owned subsidiary, was flooded and ceased production. The group has in place a Property All Risk and Business Interruption Insurance cover in respect of its Thailand operations.

■ **11 November 2011: JV between F&NHB and FCL Centrepoint Pte Ltd**

F&NHB announced a proposed joint venture between F&NHB and FCL Centrepoint Pte Ltd. via Vacaron Company Sdn Bhd, a wholly-owned subsidiary of F&N, to develop the lands held under PN 3679 for Lot no.25 and PN 3681 for Lot no.37 all in Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor measuring approximately 554,264 square feet

■ **7 May 2012: Announcement of interim dividend**

F&NHB announced an interim single tier dividend of 20 sen per share

■ **31 May 2012: Reaffirmation of F&N capital credit rating**

RAM Ratings reaffirmed the respective long and short-term ratings of AA1(s) and P1(s) for F&N Capital Sdn Bhd's RM1 billion Commercial Papers/Medium-Term Notes Program (2008/2015) for the fourth consecutive year. F&N Capital is the wholly-owned treasury company of F&NHB

■ **31 August 2012: Appointment of new CFO**

F&NHB announced the retirement of Joseph Tan Eng Guan as CFO. Mr Tan started his career in taxation, auditing and management consultancy among the big four accountancy firms. In 1984, he joined Tan Chong Motor Holdings Bhd, served in several capacities covering operations, sales, marketing and general management and was appointed as General Manager, Group Finance cum Company Secretary. He then joined F&NHB in 2007 as Chief Financial Officer and also acted as joint Company Secretary and is a Director in all the boards of the major subsidiaries and associated company of F&NHB Group. Appointment of Soon Wing Chong as new CFO. Mr Soon has over 25 years experience in Finance in various industries. He started his first career at KPMG and subsequently progressed further with Inchcape Eastern Agencies, DHL Worldwide Express, Western Digital and Dutch Lady Industries. Prior to joining Fraser & Neave Holdings Bhd, he was the Chief Financial Officer of Hong Leong Industries Berhad

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Based on the above historical price analysis, we note that over the trailing twelve months prior to the IFA Reference Date, the closing prices of the F&NHB Shares traded within a range of RM15.94 and RM20.86 which implies an equity value between S\$1,301 million and S\$1,703 million of the F&N Group's 56.05% stake in F&NHB based on an exchange rate of 1 RM to 0.4012 S\$ as of the IFA Reference Date.

The VWAP and trading volume of the F&NHB Shares from the last year to the IFA Reference Date is set out below.

	VWAP (S\$)	Highest price (S\$)	Lowest price (S\$)	Average daily trading volume ('000s)	Daily trading volume as a percentage of free float (%)
<b>Periods prior to affected date (16 July 2012)</b>					
Last 1 year	7.07	7.90	6.38	99	0.2%
Last 6 months	7.25	7.70	6.74	87	0.1%
Last 3 months	7.27	7.66	6.74	100	0.2%
Last 1 month	7.25	7.54	7.22	260	0.4%
Last transaction price prior to affected date <sup>(1)</sup>	7.22	7.26	7.22	85	0.1%
<b>Periods prior to ThaiBev announcement date (12 September 2012)</b>					
Last 1 year	7.24	8.37	6.38	93	0.1%
Last 6 months	7.56	8.37	6.74	91	0.1%
Last 3 months	7.59	8.37	6.74	153	0.2%
Last 1 month	7.96	8.13	7.70	108	0.2%
Last transaction price prior to announcement date <sup>(1)</sup>	7.78	7.82	7.70	562	0.9%
<b>Periods after ThaiBev announcement date</b>					
Between ThaiBev offer announcement and IFA Reference date	7.57	7.82	7.19	244	0.4%
IFA Reference date <sup>(1)</sup>	7.33	7.33	7.22	5	0.0%

Source: Bloomberg. VWAPs and share prices converted to S\$ based on RM:S\$ exchange rate from Factset as of IFA Reference Date

(1) Refers to last closing price

**We wish to highlight that a control premium may be imputed on the market valuation of F&NHB given the majority controlling interest in F&NHB held by F&N. We have however not applied any control premium as the quantification of such a premium is highly subjective. We note that the stock price is and will continue to be affected to varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical stock price should not be relied upon as a promise of its future trading performance.**

As at the IFA Reference Date, the Company holds 56.05% shareholding interest in the issued share capital of F&NHB. Accordingly, based on the current market capitalisation as of the IFA Reference Date, the implied valuation of the Company's stake in F&NHB is approximately S\$1,491 million based on an exchange rate of 1 RM to 0.4012 S\$ as of the IFA Reference Date.

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(ii) **Past dealings in shares**

We note that there have been no significant changes in shareholding of F&NHB.

b) **F&N Non-Beer (Others) (“F&B Singapore”)**

F&N owns a reputable portfolio of brands including F&N, 100PLUS, F&N SEASONS, F&N FRUIT TREE and F&N ICE MOUNTAIN for soft drinks, F&N MAGNOLIA, FARMHOUSE, F&N DAISY, F&N NUTRISOY for dairies, and F&N MAGNOLIA, F&N MEADOW GOLD and KING's for ice cream.

F&B Singapore comprises F&N's soft drinks and dairies businesses in Singapore as well as ice-cream businesses in Singapore, Malaysia and Thailand. These are wholly-owned subsidiaries, with the exception of F&N United Limited (which manufactures and distribute ice cream products in Thailand) which is 95% owned. In 2010, F&N scaled up its existing ice cream business with the acquisition of 100% of equity interest in Kings' Creameries (S) Pte Ltd, a significant ice cream player in Malaysia and Singapore.

We note that for the purpose of valuation of F&B Singapore, we have utilised the following methodologies:

- Valuation ratios of listed comparable companies
- Precedent transaction analysis

We note the following key considerations in reference to the valuation of the F&B Singapore business:

- Based on the low and high median valuation ranges of EV/Revenue and EV/EBITDA of the F&B Companies (as defined below), the implied valuation of F&B Singapore will range from approximately S\$75 million to S\$667 million. We note that the net income of F&B Singapore as of the trailing twelve month period as of 30 June 2012 is negative and therefore P/E multiples are not meaningful
- Based on the low and high median valuation ranges of EV/Revenue and EV/EBITDA of the F&B Selected Precedent Transactions, the implied valuation of F&B Singapore will range from approximately S\$58 million to S\$571 million. We note that the net income of F&B Singapore as of the trailing twelve month period as of 30 June 2012 is negative and therefore P/E multiples are not meaningful
- **In arriving at our sum-of-the-parts analysis for the F&N Group we have used a range of values for the F&B Singapore business between S\$58 million and S\$667 million**

(i) **Valuation ratios of listed comparable companies**

We consider the valuation ratios of selected listed companies principally engaged in food and beverage business in Singapore and overseas which are in our opinion, broadly comparable to F&B Singapore (“**F&B Companies**”). The companies which we have selected as trading comparables in the list below are a representative sample of food and beverage companies that have significant geographic presence in Asia Pacific or are based in Singapore. A summary profile of the F&B Companies is set out below.

## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

Company name	Description	Market cap <sup>(1)</sup> (S\$mm)
<b>Singapore listed:</b>		
Super Group Ltd.	<ul style="list-style-type: none"> <li>■ Manufactures, packages and distributes instant beverages and convenience food products primarily in Singapore, Southeast Asia and East Asia; listed in Singapore</li> <li>■ Provides instant coffee mixes, instant coffee, instant tea mixes, instant cereals, instant noodles, canned drinks and non-dairy creamers, such as cereal related products, soluble coffee powder and vending machine services</li> </ul>	1,249
Yeo Hiap Seng Ltd.	<ul style="list-style-type: none"> <li>■ Primarily engaged in the manufacture, distribution, sale and export of beverages, sauces and canned food; listed in Singapore</li> <li>■ Serves customers in Asia, North America, Europe and internationally</li> </ul>	1,125
<b>Hong Kong listed:</b>		
Want Want China Holdings Ltd.	<ul style="list-style-type: none"> <li>■ Engaged in the manufacturing, distribution and sale of food and beverages; listed in Hong Kong</li> <li>■ Offers rice crackers, including sugar coated crackers and fried crackers, dairy products and beverages, as well as wine and other food products</li> <li>■ Operates in China, Taiwan, Singapore and Hong Kong, and sells its products in Southeast Asia, the United States and Europe</li> </ul>	20,717
Tingyi (Cayman Islands) Holding Corp.	<ul style="list-style-type: none"> <li>■ Engaged in the manufacturing and sale of instant noodles, bakery products and beverages primarily under the 'Master Kong' brand name in China; listed in Hong Kong</li> <li>■ Distributes its products through sales offices and warehouses to wholesalers and direct retailers</li> </ul>	20,678
Uni-President China Holdings Ltd.	<ul style="list-style-type: none"> <li>■ Engaged in the manufacture and sale of beverages and instant noodles in China; listed in Hong Kong</li> <li>■ Distributes its products in 31 provinces in China through various sales channels and other distribution points, such as entertainment and leisure venues, schools and transportation stations</li> </ul>	5,084
Vitasoy International Holdings Ltd.	<ul style="list-style-type: none"> <li>■ Engaged in manufacturing, distribution and sale of food and beverages; listed in Hong Kong</li> <li>■ Products include soymilk, tea, water, juice, tofu, rice milk, pasta, noodles, dairy milk, desserts and others</li> <li>■ Operates in Hong Kong, Macau, China, Australia, New Zealand, Singapore and North America</li> </ul>	1,099

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Company name	Description	Market cap <sup>(1)</sup> (S\$mm)
<b>Rest of Southeast Asia listed:</b>		
IndoFood Sukses Makmur	<ul style="list-style-type: none"> <li>■ Operates as a total food solutions company with operations in various stages of food manufacturing from the production of raw materials and their processing through to consumer products on the market; listed in Indonesia</li> <li>■ Four segments: Consumer Branded Products, Bogasari, Agribusiness and Distribution</li> </ul>	6,303
Universal Robina Corp.	<ul style="list-style-type: none"> <li>■ Operates as a branded food products company in the Philippines and internationally; listed in Philippines</li> <li>■ Three segments: Branded Consumer Food Products, Agro-Industrial Products and Commodity Food Products</li> <li>■ Regional distributors in the Philippines, China and ASEAN countries</li> </ul>	4,281
Vietnam Dairy Products JSC	<ul style="list-style-type: none"> <li>■ Manufactures and sells milk and dairy products in Vietnam and internationally; listed in Vietnam</li> <li>■ Exports its products primarily to Australia, Cambodia, Iraq, Kuwait, Maldives, Philippines, Suriname, United Arab Emirates and United States</li> </ul>	3,791
Berli Jucker PCL	<ul style="list-style-type: none"> <li>■ Provides packaging and consumer products primarily in Thailand; listed in Thailand</li> <li>■ Also manufactures, markets and distributes various consumer products, glass containers, aluminium cans, as well as other industrial products</li> </ul>	3,752
Dutch Lady Milk Industries Bhd	<ul style="list-style-type: none"> <li>■ Manufactures and distributes dairy products and fruit juice drinks principally in Malaysia; listed in Malaysia</li> <li>■ Offers infant formula, growing-up milk, powdered milk, condensed milk, UHT milk, sterilized milk, pasteurized milk, cultured milk, yoghurt and fruit juice drinks</li> <li>■ Operates as a subsidiary of FrieslandCampina DLMI Malaysia Holding B.V</li> </ul>	1,109

Notes:

(1) Market capitalisation is calculated based on share price from Factset as of IFA Reference Date multiplied by total ordinary shares outstanding and foreign exchange conversion rates as of IFA Reference Date

**We wish to highlight that the F&B Companies are not exhaustive and they differ from F&B Singapore in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.**

The valuation ratios of the F&B Companies set out below are based on their last transacted share prices as at the IFA Reference Date.



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Chart 14 — Selected F&B trading comparables

Selected Asia F&B trading comparables								
Company	Local currency	Stock Price (Lcl currency)	Market cap <sup>(1)</sup>		Enterprise value <sup>(2)</sup> (\$mm)	Enterprise value / LTM		
			(Lcl currency mm)	(\$mm)		Revenue (x)	EBITDA (x) <sup>(3)</sup>	LTM P/E (x) <sup>(8)</sup>
<b>Singapore-listed F&amp;B</b>								
Super Group Ltd. <sup>(4)</sup>	S\$	2.2	1,249	1,249	1,172	2.5x	15.3x	20.7x
Yeo Hiap Seng Ltd. <sup>(5)</sup>	S\$	2.0	1,125	1,125	1,062	1.9x	10.7x	15.3x
<b>Hong Kong-listed F&amp;B</b>								
Want Want China Holdings Ltd. <sup>(6)</sup>	HKD	9.9	130,822	20,717	20,396	5.2x	25.3x	37.1x
Tingyi (Cayman Islands) Holding Corp. <sup>(7)</sup>	HKD	23.4	130,577	20,678	21,909	2.2x	20.6x	66.0x
Uni-President China Holdings Ltd. <sup>(8)</sup>	HKD	8.9	32,107	5,084	4,889	1.3x	20.6x	48.8x
Vitasoy International Holdings Ltd. <sup>(9)</sup>	HKD	6.8	6,942	1,099	1,157	2.0x	13.2x	24.6x
<b>Rest of Southeast Asia F&amp;B</b>								
IndoFood Sukses Makmur <sup>(10)</sup>	IDR	5,600.0	49,170,388	6,303	7,806	1.3x	7.3x	15.7x
Universal Robina Corp. <sup>(11)</sup>	PHP	66.8	145,615	4,281	4,509	2.2x	14.6x	23.4x
Vietnam Dairy Products JSC <sup>(12)</sup>	VND	116,000.0	64,462,472	3,791	3,610	2.5x	11.2x	13.5x
Berli Jucker PCL <sup>(13)</sup>	THB	59.3	94,096	3,752	4,200	3.1x	20.2x	39.9x
Dutch Lady Milk Industries Bhd <sup>(14)</sup>	RM	43.2	2,764	1,109	1,036	3.1x	16.8x	25.1x
<b>Average</b>						<b>2.5x</b>	<b>16.0x</b>	<b>30.0x</b>
<b>Median</b>						<b>2.2x</b>	<b>15.3x</b>	<b>24.6x</b>
						LTM financials (\$mm) <sup>(15)</sup>		
						Revenue	EBITDA	Net income
Relevant metrics						321	7	(5)
Implied equity value (100% ownership)						667	75	NM

Notes:

- Market capitalisation is calculated based on share price from Factset as of IFA Reference Date multiplied by total ordinary shares outstanding and foreign exchange conversion rates as of IFA Reference Date
- Enterprise value has been calculated as market capitalisation + net debt + minority interest – interest in associates
- EBITDA and net income attributable to equity holders of the company adjusted for one-off and extraordinary items per footnotes below. Tax effect on these adjustments applied using marginal tax rate as disclosed in the company filings
- Financial information reflects data for the last twelve months ended 30 June 2012. EBITDA and net income figures have been adjusted for extraordinary items including gain/loss on disposal of PP&E, gain/loss on disposal of an associated company, impairment loss on PP&E, foreign exchange gain/loss, government grant, insurance claim and compensation, and gain on disposal of scrap. Net income figures are further adjusted for gain/loss on disposal of quoted investment securities and changes in fair value of quoted investment securities; 17.0% statutory tax rate of Singapore applied to net income adjustments
- Financial information reflects data for the last twelve months ended 30 June 2012. EBITDA and net income figures have been adjusted for extraordinary items including net fair value gains on investment properties, gains on disposal of PP&E, write back of loans from associate companies, gain on liquidation of subsidiaries, impairment loss on PP&E, impairment loss on available-for-sale financial assets, fair value gains on financial assets through profit or loss, and net currency translation gain/loss; 17.0% statutory tax rate of Singapore applied to net income adjustments
- Financial information reflects data for the last twelve months ended 30 June 2012. EBITDA and net income figures have been adjusted for extraordinary items including gain/loss on disposal of PP&E, gain/loss on disposal of available-for-sale financial assets, gain/loss on financial assets at fair value through profit or loss, government grants, donation expense, and net foreign exchange gain/loss; 25.0% statutory tax rate of PRC applied to net income adjustments
- Financial information reflects data for the last twelve months ended 30 June 2012. Cash includes bank balance and cash as well as pledged bank deposits. EBITDA and net income figures have been adjusted for extraordinary items (for FY2011 financials only due to unavailability of data for interim filings) including impairment loss on PP&E, gain/loss on disposal of a non wholly-owned subsidiary and an associate previously classified as held for sale, gain/loss on disposal of PP&E, fair value change in financial assets through profit or loss, gain on sales of scrapped materials, government grants, and exchange gain/loss; EBITDA and net income figures for interim period ended 30 June 2012 have been adjusted for provisional gain on bargain purchase and direct expenses relating to the acquisition; 25.0% statutory tax rate of PRC applied to net income adjustments
- Financial information reflects data for the last twelve months ended 30 June 2012. Enterprise value adjusted for interests in both jointly controlled entities and associates due to unavailability of breakdown for 30 June 2012 interim filing. Cash includes cash and cash equivalents as well as pledged bank deposits. EBITDA and net income have been adjusted for extraordinary items including gain/loss from disposal of PP&E, gain/loss from disposal of available-for-sale financial assets, loss from a fire accident, subsidy income, and government grants. Net income figures are further adjusted for net foreign exchange gain/loss; 25.0% statutory tax rate of PRC applied to net income adjustments

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- (9) Financial information reflects data for the last twelve months ended 31 March 2012. EBITDA and net income figures have been adjusted for extraordinary items including reversal of impairment losses on PP&E, net loss on disposal of PP&E, and net foreign exchange gain; 16.5% Hong Kong profit tax rate applied to net income adjustments
- (10) Financial information reflects data for the last twelve months ended 30 June 2012. Enterprise value adjusted for long-term investments accounted for using equity method. EBITDA and net income figures have been adjusted for extraordinary items including gain on sale of fixed assets, loss on impairment in value of investment in an associate entity, and net gain/loss on foreign exchange from operating activities. Net income figures are further adjusted for net gain/loss on foreign exchange due to financing activities; 25.0% marginal tax rate applied to net income adjustments
- (11) Financial information reflects data for the last twelve months ended 30 June 2012. Net income figures have been adjusted for extraordinary items including impairment loss on PP&E, impairment loss on intangibles, loss/gain on sale of PP&E, loss/gain on sale of net assets of disposal group classified as held for sale, loss/gain on sale of available-for-sale investments, loss/gain on sale of financial assets at fair value through profit or loss, market valuation loss/gain on financial assets at fair value through profit or loss, market valuation gains on derivatives transactions, and net foreign exchange loss/gain; total impairment loss was adjusted for 30 June 2011 interim financials due to unavailability of further breakdown in impairment loss; 30.0% statutory tax rate applied to net income adjustments
- (12) Financial information reflects data for the last twelve months ended 30 June 2012. Enterprise value adjusted for associates, which are Miraka Limited and Asia Saigon Food Ingredients Joint Stock Company. Cash includes cash and cash equivalent and short-term investments. Net income figures have been adjusted for loss/gain from disposal of fixed assets, net proceeds from sales of scraps, tools and supplies, fines due to contract breach, realized foreign exchange gain/loss, and gain/loss from foreign currency translation at year end; normal tax rate of 25.0% as regulated in current tax regulations for the company applied to net income adjustments
- (13) Financial information reflects data for the last twelve months ended 30 June 2012. EBITDA and net income figures have been adjusted for extraordinary items including gain on disposal of assets (for FY2011), gain on disposals of buildings and equipment (for the interim periods ended 30 June 2011 and 30 June 2012), reversal of bad and doubtful debts expenses, reversal of write-down of inventory, reversal of impairment of investments, impairment of equipment, reversal of loss on impairment of investment property, and reversal of loss on impairment of buildings. Net income figures have been further adjusted for deferred income tax reduction in FY2011 and net foreign exchange gain/loss; 30.0% Thai corporate tax rate applied to net income adjustments for FY2011 and 30 June 2011 interim financials, and 23.0% Thai corporate tax rate for 30 June 2012 financials as reported
- (14) Financial information reflects data for the last twelve months ended 30 June 2012. EBITDA and net income figures have been adjusted for extraordinary items including gain or loss on disposal of PP&E, impairment loss recognized/reversed for PP&E, and net loss/gain on foreign exchange; 25.0% Malaysian tax rate applied to net income adjustments
- (15) Financial information for F&B Singapore reflects data for the last twelve months for the period ended 30 June 2012 as per management guidance. Net debt of S\$39 million as per management guidance

**As at the IFA Reference Date, the Company holds approximately 100.0% shareholding interest in the issued share capital of F&B Singapore. We wish to highlight that a control premium may be imputed on the valuation of F&B Singapore given the majority controlling interest in F&B Singapore held by the F&N Group. We have however not applied any control premium in this analysis as the quantification of such premium is highly subjective.**

Accordingly, based on the range of EV/Revenue and EV/EBITDA of the F&B Companies, the implied valuation of F&B Singapore will range from approximately S\$75 million to S\$667 million. We note that the net income of F&B Singapore as of the trailing twelve month period as of 30 June 2012 is negative and therefore P/E multiples are not meaningful.

(ii) **Precedent transaction analysis**

We have reviewed selected transactions completed between 1 January 2005 and the IFA Reference Date, involving the acquisitions of equity interests in companies that operate in the Food & Beverage space in Asia Pacific, and for which information is publicly available (“**Selected Precedent Transactions**”). Furthermore, in order to compile a list of representative transactions, we have excluded transactions where the transaction sizes are less than US\$100 million. We have conducted our analysis on the basis of EV/Revenue, EV/EBITDA and P/E multiples as the key parameters for the comparison to the multiples implied by the Offer Price. A brief description of the companies selected for our analysis is set out below:

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Target	Date of announcement	Stake acquired	Description (at time of acquisition)
Cerebos Pacific Limited	1 August 2012	17.4%	Cerebos Pacific Ltd. engages in the manufacturing, marketing, sale and distribution of health supplements and food products in the Asia Pacific region. The company's health supplement product offering includes essence of chicken and related products and food products include sauces, gravies, coffee, salt and other food products. The company also provides a range of canned food, juices, beverages, desserts, toppings, condiments, cooking aids, tablet health supplements and canned soups. It markets its products under the BRAND'S, Fountain, Gravox, Robert Harris and Greggs brand names
Alaska Milk Corp.	9 March 2012	60.5%	Alaska Milk Corporation engages in the manufacture, distribution, and sale of liquid, powdered, and ultra-heat treated milk products primarily in the Philippines. Its products comprise evaporated and condensed milk, evaporated and condensed creamer, powdered milk, ready-to-drink milk, all-purpose cream and coffee creamer products. The company sells its products under the Alaska, Carnation, Alpine, Liberty, Milkmaid and Krem-Top brand names to supermarkets, as well as wholesalers, convenience stores and regional distributors
Permanis Sdn Bhd	21 July 2011	100.0%	Permanis Sdn Bhd manufactures, distributes and markets beverages. The company offers carbonated soft drinks, isotonic drinks, ready to drink coffees and teas, juices, energy drinks, Asian drinks and mineral water. It distributes products through its network in Peninsular Malaysia, Sabah and Sarawak
Hsu Fu Chi International	11 July 2011	60.0%	Hsu Fu Chi International, registered in China in 1992, was founded by four Hsu brothers from Taiwan. Over 99% of the Group's confectionery products are sold in China. As at the financial year ended 30 June 2009, the Group had 97 sales branches in China. The Group's sales team comprised over 8,000 sales personnel managing a mix of modern and traditional sales channels consisting of more than 13,170 direct retail points; amongst which 3,060 specialty counters staffed by dedicated promoters were deployed in hypermarkets and supermarkets

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Chart 15 — Selected Asia F&B precedent transactions

Selected Asia F&B precedent transactions								
Announced date	Acquirer Name	Target Name	% Acquired	Deal value (\$\$mm)	Enterprise value (\$\$mm) <sup>(1)</sup>	Enterprise value / LTM		
						Revenue (x)	EBITDA (x) <sup>(2)</sup>	LTM P/E (x) <sup>(2)</sup>
1-Aug-12	Suntory <sup>(3)</sup>	Cerebos	17.4%	365	2,042	2.1x	12.0x	24.1x
9-Mar-12	Royal FrieslandCampina <sup>(4)</sup>	Alaska Milk	60.5%	378	515	1.5x	10.7x	19.2x
21-Jul-11	Asahi <sup>(5)</sup>	Permanis	100.0%	331	378	1.7x	14.1x	25.7x
11-Jul-11	Nestle <sup>(6)</sup>	Hsu Fu Chi	60.0%	2,075	3,180	3.2x	16.5x	27.2x
<i>Average</i>						<i>2.1x</i>	<i>13.3x</i>	<i>24.1x</i>
<i>Median</i>						<i>1.9x</i>	<i>13.1x</i>	<i>24.9x</i>
						LTM financials (\$\$mm) <sup>(7)</sup>		
						Revenue	EBITDA	Net income
Relevant metrics						321	7	(5)
Implied equity value (100% ownership)						571	58	NM

Notes:

- Enterprise value is adjusted for net debt, non-controlling interest/minority interests, and associates as of the latest filings on the date of acquisition, unless otherwise stated. Conversion to S\$ using exchange rates sourced from FactSet as on the date of announcement
- EBITDA and net income attributable to equity holders of the company adjusted for one-off and extraordinary items per footnotes below. Tax effect on these adjustments applied using marginal tax rate as disclosed in the company filings
- Enterprise value is based on offer price of S\$6.60 per share for the remaining shares not owned by Suntory. Financial information reflects data for the last twelve months for the period ended 30 June 2012 for Cerebos. EBITDA and net income figures have been adjusted for extraordinary items including loss/gain on disposal of PP&E, loss/gain on disposal of a subsidiary, insurance recovery, net exchange loss/gain, fair value loss/gain on derivatives that are not designated or do not qualify for hedge accounting, reversal of inventory write-down of inventory, and compensation on flood by suppliers; 17.0% Singapore standard rate of income tax as reported applied to net income adjustments. Prior to the transaction, Suntory held 82.58% of the issued share capital of Cerebos
- Enterprise value is based on offer price of PHP24.00 per share as per announcement dated 9 March 2012. Deal value and percentage stake acquired as of 20 March 2012 (before Tender Offer). Cash includes cash and cash equivalents and short-term investments. Debt represents obligations under finance lease. Financial information reflects data for the last twelve months for the fiscal year ended 31 December 2011 for Alaska Milk. Net income figures have been adjusted for extraordinary items including gain on disposals of property and equipment and net foreign exchange loss/gain; 30.0% statutory income tax rate as reported applied to net income adjustments
- Equity value is based purchase price of RM820mm for 70mm of issued shares in Permanis. Total interest-bearing debt and cash balance for Permanis is based on the sum of all its subsidiaries, which include Permanis Sdn Bhd, Champs Water Sdn Bhd, Permanis Mainworks Sdn Bhd, Permanis Sandlilands Sdn Bhd, Permanis Distribution Sdn Bhd, Permanis (Sabah) Sdn Bhd, Permanis (Singapore) Sdn Bhd, Permanis Sarawak Sdn Bhd, Permanis Maintenance Sdn Bhd, and Permanis Vending Sdn Bhd. Financial information reflects data for the last twelve months for the fiscal year ended 30 June 2011. Revenue, EBITDA and net income figures for Permanis are sourced from C.I. Holdings Bhd's FY2011 filings, representing financials for C.I. Holdings' Beverage segment
- Enterprise value is based on offer price of S\$4.35 per share for 60% stake in Hsu Fu Chi. Cash represents cash and bank balances. Financial information reflects data for the last twelve months for the fiscal year ended 30 June 2011 for Hsu Fu Chi. EBITDA and net income figures have been adjusted for extraordinary items including loss on disposal of PP&E, impairment loss on plant and equipment and reversal of deferred tax liabilities; net income figures have been further adjusted for foreign exchange loss/gain; 16.5% marginal tax rate as reported applied to net income adjustments
- Financial information for F&B Singapore reflects data for the last twelve months for the period ended 30 June 2012 as per management guidance. Net debt of S\$39 million as per management guidance

**As at the IFA Reference Date, the Company holds 100.0% shareholding interest in the issued share capital of F&B Singapore. We wish to highlight that a control premium may be imputed on the valuation of F&B Singapore given the majority controlling interest in F&B Singapore held by the F&N Group. We have however not applied any control premium in this analysis as the quantification of such premium is highly subjective.**

Accordingly, based on the low and high median valuation ranges of EV/Revenue and EV/EBITDA of the F&B Selected Precedent Transactions, the implied valuation of F&B Singapore will range from approximately S\$58 million to S\$571 million. We note that the net income of F&B Singapore as of the trailing twelve month period as of 30 June 2012 is negative and therefore P/E multiples are not meaningful.

## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

### ■ Vietnam Dairy Products Joint Stock Company (“Vinamilk”)

F&B Singapore has 9.5% equity interest in Vinamilk, a leading dairy player in Vietnam which is listed on the Ho Chi Minh City Stock Exchange. Founded in 1976, Vinamilk’s principal activities are the manufacture and sale of milk and dairy products in Vietnam and internationally.

We note that for the purpose of valuation of Vinamilk, we have utilised the following methodology:

- Share price and trading activity

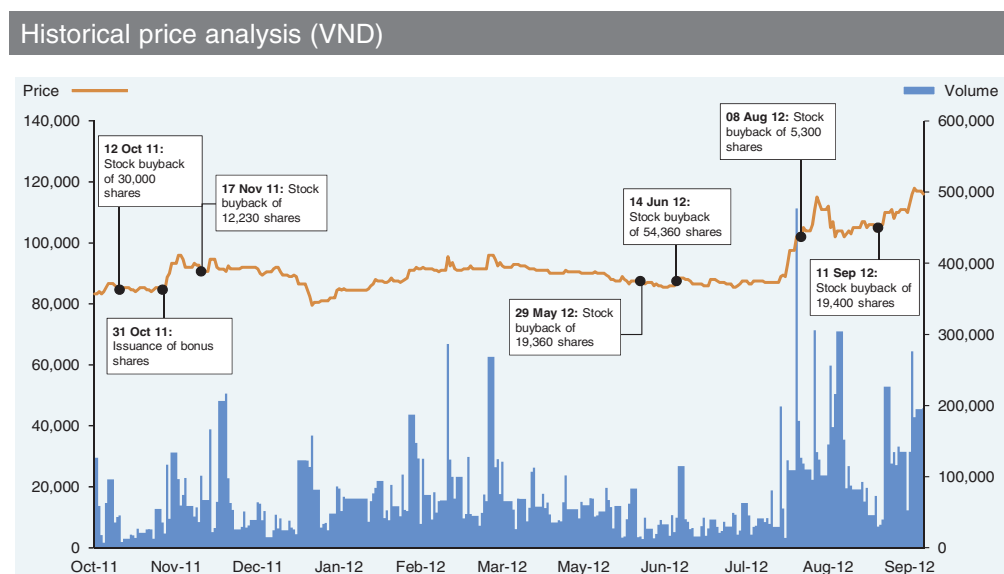
We note the following key considerations in reference to the valuation of the Vinamilk business:

- The closing prices of the Shares of Vinamilk traded within a range of VND79,500 and VND118,000 over the trailing twelve months prior to the IFA Reference Date which implies an equity value between S\$248 million and S\$367 million of F&B Singapore’s 9.5% stake in Vinamilk based on an exchange rate of 1 VND to 0.0000588 S\$ as of the IFA Reference Date
- The current market capitalisation as of the IFA Reference Date implies valuation of the F&B Singapore’s 9.5% stake in Vinamilk based on an exchange rate of 1 VND to 0.0000588 S\$ as of the IFA Reference Date of approximately S\$361 million
- **In arriving at our sum-of-the-parts analysis for the F&N Group we have used a range of values for the Vinamilk business between S\$248 million and S\$367 million**

#### (i) Share price and trading activity

The trend of the daily last transacted prices of the shares of Vinamilk (“**Vinamilk Shares**”) from September 2011 to the IFA Reference Date is set out below.

Chart 16 — Vinamilk historical price analysis



Source: Bloomberg as of IFA Reference Date

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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Note:

■ **12 October 2011: Announcement of stock buyback**

The Ho Chi Minh City Stock Exchange allowed Vinamilk to repurchase shares from the employees who left the Company: The volume registered to buy back was 30,000 shares and the purpose was to buy back shares from the employees who left the Company.

■ **31 October 2011: Board of Directors decision to issue bonus shares**

The Board of Directors of Vinamilk held a meeting and unanimously decided to issue bonus shares to the existing shareholders according to the resolution of the 2011 Annual General Meeting. The exercise ratio was 2:1, with each shareholder owning 2 shares at the record date receiving 1 bonus share.

■ **17 November 2011: Announcement of stock buyback**

The Ho Chi Minh City Stock Exchange allowed Vinamilk to repurchase shares from the employees who left the Company. The volume registered to buy back was 12,230 shares. The purpose was to buy back shares from the employees who left the Company.

■ **29 May 2012: Announcement of stock buyback**

The Ho Chi Minh City Stock Exchange allowed Vinamilk to repurchase shares from the employees who left the Company. The volume registered to buy back was 19,360 shares. The purpose was to buy back shares from the employees who left the Company.

■ **14 June 2012: Announcement of stock buyback**

The Ho Chi Minh City Stock Exchange allowed Vinamilk to repurchase shares from the employees who left the Company. The number of shares registered to buy back was 54,360 shares. The purpose was to buy back shares from the employees who left the Company.

■ **8 August 2012: Announcement of stock buyback**

The Ho Chi Minh City Stock Exchange allowed Vinamilk to repurchase shares from the employees who left the Company. The volume registered to buy back was 5,300 shares. The purpose was to buy back shares from 2009, 2010 and 2011 of the employees who left the Company.

■ **11 September 2012: Announcement of stock buyback**

The Ho Chi Minh City Stock Exchange allowed Vinamilk to repurchase shares from the employees who left the Company. The volume registered to buy back was 19,400 shares. The purpose was to buy back shares from 2009, 2010 and 2011 of the employees who left the Company.

Based on the above historical price analysis, we note that over the trailing twelve months prior to the IFA Reference Date, the closing prices of the Vinamilk Shares traded within a range of VND79,500 and VND118,000 which implies an equity value between S\$248 million and S\$367 million of the F&N Group's 9.5% stake in Vinamilk based on 1 VND to 0.0000588 S\$ as of the IFA Reference Date.



## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

### (ii) VWAP

The VWAP and trading volume of the Vinamilk Shares from the last one year to the IFA Reference Date is set out below.

	VWAP (S\$)	Highest price (S\$)	Lowest price (S\$)	Average daily trading volume (‘000s)	Daily trading volume as a percentage of free float (%)
<b>Periods prior to affected date (16 July 2012)</b>					
Last 1 years	5.18	5.65	4.43	56	0.01%
Last 6 months	5.29	5.65	4.97	61	0.01%
Last 3 months	5.20	5.35	5.03	42	0.01%
Last 1 month	5.10	5.17	5.03	33	0.01%
Last transaction price prior to affected date <sup>(1)</sup>	5.09	5.15	5.09	45	0.01%
<b>Periods prior to ThaiBev announcement date (12 September 2012)</b>					
Last 1 year	5.45	6.76	4.67	67	0.01%
Last 6 months	5.66	6.76	5.03	72	0.01%
Last 3 months	5.87	6.76	5.03	84	0.02%
Last 1 month	6.24	6.76	6.00	127	0.02%
Last transaction price prior to announcement date <sup>(1)</sup>	6.23	6.29	6.17	33	0.01%
<b>Periods after ThaiBev announcement date</b>					
Between ThaiBev offer announcement and IFA Reference Date	6.62	6.94	6.23	137	0.02%
IFA Reference Date <sup>(1)</sup>	6.82	6.94	6.82	197	0.04%

Source: Bloomberg. VWAPs and share prices converted to S\$ based on VND:S\$ exchange rate from Factset on the IFA Reference Date

(1) Refers to last closing price

As at the IFA Reference Date, the Company holds 9.5% shareholding interest in the issued share capital of Vinamilk. Accordingly, based on the current market capitalisation as of the IFA Reference Date, the implied valuation of the F&N Group’s stake in Vinamilk is approximately S\$361 million based on an exchange rate of 1 VND to 0.0000588 S\$ as of the IFA Reference Date.

**We note that the stock price is and will continue to be affected to varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical stock price should not be relied upon as a promise of its future trading performance.**

### (iii) Past dealings in shares

We note the following past dealings in Vinamilk Shares by the F&N Group:

- No significant changes in shareholding

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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### c) **Breweries**

F&N brewery operations are conducted through APBL and Myanmar Brewery Limited (“**MBL**”). As of the IFA Reference Date, F&N owns direct interests in APBL and APIPL. It also owns 55.0% of MBL.

#### ■ **APBL and APIPL**

Founded in 1931, APBL is a company listed on the Mainboard of the SGX-ST and is one of the key players in the beer industry in the Asia Pacific region. APBL currently operates an extensive global marketing network which spreads across 60 countries and is supported by 30 breweries in 14 countries. APBL has a portfolio of over 40 beer brands and brand variants, including TIGER beer, HEINEKEN, ANCHOR beer, ABC EXTRA STOUT and BARON’S STRONG BREW. APBL is synonymous with TIGER beer which is brewed in 10 countries and offered in 60 markets worldwide.

APIPL is an investment holding company established as a joint venture between the Company and the Heineken JVA Parties. As of 6 September 2012, the date of issue of the Circular to Shareholders in relation to the proposed disposal of the F&N Group’s interests in APBL and APIPL and the proposed capital reduction, the Company holds 50 percent of the issued shares of APIPL (APIPL holds 167,333,732 APBL shares or 64.8 percent of outstanding shares) and the remaining 50 percent is held by the Heineken JVA parties as well as certain other assets. The proposed disposal of the F&N Group’s interests in APBL and APIPL was approved by shareholders at an extraordinary general meeting held on 28 September 2012.

The valuation of the F&N share in APBL/APIPL is based on the offer from Heineken and we have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained the value of such valuation. We would also like to highlight that while the resolution for approval of the proposed disposal of the F&N Group’s direct and indirect interests in APBL and APIPL has been approved, there is no certainty that the proposed disposal will be completed as it remains subject to regulatory approvals in Singapore and New Zealand. The proposed disposal will only be completed if such regulatory approvals are obtained.

**In arriving at our sum-of-the-parts analysis for the F&N Group we have used the valuation of the F&N Group’s share in APBL/APIPL based on the offer from Heineken of S\$5,591 million.**

#### ■ **MBL**

MBL was established in 1995 as one of the earliest major joint-venture projects in the Republic of the Union of Myanmar with a total invested capital of US\$100 million. The brewery is located on a 13.6 hectare site in Pyinmabin Industrial Complex, Mingaladon Township, Yangon. The company manufactures Myanmar’s leading beer brands such as MYANMAR BEER as well as MYANMAR DOUBLE STRONG and ANDAMAN GOLD. It also brews and distributes TIGER beer and ABC STOUT. MBL has a leading market share position in the Myanmar market.

We note that for the purpose of valuation of MBL, we have utilised the following methodologies:

- Valuation ratios of listed comparable companies
- Precedent transaction analysis

## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

We note the following key considerations in reference to the valuation of the MBL business:

- Based on the low and high median valuation ranges of EV/Revenue, EV/EBITDA and P/E of the listed comparable companies of the Breweries Companies, the implied valuation of MBL will range from approximately S\$211 million to S\$667 million
- Based on the low and high median valuation ranges of EV/Revenue, EV/EBITDA and P/E ratio of the precedent transaction analysis of the Breweries Companies, the implied valuation of the F&N Group's stake in MBL will range from approximately S\$399 million to S\$494 million
- **In arriving at our sum-of-the-parts analysis for the F&N Group we have used a range of values for the MBL business between S\$211 million and S\$667 million**

### (i) Valuation ratios of listed comparable companies

For the valuation of MBL, we consider the valuation ratios of selected listed companies in Singapore and overseas principally engaged in the breweries business and which are, in our opinion, broadly comparable to MBL ("Breweries Companies"). The companies which we have selected as trading comparables in the list below are a representative sample of breweries companies and that have significant geographic presence in Asia Pacific or are based in Singapore. A summary profile of the Breweries Companies is set out below.

Company name	Description	Market cap <sup>(1)</sup> (\$\$mm)
<b>Southeast Asia Breweries:</b>		
Thai Beverage PCL	<ul style="list-style-type: none"> <li>■ Leading beverage producer in Thailand and Asia; listed in Singapore</li> <li>■ Four main business segments: spirits, beer, non-alcohol beverages and food</li> <li>■ Member of the TCC Group</li> </ul>	10,044
Guinness Anchor Bhd	<ul style="list-style-type: none"> <li>■ Engaged in the production, packaging, marketing and distribution of beverages primarily in Malaysia; listed in Malaysia</li> <li>■ Offers various beer such as Tiger, GUINNESS, Heineken, Anchor, Sol, etc; shandy under the Anglia Shandy brand; non-alcoholic malt drink under the Malta brand; and ciders under the Strongbow brand</li> <li>■ Subsidiary of GAPL Pte Ltd.</li> </ul>	1,896
Carlsberg Brewery Malaysia Bhd	<ul style="list-style-type: none"> <li>■ Engaged in the production, marketing, import, distribution and sale of beer, stout, shandy, wines, spirits and non-alcoholic beverages primarily in Malaysia, Singapore, Hong Kong and Taiwan; listed in Malaysia</li> <li>■ Offers products primarily under various brands including Carlsberg, Danish Royal Stout, SKOL, Asahi Super Dry, Corona Extra, Hoegaarden, Stella Artois, Budweiser, Foster's, Leffe, Beck's and Lion</li> <li>■ Subsidiary of Carlsberg Breweries A/S</li> </ul>	1,481
<b>China Breweries:</b>		
China Resources Enterprise Ltd.	<ul style="list-style-type: none"> <li>■ An investment holding company engaged in retail, beer, food and beverage, agriculture, protein and property investment businesses in the Chinese Mainland, Hong Kong and internationally; listed in Hong Kong</li> <li>■ Manufactures and distributes beer products under the Snow brand in China</li> </ul>	9,846

## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

Company name	Description	Market cap <sup>(1)</sup> (S\$m)
Tsingtao Brewery Co. Ltd.	<ul style="list-style-type: none"> <li>■ Primarily engaged in the production, distribution, wholesale and retail sale of beer products in China; listed in Hong Kong</li> <li>■ Sells its beer products primarily under the Tsingtao Beer brand name and exports beer to approximately 70 countries and regions</li> </ul>	8,859
Beijing Yanjing Brewery Co. Ltd.	<ul style="list-style-type: none"> <li>■ Engaged in the brewing, production and sale of beer under the Yanjing brand name in China; listed in China</li> <li>■ Also offers beverages such as soft drinks</li> </ul>	2,597

Notes:

- (1) Market capitalisation is calculated based on share price from Factset as of IFA Reference Date multiplied by total ordinary shares outstanding and foreign exchange conversion rates as of IFA Reference Date

**We wish to highlight that the Breweries Companies are not exhaustive and they differ from MBL in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.**

The valuation ratios of the Breweries Companies set out below are based on their last transacted share prices as at the IFA Reference Date.

### Asia breweries trading comparable analysis

Chart 17 — Selected Asia breweries trading comparables

Selected Asia breweries trading comparables								
Company	Local currency	Stock Price (Lcl currency)	Market cap <sup>(1)</sup>		Enterprise value <sup>(2)</sup> (S\$m)	Enterprise value / LTM		
			(Lcl currency mm)	(S\$m)		Revenue (x)	EBITDA (x) <sup>(3)</sup>	LTM P/E (x) <sup>(3)</sup>
<b>Southeast Asia Breweries</b>								
Thai Beverage PCL <sup>(4)</sup>	US\$	0.4	10,044	10,044	10,688	1.8x	10.2x	15.8x
Guinness Anchor Bhd <sup>(5)</sup>	RM	15.6	4,725	1,896	1,911	2.9x	15.6x	23.3x
Carlsberg Brewery Malaysia Bhd <sup>(6)</sup>	RM	12.0	3,691	1,481	1,476	2.3x	15.0x	21.3x
<b>China Breweries</b>								
China Resources Enterprise Ltd. <sup>(7)</sup>	HKD	25.9	62,176	9,846	11,517	0.6x	9.4x	30.5x
Tsingtao Brewery Co. Ltd. <sup>(8)</sup>	HKD	41.4	55,941	8,859	7,554	1.6x	13.5x	29.6x
Beijing Yanjing Brewery Co. Ltd. <sup>(9)</sup>	RMB	5.3	13,294	2,597	3,259	1.3x	9.2x	21.8x
<i>Average</i>						<i>1.8x</i>	<i>12.1x</i>	<i>23.7x</i>
<i>Median</i>						<i>1.7x</i>	<i>11.8x</i>	<i>22.5x</i>
						LTM financials (S\$m) <sup>(10)</sup>		
						Revenue	EBITDA	Net income
Relevant metrics						190	68	54
Implied equity value (100% ownership)						384	870	1,213
Implied equity value (55.0% ownership)						211	478	667

Notes:

- (1) Market capitalisation is calculated based on share price from Factset as of IFA Reference Date multiplied by total ordinary shares outstanding and foreign exchange conversion rates as of IFA Reference Date
- (2) Enterprise value has been calculated as market capitalisation + net debt + minority interest – interest in associates
- (3) EBITDA and net income attributable to equity holders of the company adjusted for one-off and extraordinary items per footnotes below. Tax effect on these adjustments applied using marginal tax rate as disclosed in the company filings

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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- (4) Financial information reflects data for the last twelve months ended 30 June 2012. Cash figure includes cash and cash equivalents as well as current investments. EBITDA and net income figures have been adjusted for donations (where breakdown is available), gain/loss on disposal and write-off of PP&E and intangible assets (or gain on disposal of assets for FY2011), impairment loss/reversal of impairment loss on PP&E, gain of sale of investment, and net gain/loss on foreign exchange. Net income figure in FY2011 has been further adjusted for losses due to floods; 30.0% Thai corporate tax rate applied to net income adjustments for FY2011 and 30 June 2011 interim financials, and 23.0% Thai corporate tax rate for 30 June 2012 financials as reported
- (5) Financial information reflects data based on preliminary 2012 fiscal year results for the period ended 30 June 2012. EBITDA and net income figures have been adjusted for gain on derivatives, gain on disposal of PP&E, and restructuring of distribution channel expenses; 25.0% Malaysian tax rate applied to net income adjustments
- (6) Financial information reflects data for the last twelve months ended 30 June 2012. EBITDA and net income figures have been adjusted for extraordinary items including gain or loss on disposal of PP&E, realized foreign exchange gain/loss, and unrealized foreign exchange gain/loss; 25.0% Malaysian tax rate applied to net income adjustments
- (7) Financial information reflects data for the last twelve months ended 30 June 2012. EBITDA and net income figures have been adjusted for extraordinary items including impairment loss recognized on fixed assets and other intangible assets (where information is available), valuation gain on investment properties, profit on deemed disposal of an associate, profit on disposal of associates, profit on disposal of available-for-sale investments, profit on disposal of fixed assets, and government grant recognized; 16.5% applicable Hong Kong profits tax rate applied to net income adjustments
- (8) Market capitalisation for Tsingtao is based on RMB-denominated ordinary shares and Hong Kong-listed shares, multiplied by the respective share price and converted to S\$. Financial information reflects data for the last twelve months ended 30 June 2012. Net income figures have been adjusted for extraordinary items including impairment loss of fixed assets, gain/loss on disposal of non-current assets, gain on unpaid debts, penalty gains/loss, public welfare donations, exchange gains/losses, and government grants; 25.0% applicable enterprise income tax rate of the Company applied to net income adjustments
- (9) Financial information reflects data for the last twelve months ended 30 June 2012. Net income figures have been adjusted for extraordinary items including gain/loss on disposal of non-current assets, government grants, donations, penalty and overdue payments, and extraordinary losses; 15.0% applicable tax rate as reported applied to net income adjustments
- (10) Financial information for MBL reflects data for the last twelve months for the period ended 30 June 2012 as per management guidance. Net cash of S\$68 million as per management guidance

**As at the IFA Reference Date, the Company holds approximately 55.0% shareholding interest in the issued share capital of MBL. We wish to highlight that a control premium may be imputed on the valuation of MBL given the majority controlling interest in MBL held by the F&N Group. We have however not applied any control premium in this analysis as the quantification of such premium is highly subjective.**

Accordingly, based on the low and high median valuation ranges of EV/Revenue, EV/EBITDA and P/E of the Breweries Companies, the implied valuation of MBL will range from approximately S\$211 million to S\$667 million.

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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(ii) **Precedent transaction analysis**

We have reviewed selected transactions completed between 1 January 2005 and the IFA Reference Date, involving the acquisitions of equity interests in companies that operate in the breweries space in Asia Pacific and overseas, and for which information is publicly available (“**Selected Precedent Transactions**”). Furthermore, in order to compile a list of representative transactions, we have excluded transactions where the transaction sizes are less than US\$100 million. We have conducted our analysis on the basis of EV/Revenue, EV/EBITDA and P/E multiples as the key parameters for the comparison to the multiples implied by the Offer Price. A brief description of the companies selected for our analysis is set out below:

Target	Date of announcement	Stake acquired	Description (at time of acquisition)
Asia Pacific Breweries	18 August 2012	39.7%	Asia Pacific Breweries is a company listed on the Mainboard of the SGX-ST and is one of the key players in the beer industry in the Asia Pacific region. APBL currently operates an extensive global marketing network which spreads across 60 countries and is supported by 30 breweries in 14 countries. APBL has a portfolio of over 40 beer brands and brand variants, including Tiger beer, Heineken, Anchor beer, ABC Extra Stout and Baron’s Strong Brew. APBL is synonymous with Tiger beer which is brewed in 10 countries and offered in 60 markets worldwide
Schincariol Participações e Representações SA	2 August 2011	50.5%	Grupo Schincariol produces and markets beer, water, and soft drinks. The company offers beer under brands such as Glacial, Nova Schin, Primus, and NS2. Grupo Schincariol is based in Itu, Brazil
PT Multi Bintang Indonesia Tbk	7 December 2009	80.6%	PT Multi Bintang Indonesia Tbk engages in the production and marketing of beer and other beverages, and other related products in Indonesia. The company provides its products under the Bintang and Heineken brands
San Miguel Brewery Inc.	20 February 2009	48.4%	San Miguel Brewery Inc. engages in the manufacture and sale of fermented and malt-based beverages. It primarily manufactures and distributes beer under various brands, including San Miguel Pale Pilsen, San Mig Light, Red Horse Beer, Cerveza Negra, Gold Eagle Beer, San Miguel Strong Ice, San Miguel Super Dry, and San Miguel Premium All-Malt Beer. The company also manufactures other malt-based beverages. The company has operations in the Philippines, Hong Kong, Indonesia, China, Thailand and Vietnam
Fujian Sedrin Brewery Co., Ltd.	23 January 2006	100.0%	Fujian Sedrin Brewery Co., Ltd. operates as a brewery company in China. It offers pure draft beer and ice beer predominantly under the Sedrin brand name



## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

Target	Date of announcement	Stake acquired	Description (at time of acquisition)
Bavaria S.A	19 July 2005	71.8%	Bavaria S.A, through its subsidiaries, engages in the production and sale of beverages in Colombia and internationally. It offers beer products under the Águila, Águila Light, Club Colombia, Cola & Pola, Costeña, Costeñita, Póker, Póker Ligera and Redd's brand names; and soft drinks under the Pony Malta and Maltizz brand names. The company was founded in 1889 and is headquartered in Bogotá, Colombia

### Selected Precedent Transactions

Chart 18 — Selected emerging markets breweries precedent transactions

Announced date	Acquiror Name	Target Name	% Acquired	Deal value (\$mm)	Enterprise value <sup>(1)</sup> (\$mm)	Enterprise value / LTM			
						Revenue (x)	EBITDA (x) <sup>(2)</sup>	LTM P/E (x) <sup>(2)</sup>	
18-Aug-12	Heineken <sup>(3)</sup>	Asia Pacific Breweries	39.7%	5,428	13,897	4.2x	16.9x	35.0x	
2-Aug-11	Kirin <sup>(4)</sup>	Schincariol	50.5%	3,040	6,659	2.9x	15.7x	NA	
7-Dec-09	Asia Pacific Breweries <sup>(5)</sup>	PT Multi Bintang	80.6%	405	468	2.1x	6.1x	10.6x	
20-Feb-09	Kirin <sup>(6)</sup>	San Miguel (Philippines)	48.4%	2,099	4,145	2.7x	7.5x	13.2x	
23-Jan-06	InBev <sup>(7)</sup>	Fujian Sedrin Brewery	100.0%	1,222	1,222	4.5x	12.8x	NA	
19-Jul-05	SABMiller <sup>(8)</sup>	Bavaria SA	71.8%	5,853	13,195	4.0x	10.6x	20.1x	
<b>Average</b>							<b>3.4x</b>	<b>11.6x</b>	<b>19.7x</b>
<b>Median</b>							<b>3.5x</b>	<b>11.7x</b>	<b>16.7x</b>
						LTM financials (\$mm) <sup>(9)</sup>			
						Revenue	EBITDA	Net income	
Relevant metrics						190	68	54	
Implied equity value (100% ownership)						726	859	897	
Implied equity value (55.0% ownership)						399	473	494	

#### Notes:

- (1) Enterprise value is adjusted for net debt, non-controlling interest/minority interests, and associates as of the latest filings on the date of acquisition, unless otherwise stated. Conversion to S\$ using exchange rates sourced from FactSet as on the date of announcement
- (2) EBITDA and net income attributable to equity holders of the company adjusted for one-off and extraordinary items per footnotes below. Tax effect on these adjustments applied using marginal tax rate as disclosed in the company filings
- (3) Enterprise value is based on offer price of S\$53.00 per share for shares of Asia Pacific Breweries held directly and indirectly by Fraser and Neave, Limited, and total shares outstanding as of 30 June 2012. Deal value and enterprise value calculations exclude the S\$163 million consideration for other assets held by APIPL. Financial information reflects data for the last twelve months for the period ended 30 June 2012 for Asia Pacific Breweries. EBITDA and net income figures have been adjusted for extraordinary items including changes in fair value of derivative financial instrument (in FY2011), profit/loss on disposal of fixed assets, and foreign exchange gain/loss; 17.0% statutory tax rate of Singapore applied to net income adjustments
- (4) Financial information for Schincariol Group as reported by Kirin in Kirin's presentation on Consolidation of Schincariol dated 2 August 2011. Net debt reflects data as of 31 December 2010. Other financial information reflects data for the last twelve months for the period ended 31 March 2011 for Schincariol, based on unaudited management accounting as reported
- (5) Enterprise value is based on offer price of IDR161,741 per share for 80.6% of PT Multi Bintang pursuant to the Mandatory Takeover Offer and Private Offer. Financial information reflects data for the last twelve months for the period ended 30 September 2009 for Multi Bintang. Net income figures have been adjusted for extraordinary items including asset impairment of fixed assets, gain/loss on sale of fixed assets, net foreign currency exchange gain/loss, and net forward foreign currency exchange gain/loss; Enacted marginal tax rate of 30.0% for FY2008 and the interim period ended 30 September 2008 and 28.0% for the interim period ended 30 September 2009 as reported applied to net income adjustments
- (6) Enterprise value is based on offer price of PHP8.841 per share for 48.4% of San Miguel Brewery. Financial information reflects data for the last twelve months for the fiscal year ended 31 December 2008 for San Miguel. EBITDA and net income figures have been adjusted for extraordinary items including gain on sale of plant and equipment, marked-to-market loss, and foreign exchange gain; 35.0% statutory tax rate as reported applied to net income adjustments

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- (7) Enterprise value is based on total consideration of 614mm as reported by InBev, assuming a cash-free, debt-free transaction. Financial information reflects data for FY2004 for Fujian Sedrin Brewery as reported by InBev in InBev's presentation on Acquisition of Fujian Sedrin Brewery Co. Limited dated 23 January 2006
- (8) Financial information in US\$ for Bavaria as reported by SABMiller in SABMiller's presentation on A Powerful Combination dated 19 July 2005. Financial information reflects data for the last twelve months for the period ended 31 December 2004 for Bavaria. Net debt includes debt in acquired holding companies as reported. Minority interests include minorities to be acquired post closing and other minorities at market or book value as reported. LTM revenue, EBITDA and net income figures have been adjusted to IFRS accounts and adjusted for other SABMiller adjustments as reported
- (9) Financial information for MBL reflects data for the last twelve months for the period ended 30 June 2012 as per management guidance. Net cash of S\$68mm as per management guidance

Accordingly, based on the low and high median valuation ranges of EV/Revenue, EV/EBITDA and P/E ratio of the Breweries Selected Precedent Transactions, the implied valuation of the F&N Group's stake in MBL will range from approximately S\$399 million to S\$494 million.

### 8.10.3 Printing and Publishing ("P&P")

F&N established its third business in publishing, printing, retail and distribution through the privatization of Times Publishing Ltd ("TPL") in 2000. The P&P division encompasses Times Printing, publishing and retail and distribution. F&N also holds interest in listed companies in the P&P business, namely PMP Limited ("PMP") and Fung Choi Media Group Limited ("Fung Choi").

Given the unique profile of P&P whereby P&P is engaged in diverse businesses, we consider it appropriate to value each of the P&P's businesses separately to arrive at an aggregate valuation of P&P on a sum-of-the-parts basis. We have arrived at a range of valuation for the division rather than a single specific value as this will provide a more objective measure of the value of P&P taking into account *inter alia* market price volatility of the listed entities under P&P and P&P's unlisted businesses which are sensitive to general stock market and economic conditions.

Our valuation methodologies for P&P are further set out in Section 8.10.5 of this letter. We set out below a summary of our sum-of-the-parts analysis for P&P.

Chart 19 — P&P summary of sum-of-the-parts valuation analysis

P&P summary of sum-of-the-parts valuation analysis		
	Lower (S\$ million)	Upper (S\$ million)
TPL (excluding PMP and Fung Choi)	71	269
PMP	12	36
Fung Choi	18	28
<b>Total valuation of P&amp;P</b>	<b>101</b>	<b>333</b>

#### a) Times Publishing Ltd (excluding PMP and Fung Choi) ("TPL")

Times Publishing Ltd is a Singapore-based company principally engaged in publishing, printing, distribution and retail. Under the Marshall Cavendish brand, the company publishes contents including education, general interest, business information, and home & library reference in formats that range from books and directories to magazines and digital platform. Times Printers Private Limited undertakes TPL's printing services related to books, directories, magazines and packaging to the international market. Pansing, the distribution business of TPL, represent major book and magazine publishers from UK, USA, Australia and South East Asia. Times bookstores has a chain of outlets throughout Malaysia, Indonesia and Singapore and offers a wide variety of book and magazine titles to readers of all ages, and NOQ store carries out TPL's online retail business.

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We note that the following key considerations in reference to the valuation of the TPL business:

- Based on the low and high median valuation ranges of EV/Revenue, EV/EBITDA and P/E of the listed comparable companies of the P&P Companies, the implied valuation of TPL will range from approximately S\$71 million to S\$269 million.
- **In arriving at our sum-of-the-parts analysis for the F&N Group we have used a range of values for the TPL business between S\$71 million and S\$269 million.**

(i) **Valuation ratios of listed comparable companies**

We have considered selected printing and publishing companies across Asia, North America and Europe as trading comparables for the Company.

In evaluating these companies, we have used the following ratios:

1. Last twelve months enterprise value to sales revenue (LTM EV/Sales);
2. Last twelve months enterprise value to earnings before interest, taxes, depreciation and amortization (LTM EV/EBITDA);
3. Last twelve months price to earnings (LTM P/E)

The following is a brief description of the companies we have considered in our analysis:

Company name	Description	Market cap <sup>(1)</sup> (S\$m)
Lagardere S.C.A.	Lagardere S.C.A. is a France-based media group principally engaged in the publishing sector. It operates through four business segments: 1) Lagardere Publishing publishes educational works, general literature, illustrated books, guides and children literature 2) Lagardere Active is engaged in publishing, audiovisual, digital media and advertising sales brokerage 3) Lagardere Services distribute newspaper, communication and leisure and 4) Lagardere Unlimited is specialized in sport industry and entertainment businesses	4,351
Sanoma Oyj	Sanoma Oyj is a Finland-based company active in media and publishing industry, which operates through four business segments: 1) Sanoma News is Finland's leading newspaper publishing and digital media business 2) Sanoma Media is engaged in magazine, television and digital businesses in 12 European countries 3) Sanoma Learning provides learning materials and solutions in print and digital format and 4) Sanoma Trade includes kiosk operations and trade services in Finland, Estonia and Lithuania	1,837

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Company name	Description	Market cap <sup>(1)</sup> (S\$m)
Arnoldo Mondadori Editore S.p.A.	Arnoldo Mondadori Editore S.p.A. is an Italy-based editorial group that operates in Italy and abroad. The company is engaged in publishing activities such as creation of the products, printing, marketing and distribution, and its activities are divided into following divisions: Books, Magazines, Advertising, Direct and Retail, Bookshops and Multicenters, Book Clubs, Online Sales and Direct Marketing	372
Pearson PLC	Pearson PLC is an international media and education company that is primarily engaged in education, business information and consumer publishing. Pearson PLC consists of three global businesses: Pearson Education, The FT Group and The Penguin Group	20,020
John Wiley & Sons Inc.	John Wiley & Sons, Inc. is a global publisher of academic print and electronic products, providing content and digital solutions to customers worldwide. The company has three business segments, which are Scientific, Technical, Medical and Scholarly, Professional/Trade and Higher Education	3,439
Scholastic Corporation	Scholastic Corporation is a global publisher and distributor of children's books and a provider of educational technology products and related services. The company operates in four segments: Children's Book Publishing and Distribution, Educational Publishing, Media, Licensing and Advertising, and International	1,280
R.R. Donnelley & Sons Company	R.R. Donnelley & Sons Company is a global provider of communications services. The company operates primarily in the commercial print portion of the printing industry, with related products and service offerings designed to offer customers complete solutions for communicating their messages to target audiences	2,399
Quad/Graphics Inc.	Quad/Graphics, Inc. is a global provider of print and related products and services that are designed to provide integrated multichannel solutions to marketers and publishers in North America, Latin America and Europe. Its products and services primarily include print solutions, media solutions and logistics services	987
Cenveo Inc.	Cenveo, Inc. is a diversified printing company in North America. The company's portfolio of products includes commercial printing, envelope production, labels manufacturing, packaging and publisher offerings	193
Hung Hing Printing Group Limited	Hung Hing Printing Group Limited is engaged in manufacturing conventional and children's novelty books and producing folding cartons and packaging for toys, cosmetics and other consumer products. The company operates in four segments: Book and Package Printing segment, Consumer Product Packaging segment, Corrugated Box segment and Paper Trading segment	181
PMP Limited	PMP Limited is an Australia-based media and marketing services company, primarily engaged in commercial printing, digital pre-media, letterbox delivery and magazine distribution	105
New Island Printing Holdings Limited	New Island Printing Holdings Limited is a Hong Kong based company in printing and packaging business. It operates in two segments: Dongguan/Hong Kong and Shanghai, both of which are engaged in printing and manufacture of multi-color packaging products, carton boxes, books, brochures and other paper products	96

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Company name	Description	Market cap <sup>(1)</sup> (\$\$mm)
Xpress Holdings Ltd.	Xpress Holdings Ltd. is a Singapore-based company that offers a range of print management services that include conceptualization, design, copywriting, translations, typesetting and color proofing, printing, post-press packaging, global distribution and delivery	53

Source: FactSet, publicly available information including annual reports and company websites

(<sup>1</sup>) Market capitalisation and exchange rates as of IFA Reference Date

**We wish to highlight that the Printing and Publishing Comparables are not exhaustive and they differ from TPL in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.**

The valuation ratios of the Printing and Publishing Comparables set out below are based on their last transacted share prices as at the IFA Reference Date.

The table below sets out the valuation statistics for printing and publishing companies

Chart 20 — P&P comparables

Trading comparables								
Company name	Local Currency (LC)	Market data				Trading multiples		
		Share price (LC)	Market cap. (\$\$mm) <sup>(1)</sup>	Firm value (\$\$mm) <sup>(2)</sup>	% 52 week high	LTM EV/ Sales	LTM EV/ EBITDA	LTM P/E <sup>(3)</sup>
<b>Integrated Consumer Publishing</b>								
Lagardere S.C.A. <sup>(4)</sup>	EUR	21.55	4,351	4,286	87.2%	0.4x	4.6x	8.4x
Sanoma Oyj <sup>(5)</sup>	EUR	7.12	1,837	4,526	60.9%	1.2x	5.3x	10.7x
Arnoldo Mondadori Editore S.p.A. <sup>(6)</sup>	EUR	1.02	372	835	60.2%	0.4x	5.3x	6.5x
<b>Academic Publishing</b>								
Pearson PLC <sup>(7)</sup>	GBP	12.26	20,020	22,202	94.2%	1.9x	10.9x	14.8x
John Wiley & Sons Inc. <sup>(8)</sup>	USD	45.48	3,439	3,887	87.5%	1.8x	9.0x	13.9x
Scholastic Corp.	USD	32.02	1,280	1,231	79.7%	0.5x	4.0x	9.8x
<b>Printing</b>								
R.R. Donnelley & Sons Co. <sup>(9)</sup>	USD	10.61	2,399	6,572	63.3%	0.5x	4.2x	5.2x
Quad/Graphics Inc. <sup>(10)</sup>	USD	16.89	987	2,481	79.7%	0.5x	3.4x	7.3x
Cenveo Inc. <sup>(11)</sup>	USD	2.41	193	1,678	45.9%	0.7x	6.7x	NM
Hung Hing Printing Group Ltd. <sup>(12)</sup>	HKD	1.25	181	156	54.3%	0.3x	5.3x	34.8x
PMP Ltd. <sup>(13)</sup>	AUD	0.25	105	296	33.3%	0.2x	3.1x	9.7x
New Island Printing Holdings Ltd. <sup>(14)</sup>	HKD	0.23	96	86	63.3%	0.9x	10.6x	NM
Xpress Holdings Ltd. <sup>(15)</sup>	SGD	0.03	53	47	40.5%	1.1x	4.3x	10.5x
<b>Mean</b>						<b>0.8x</b>	<b>5.9x</b>	<b>11.9x</b>
<b>Median</b>						<b>0.5x</b>	<b>5.3x</b>	<b>9.8x</b>

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Company name	Market data					Trading multiples		
	Local Currency (LC)	Share price (LC)	Market cap. (\$mm) <sup>(1)</sup>	Firm value (\$mm) <sup>(2)</sup>	% 52 week high	LTM EV/ Sales	LTM EV/ EBITDA	LTM P/E <sup>(3)</sup>
						LTM financials (\$mm) <sup>(16)</sup>		
								Net income
Relevant metrics						385	47	7
Implied equity value						219 <sup>(17)</sup>	269 <sup>(17)</sup>	71

Source: FactSet as of market close on IFA Reference Date

Notes:

- (1) Market capitalisation is based on diluted number of shares outstanding
- (2) Adjusted for minority interest and unconsolidated investments
- (3) LTM earnings represent profit after tax attributable to shareholders/owners/equity holders of the company
- (4) EBITDA and net income are adjusted for acquisition related expenses, gains or losses from disposal of assets and impairments, write-downs of assets and foreign exchange gains/(losses)
- (5) EBITDA and net income are adjusted for non-recurring items
- (6) EBITDA and net income are adjusted for impairment on intangibles with finite and infinite useful life and foreign exchange gains/(losses)
- (7) EBITDA and net income are adjusted for other net gains and losses, acquisition cost, intangible charges, share of results of JV and associates and non-recurring net finance income/(costs)
- (8) EBITDA and net income are adjusted for restructuring charges and foreign exchange gains/(losses)
- (9) EBITDA and net income are adjusted for restructuring and impairment charges, loss from derivatives, gain/(loss) from fair value hedge, gain/(loss) on sale of investments and loss on debt extinguishment
- (10) EBITDA and net income are adjusted for restructuring and impairment charges, gain/(loss) on sale of PP&E and loss on debt extinguishment
- (11) EBITDA and net income are adjusted for restructuring and impairment charges, gain on bargain purchase and gain on early extinguishment of debt
- (12) EBITDA is adjusted for other income and gains (excluding sundry income), impairments and loss on disposals of PP&E; Net income is adjusted for net fair value gain on derivative financial instruments, net foreign exchange gain, impairments (trade receivables, inventories) and loss on disposals of PP&E
- (13) EBITDA and net income are adjusted for net gains on disposal of PP&E and net foreign exchange gain
- (14) EBITDA and net income are adjusted for other net gain and net reversal of impairment loss on trade debtor
- (15) EBITDA is adjusted for plant and equipment written off and FV adjustment for project receivables; Net income is adjusted for foreign exchange gains/(losses), gain on disposal of PP&E, plant and equipment written off and FV adjustment for project receivables
- (16) Financial information for TPL reflects data for the last twelve months for the period ended 30 June 2012 as per management guidance
- (17) Adjusted for TPL's net cash position of S\$22 million for the period ended 30 June 2012

As at the IFA Reference Date, the Company holds 100.0% shareholding interest in the issued share capital of TPL. We wish to highlight that a control premium may be imputed on the valuation of TPL given the majority controlling interest in TPL held by the F&N Group. We have however not applied any control premium in this analysis as the quantification of such premium is highly subjective. Accordingly, based on the range of P/E ratio and EV/EBITDA ratio of the TPL, the implied valuation of the F&N Group's stake in TPL will range from approximately S\$71 million to S\$269 million.



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### b) PMP Limited (“PMP”)

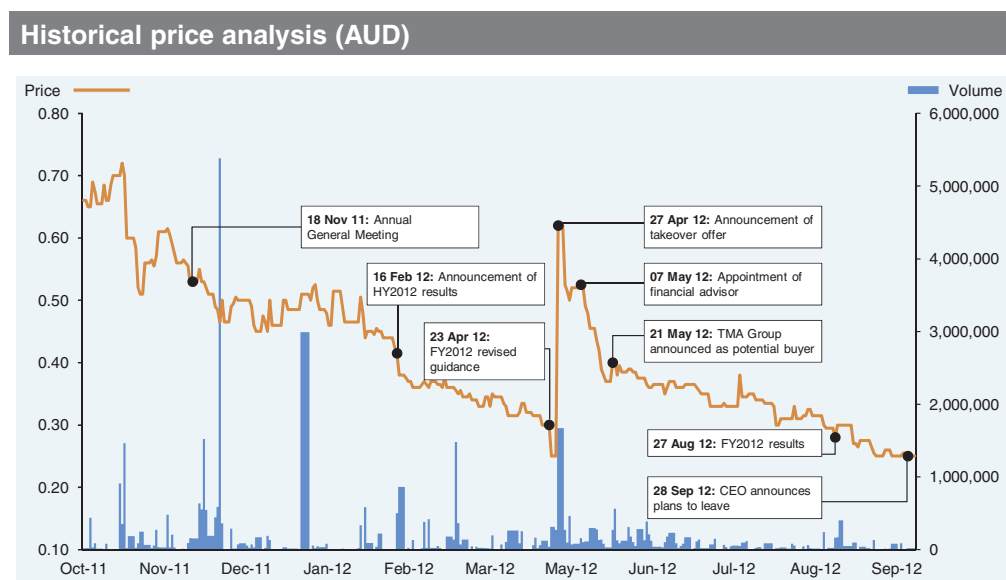
PMP Limited is an Australia-based media and marketing services company, providing a range of services from concept right to fulfillment. Its principal activities are commercial printing, digital pre-media, letterbox delivery and magazine distribution services. PMP operates in five segments: 1) Print Australia segment 2) Distribution Australia segment 3) Gordon and Gotch segment, which includes magazine and book distribution businesses 4) PMP Digital segment, which offers workflow solutions, digital services, photography services, etc and 5) PMP New Zealand segment that includes printing and distribution businesses in New Zealand.

We note that the following key considerations in reference to the valuation of the PMP business:

- The closing prices of the shares of PMP traded within a range of AUD0.25 and AUD0.72 over the trailing twelve months prior to the IFA Reference Date which implies an equity value between S\$12 million and S\$36 million of the F&N Group’s 11.95% stake in PMP based on an exchange rate of 1 AUD to 0.78436 S\$ as of the IFA Reference Date
- The current market capitalisation as of the IFA Reference Date implies valuation of the F&N Group’s 11.95% stake in PMP of approximately S\$12 million based on an exchange rate of 1 AUD to 0.78436 S\$ as of the IFA Reference Date
- **In arriving at our sum-of-the-parts analysis for the F&N Group we have used a range of values for the PMP business between S\$12 million and S\$36 million**

### (i) Share price and trading activity

Chart 21 — PMP historical price analysis



Source: Bloomberg as of IFA Reference Date of 1 October 2012

Notes:

■ **18 November 2011: Annual General Meeting**

The Annual General Meeting was convened to report on PMP’s performance in fiscal 2011 and to discuss the F&N Group’s outlook for the year.

■ **16 February 2012: Announcement of half year 2012 results**

PMP Limited announced earnings before interest and tax (EBIT) and before significant items, of \$23.1million – down 28.2% on the corresponding period for the previous year.

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- **23 April 2012: Announcement of revised FY12 guidance**

Trading results for March were circa 20% below forecast and at the same time the 4th quarter forecast indicated lower than expected volumes due to further deterioration in demand from the retail and publishing markets. PMP provided guidance to the market that the full year EBIT (before significant items) would likely be in the range of \$30 million to \$33 million and net debt would likely be in the vicinity of \$150 million to \$155 million.

- **27 April 2012: Announcement of takeover offer**

PMP's Directors advised that they received a highly conditional non-binding indicative offer for the purchase of PMP in a range between \$0.68 to \$0.78 cents per share.

- **7 May 2012: Appointment of Financial Advisor**

PMP appointed Gresham Partners as its Financial Advisors in respect to the indicative offer to purchase the company.

- **21 May 2012: Announcement of TMA group's intention to buy PMP**

PMP confirmed that the offer had been provided by TMA. There was no certainty that TMA or any other part will proceed with any proposal for the acquisition of PMP or, if it did, that the timing of such proposal or the terms and conditions on which any such proposal would be made. TMA provided funding commitment letters in a form that is customary at this preliminary stage of a potential transaction. The views expressed in the funding commitment letters were preliminary and any funding commitment that may be made in the future is subject to the completion of due diligence to financiers' satisfaction, credit and other required approvals and documentation. PMP would provide additional information concerning this matter, in accordance with its continuous disclosure obligations.

- **27 August 2012: Announcement of full year 2012 earnings and update on planned restructuring of Australian Print Business.**

Earnings before interest and tax and significant items for the year ended 30 June 2012 were \$32.7 million. This result represented a reduction of 42.3% on the corresponding period last year. The net loss after tax and significant items was \$24.5 million compared to a loss of \$11.3 million last year.

- **28 September 2012: Announcement of CEO resignation**

Mr Richard Allely, the PMP Limited CEO and Managing Director, today advised the Board that he would leave the Company in 12 months (30 September 2013). Mr. Allely's contract runs until 30 June 2014 and he is required to give at least 6 months notice of his intention to leave. The Board of PMP will meet within the next two weeks to discuss the issue of a successor.

(ii) **VWAP**

The volume-weighted average price ("VWAP") and trading volume of the shares of PMP (the "PMP Shares") from 1- year prior to the affected date to the IFA Reference Date is set out below.

	VWAP (S\$)	Highest price (S\$)	Lowest price (S\$)	Average daily trading volume ('000s)	Daily trading volume as a percentage of free float (%)
<b>Periods prior to affected date (16 July 2012)</b>					
Last 1 years	0.67	0.96	0.32	194	0.08%
Last 6 months	0.52	0.79	0.32	137	0.06%
Last 3 months	0.54	0.79	0.32	154	0.06%
Last 1 month	0.45	0.48	0.42	56	0.02%
Last transaction price prior to affected date <sup>(1)</sup>	0.48	0.48	0.47	51	0.02%
<b>Periods prior to ThaiBev announcement date (12 September 2012)</b>					
Last 1 year	0.65	0.92	0.32	178	0.07%
Last 6 months	0.50	0.79	0.32	118	0.05%
Last 3 months	0.42	0.48	0.34	55	0.02%
Last 1 month	0.38	0.41	0.34	60	0.00%
Last transaction price prior to announcement date <sup>(1)</sup>	0.34	0.34	0.34	9	0.00%

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	VWAP (S\$)	Highest price (S\$)	Lowest price (S\$)	Average daily trading volume (‘000s)	Daily trading volume as a percentage of free float (%)
<b>Periods after ThaiBev announcement date</b>					
Between ThaiBev offer announcement and IFA Reference date	0.33	0.34	0.32	29	0.01%
IFA Reference date <sup>(1)</sup>	0.32	0.33	0.32	21	0.01%

Source: Bloomberg. VWAPs and share prices converted to S\$ based on AUD\$:S\$ exchange rate from Bloomberg on 1 October 2012

(1) Refers to last closing price

### (iii) Past dealings in shares

On 21 September 2007, PMP entered into a conditional contract to acquire Times Printers (Australia) Pty Ltd from TPL, a unit of Fraser and Neave, Limited. The purchase price was partially met by issuing 39 million new ordinary shares in PMP at an issue price of \$1.65 and amounting to 11.5% of the expanded share capital of PMP.

**We note that the stock price is and will continue to be affected to varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical stock price should not be relied upon as a promise of its future trading performance.**

### c) Fung Choi Media Group Limited (“Fung Choi”)

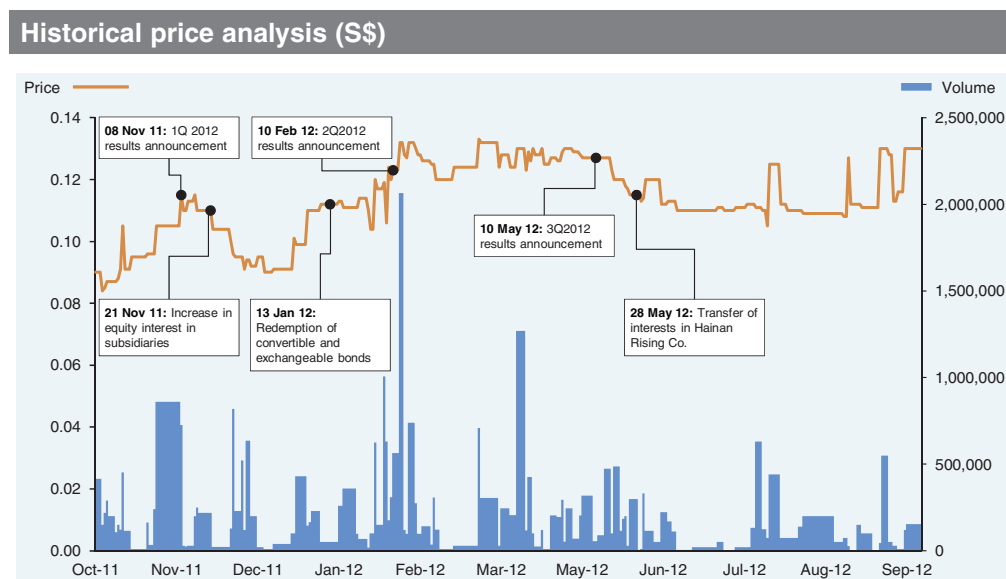
Fung Choi is a PRC-based media and marketing services company, primarily engaged in commercial displays, printing, packaging and advertising. Its commercial displays business is based in Zhongshan and carries out the design, manufacture and sale of various display units as well as delivery and installation services. Printing business specializes in commercial printing and publication printing with facilities located in Guangzhou and Qingdao. Packaging business operates mainly out of facilities in Qingdao, where it designs and manufactures a wide range of packaging products. Advertising business owns the advertising rights to a portfolio of magazines widely distributed over major provinces and municipal cities across the PRC.

We note that the following key considerations in reference to the valuation of the Fung Choi business:

- The closing prices of the Shares of Fung Choi traded within a range of S\$0.084 and S\$0.133 over the trailing twelve months prior to the IFA Reference Date which implies an equity value between S\$18 million and S\$28 million of the F&N Group’s 29.48% stake in Fung Choi
- The current market capitalisation as of the IFA Reference Date implies valuation of the F&N Group’s 29.48% stake in Fung Choi of approximately S\$28 million
- **In arriving at our sum-of-the-parts analysis for the F&N Group we have used a range of values for the Fung Choi business between S\$18 million and S\$28 million**

## (i) Share price and trading activity

Chart 22 — Fung Choi historical price analysis



Source: Bloomberg as of IFA Reference Date of 1 October 2012

Footnotes:

■ **8 November 2011: 1Q 2012 results announcement**

Fung Choi released first quarter financial statements for the first three months ended 30 September 2011.

■ **21 November 2011: Increase in equity interest in subsidiaries**

The Board of Directors of Fung Choi announced that its subsidiary Hainan Rising Commercial Retail Planning Services Co., Ltd (“**Hainan Rising**”), increased its equity interest from 80% to 100% in each of its six subsidiaries in the People’s Republic of China (“**PRC**”), namely Lanzhou Rising Point of Sales Services Co., Ltd (“**Lanzhou Rising**”), Shanghai Rising Marketing Planning Services Co., Ltd (“**Shanghai Rising**”), Fuzhou Taijiang Rising Damei Exhibition and Display Co., Ltd (“**Fuzhou Rising**”), Guangzhou Rising Marketing Planning Services Co., Ltd (“**Guangzhou Rising**”), Nanjing Rising Marketing Planning Services Co., Ltd (“**Nanjing Rising**”) and Harbin Rising Deheng Exhibition and Display Co. (“**Harbin Rising**”).

■ **13 January 2012: Redemption of convertible and exchangeable bonds**

The board of directors of Fung Choi refers to the announcement made by the Company dated 10 January 2012 in relation to the RMB190 million in aggregate principal amount of US dollar settled zero coupon convertible bonds due 2012 and the RMB190 million in aggregate principal amount of US dollar settled zero coupon exchangeable bonds due 2012. As stated in the Announcement, the Company had, on 11 January 2012, redeemed RMB9 million in principal amount of the Convertible Bonds and RMB9 million in principal amount of the Exchangeable Bonds at a redemption price of RMB11,362,500 (being 126.25 percent of RMB 9 million) each respectively, which had been financed by internal resources. The Company shall redeem all outstanding Convertible Bonds and Exchangeable Bonds on or before 27 February 2012 and the Second Redemption Amount (as defined in the Announcement) will be financed by a combination of internal resources and bank borrowings. In this regard, the board of directors of the Company announced that the Company entered into a facility agreement dated 12 January 2012 amongst (1) Fung Choi Printing Limited (a wholly-owned subsidiary of the Company) as the borrower, (2) the Company and High Rank Development Limited (a wholly owned subsidiary of the Company) as the guarantors and Standard Chartered Bank (Hong Kong) Limited as the lender, pursuant to which the Lender agreed to grant to Fung Choi Printing Limited a one year bridge loan facility for up to HKD350 million, subject to the terms and conditions of the Facility Agreement.

■ **10 February 2012: 2Q 2012 Results**

Fung Choi released second quarter financial statements for the three months ended 31 December 2011.

■ **10 May 2012: 3Q 2012 Results**

Fung Choi released second quarter financial statements for the three months ended 31 March 2011.

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■ **28 May 2012: Transfer of interests in Hainan Rising Co.**

The Board of Directors of the Company announced that the Company's Subsidiary Rising Display Products (Zhongshan) Co.,Ltd ("**Rising Display**"), entered into an equity transfer agreement with another subsidiary of the Company Lianya Display Products (Zhongshan) Co.Ltd ("**Lianya Display**"), pursuant to which Rising Display agreed to transfer its 100% equity interests in Hainan Rising Commercial Retail Planning Services Co., Ltd ("**Hainan Rising**") to Lianya Rising for a consideration of HKD11.8 million. The consideration was arrived at with reference to the audited net asset value of Hainan Rising and its subsidiaries of HKD11.8 million as at 30 June 2011, and will be payable/receivable in cash by 30 June 2012. Hainan Rising and its subsidiaries currently carry out the design and sale of commercial displays.

(ii) **VWAP**

The volume-weighted average price ("**VWAP**") and trading volume of the shares of Fung Choi from the past one year to the IFA Reference Date is set out below.

	VWAP (S\$)	Highest price (S\$)	Lowest price (S\$)	Average daily trading volume (‘000s)	Daily trading volume as a percentage of free float (%)
<b>Periods prior to affected date (16 July 2012)</b>					
Last 1 years	0.11	0.16	0.08	182	0.1%
Last 6 months	0.12	0.13	0.10	136	0.1%
Last 3 months	0.12	0.13	0.11	75	0.0%
Last 1 month	0.11	0.11	0.11	7	0.0%
Last transaction price prior to affected date <sup>(1)</sup>	0.11	0.11	0.11	20	0.0%
<b>Periods prior to ThaiBev announcement date<sup>(2)</sup> (12 September 2012)</b>					
Last 1 year	0.11	0.13	0.08	146	0.1%
Last 6 months	0.12	0.13	0.11	91	0.0%
Last 3 months	0.11	0.13	0.11	41	0.0%
Last 1 month	0.11	0.13	0.11	34	0.0%
Last transaction price prior to announcement date <sup>(2)</sup>	0.11	0.11	0.11	4	0.0%
<b>Periods after ThaiBev announcement date<sup>(3)</sup></b>					
Between ThaiBev offer announcement and IFA Reference date	0.13	0.13	0.11	80	0.0%
IFA Reference date <sup>(3)</sup>	0.13	0.13	0.13	155	0.1%

Source: Bloomberg

<sup>(1)</sup> Refers to last closing price

<sup>(2)</sup> Refers to last traded closing price on 10 September 2012

<sup>(3)</sup> Refers to traded closing price on 25 September 2012

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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### (iii) Past dealings in shares

- As per the 19 May 2005 announcement, F&N acquired 4,950,000 shares of Fung Choi in the open market for a total consideration of approximately S\$1,800,000
- As per the 24 May 2005 announcement, F&N acquired 5,170,000 shares of Fung Choi in the open market for a total consideration of approximately S\$1,929,000
- As per the 17 May 2006 announcement, F&N exercised the option to acquire 66,093,000 shares of Fung Choi for a total consideration of approximately S\$29,147,013
- As per the 17 November 2006 announcement, F&N acquired 18,000,000 shares of Fung Choi for a total consideration of approximately S\$12,070,000
- As per the 28 November 2006 announcement, F&N acquired 14,502,800 shares of Fung Choi in the open market for a total consideration of approximately S\$9,354,306

**We note that the stock price is and will continue to be affected to varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical stock price should not be relied upon as a promise of its future trading performance.**

## 9 Other considerations

### ■ Alternative offer from third parties

The Directors have informed JPMSEAL that as at the IFA Reference Date, the Directors and the Company have not been approached with a competing offer, nor an enhancement or revision of the Offer.

Assuming the Offer becomes unconditional in all respects, the Offeror would upon the close of the Offer have a decisive influence on the result of, and may deter, a takeover offer by a third party for the Company.

### ■ Compulsory acquisition

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires the Offer Shares from the date of the Offer Document otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer), the Offeror will be entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire, at the Offer Price, all the Shares of Shareholders who have not accepted the Offer and proceed to delist the Company from the SGX-ST.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total Shares, Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at the Offer Price. The Independent Directors may wish to advise Shareholders who wish to exercise such a right are advised to seek their own independent professional advice.



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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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However, as stated in the Offer Document, it is the current intention of the Offeror to maintain the present listing status of the Company on the Mainboard of the SGX-ST and the Offeror does not intend to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act . However, in the event that the Company does not meet the minimum public float required under the Listing Manual at the close of the Offer, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) as described in paragraph 9.2 of the Offer Document, depending on, *inter alia*, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

### ■ **Control of the Company**

In the event that the Offer becomes unconditional, the Offeror and its concert parties will be in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and would gain statutory control of the Company which entitles them to pass all ordinary resolutions on matters in which the Offeror and its concert parties do not have an interest, at general meetings of Shareholders.

### ■ **Material litigation**

The Directors have confirmed that as at the IFA Reference Date, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Company and its subsidiaries, taken as a whole, and the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the F&N Group, taken as a whole.

## 10 **Advice to Independent Directors**

In arriving at our opinion to the Independent Directors, we have relied upon the following key considerations:

- a) The Shares have adequate liquidity. We therefore believe that the historical Share prices of the Company provide a meaningful reference price against which to compare the Offer Price. However, the liquidity of the Shares may be impacted following the close of the Offer depending on, amongst other things, the number of Shares tendered into the Offer and there is no assurance that the liquidity of the Shares will remain at current levels.
- b) In the 12-month period prior to the Unaffected Share Price Date, the Shares have traded between S\$5.39 and S\$7.90 based on the daily closing price, i.e. where the Offer Price represents a premium in a range between 12.4% to 64.7%;
- c) Following the Unaffected Share Price Date up to the IFA Reference Date, the Shares have traded between S\$7.60 and S\$8.97 based on the daily closing price, i.e. where the Offer Price represents a range between a discount of 1.0% to premium of 16.8%;
- d) Based on our comparison of the Offer Price against the Company's volume-weighted average prices over the various timeframes, we have assessed:
  - (i) The Offer Price represents a premium of approximately 15.7%, 22.4%, 29.0%, 31.5% and 41.1% respectively over the volume-weighted average price of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods up to and including the Unaffected Share Price Date
  - (ii) The Offer Price represents a premium of approximately 4.5%, 5.5%, 9.3%, 15.9% and 26.9% respectively over the volume-weighted average price of the Shares in the aforesaid 1-week, 1-month, 3-month, 6-month and 12-month periods preceding the Offer Announcement Date

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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- (iii) The Offer Price represents a premium of approximately 12.4% to the last transacted price of S\$7.90 on 16 July 2012, the Unaffected Share Price Date and represents a premium of approximately 4.3% to the last transacted price of S\$8.51 one Market Day prior to the Offer Announcement Date
  - (iv) The Offer Price represents a discount of approximately 0.2% to the closing price of the Shares of S\$8.90 as at the IFA Reference Date
  - (v) The implied Offer Price excluding the potential cash proceeds from the APB sale would be S\$5.00 per Share. We note that the estimated volume-weighted average price from the Unaffected Share Price Date of 16 July 2012 to the IFA Reference Date excluding the potential cash proceeds from the APB sale is S\$4.61 per Share. Therefore, the Offer Price excluding the potential cash proceeds from the APB sale represents a premium of approximately 8.5% during this period
- e) The valuation multiples implied by the Offer Price as compared with the historical trading levels of the Company are as follows:
  - (i) The Offer Price represents a premium of approximately 38.8%, to the median of F&N's trailing 12 month EV/EBITDA multiple from the Unaffected Share Price Date.
  - (ii) The Offer Price represents a premium of approximately 39.3%, to the median of F&N's trailing 12 month P/E multiple from the Unaffected Share Price Date.
  - (iii) The Offer Price represents a premium of approximately 40.0%, to the median of F&N's trailing 12 month P/B multiple from the Unaffected Share Price Date
  - (iv) The Offer Price represents a premium of approximately 4.2% to the median of F&N's trailing 12 month EV/EBITDA multiple of 11.6x from the Unaffected Share Price Date to the IFA Reference Date
  - (v) The Offer Price represents a premium of approximately 3.2% to the median of F&N's trailing 12 month P/E multiple of 19.9x from the Unaffected Share Price Date to the IFA Reference Date
  - (vi) The Offer Price represents a premium of approximately 7.1% to the median of F&N's trailing 12 month P/B multiple of 1.7x from the Unaffected Share Price Date to the IFA Reference Date
- f) The general offer premia resulting from the Offer Price compared with the corresponding median offer premia of selected general offers in Singapore for acquisition targets across a number of industries for control since January 2007 are as follows:
  - (i) The general offer premia resulting from the Offer price compared to the share price as of the Unaffected Share Price Date is below the median of the 1-day, 1-month and 6-month offer premia of selected general offers in Singapore but above the 3-month offer premia of the abovementioned transactions
  - (ii) The general offer premia resulting from the Offer price compared to the share price preceding the Offer Announcement Date is below the median of the 1-day, 1-month, 3-month and 6-month offer premia of selected general offers in Singapore
- g) Based on certain research reports by stock analysts in relation to the Shares and/or the Offer, we note the following:
  - (i) The Offer Price represents a premium of 20.0% to the average price target estimates by brokers as of the Unaffected Share Price Date

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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- (ii) The Offer Price represents a discount of 4.9% to the average price target estimates by brokers as of the Offer Announcement Date
  - (iii) The Offer Price represents a discount of 5.5% to the average price target estimates by brokers as of the IFA Reference Date
- h) We note that the Offer Price falls within the range of the estimated sum-of-the-parts valuation of each Share of S\$8.30 to S\$11.22
- (i) We also note that the Offer Price excluding the potential cash proceeds from the APB sale falls within the range of the estimated sum-of-the-parts valuation of each Share excluding the potential cash proceeds for the APB sale

On the basis of and subject to the foregoing, it is our opinion that, as of the IFA Reference Date, the Offer Price is **not compelling but fair**, from a financial point of view.

**The Independent Directors should note that a discount may be applied on the sum-of-the-parts valuation of a conglomerate such as the F&N Group for various reasons. In an efficient capital market, investors can generally diversify more effectively by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a conglomerate investing in a range of diverse businesses. A valuation discount may also be applied as conglomerates are generally believed to use capital less efficiently. In arriving at the sum-of-the-parts valuation of the F&N Group above, we have not applied any conglomerate discount as the quantification of such discount is highly subjective. The conglomerate discount is dependent on *inter alia* the size of the conglomerate, the extent of business diversification or synergies (if any) within the conglomerate and the requirement for additional management as compared to standalone businesses.**

**For the purposes of providing this letter and our evaluation of the Offer Price from a financial point of view, we have not received or relied on any financial projections or forecasts in respect of the Company or the F&N Group. We are not required to express, and we do not express, an opinion on the future growth prospects and earnings potential of the Company. We are therefore not expressing any opinion herein as to the price at which the Shares may trade whether or not the Offer is declared unconditional in all respects or on the future financial performance of the Company.**

**In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax status or positions or particular needs or constraints or other particular circumstances and we neither assume any responsibility for, nor hold ourselves out as advisers to any Shareholder or other person other than the Independent Directors.**

**Our opinion is only based on a financial analysis and does not incorporate any assessment of commercial, legal, tax, regulatory or other matters including potential synergies that may arise out of the Offer. Our opinion also does not incorporate an assessment of the price at which Shares may trade following the success or failure of the Offer or any alternative offers that may be made for the Company and its assets. Such factors are beyond the ambit of our review and do not fall within our terms of reference in connection with the Offer.**

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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The Independent Directors may wish to consider advising Shareholders who:

- (i) wish to realize their investments in the Company at this time but are unable to sell their Shares in the open market at a price (after deducting related expenses) higher than the Offer Price; and/or;
- (i) believe that the current market price of the Shares may decrease; and/or
- (ii) believe that a competing offer will not be made; and/or
- (iii) are uncertain of the longer term performance and prospects of the Company, either on a status quo basis or under the stewardship of the Offeror and its concert parties

that such Shareholders may wish to consider selling all or a portion of their Shares in the open market or tendering Shares in acceptance of the Offer. If the Independent Directors make a recommendation to Shareholders to tender Shares in acceptance of the Offer, the Independent Directors may also wish to consider highlighting that (i) there is no certainty that the Offer will become unconditional in all respects, (ii) there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer, and (iii) the current price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing and future economic conditions and outlook, stock market conditions and sentiments.

The Independent Directors may wish to consider advising Shareholders who:

- (i) do not currently wish to realise their investments in the Company; and/or
- (ii) believe that the current market price of the Shares may increase; and/or
- (iii) believe that a competing offer may be made; and/or
- (iv) hold a favourable view and are confident of the Company's prospects, either on a status quo basis or under the stewardship of the Offeror and its concert parties, and believe that they will be able to realise greater value from continuing to own their Shares,

that such Shareholders may wish to consider retaining all or a portion of their Shares. If the Independent Directors make a recommendation to Shareholders to retain their Shares, the Independent Directors may also wish to consider highlighting that (i) there is no certainty that following the close of the Offer, the Company will meet the minimum public float required under the Listing Manual, (ii) there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer, and (iii) the current price performance of the Shares is not indicative of the future price performance levels of the Shares, which will be governed by amongst other factors, the performance and prospects of the Company, prevailing and future economic conditions and outlook, stock market conditions and sentiments.

As the ESOS Options and the Share Awards are not freely transferable by the holders thereof, the Offeror has stated in paragraphs 2.4 and 2.5 of the Offer Document that it will not make an offer to acquire the ESOS Options and/or the Share Awards.

However, as the Offer is being extended on the same terms and conditions to all new Shares unconditionally issued or to be issued pursuant to the valid exercise, vesting or release of the ESOS Options or Share Awards (collectively, "**Options**") on or prior to the Closing Date, the Independent Directors may wish to consider providing the same advice to the holders of such Options in respect of any Option held by them, and also highlighting the matters set forth in the relevant Section of this letter.

The Directors have confirmed that, as at the Latest Practicable Date, there are no ESOS Options whose exercise price is higher than or equivalent to the Offer Price.

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## LETTER FROM J.P. MORGAN TO THE INDEPENDENT DIRECTORS

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We wish to emphasise that we have been appointed to render our opinion on the IFA Reference Date. Our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects of the Company or the F&N Group. This letter is addressed to the Independent Directors solely for their benefit in connection with and for the purposes of their consideration of the Offer Price. This letter is not addressed to and may not be relied upon by any third party including, without limitation, Shareholders, holders of options or awards issued by the Company, employees or creditors of the Company. This letter does not constitute, and should not be relied on, as advice or a recommendation to, or confer any rights or remedies upon, any Shareholder as to how such person should deal with their Shares in relation to the Offer or any matter related thereto. Nothing herein shall confer or be deemed or is intended to confer, any right or benefit to any third party and the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore shall not apply. The recommendation made by the Independent Directors to the Shareholders in relation to the Offer remains the sole responsibility of the Independent Directors.

This 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. No other person may use, reproduce, disseminate, refer to or quote this letter (or any part thereof) for any purpose at any time and in any manner except with J.P. Morgan's prior written approval in each specific case.

Yours faithfully,  
For and on behalf of  
**J.P. MORGAN (S.E.A.) LIMITED**

**Hong Ping Yeo**  
Managing Director

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## APPENDIX I – ADDITIONAL GENERAL INFORMATION

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### 1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Description
Mr Lee Hsien Yang	14A Caldecott Close Caldecott Hill Estate Singapore 299123	Chairman, Non-Executive and Non-Independent Director
Mr Timothy Chia Chee Ming	7 Nassim Road #01-01 Nassim Lodge Singapore 258374	Non-Executive and Independent Director
Ms Maria Mercedes Corrales	208 Camachile St., Ayala Alabang Village Muntinlupa City 1780 Philippines	Non-Executive and Independent Director
Mr Ho Tian Yee	11 Ardmore Park #05-04 Ardmore Park Singapore 259957	Non-Executive and Independent Director
Mr Hirotake Kobayashi	5-27-16 Kanai, Machida-Shi, Tokyo, 195-0072 Japan	Non-Executive and Non-Independent Director
Mr Koh Beng Seng	11 Evelyn Road #11-01 Setia Residences Singapore 309304	Non-Executive and Independent Director
Dr Seek Ngee Huat	41 Victoria Park Road Victoria Park Singapore 266520	Non-Executive and Independent Director
Mr Tan Chong Meng	57 Moonbeam Terrace Holland Gardens Singapore 277319	Non-Executive and Independent Director
Mr Nicky Tan Ng Kuang	9 Queen Astrid Park Singapore 266799	Non-Executive and Independent Director

### 2. PRINCIPAL ACTIVITIES

The Company was incorporated on 26 January 1898 and is listed on the Mainboard of the SGX-ST.

The Company, together with its subsidiaries, is recognised as a leading pan-Asian consumer group with core expertise and strong standing in the food and beverage, property and publishing, and printing industries. Leveraging its strengths in marketing and distribution, research and development, brands and financial management, as well as years of acquisition experience, the Company provides key resources and sets strategic directions for its subsidiary companies across all three (3) industries. The Company owns an impressive array of renowned brands that enjoy market leadership across a mix of beer, dairies and soft drinks, residential properties, retail malls and serviced residences, as well as publishing and printing services.

The Company has shareholders' funds (including non-controlling interests) of approximately S\$8 billion and total assets of approximately S\$14 billion as at 30 June 2012. The Company is present in over 30 countries spanning the Asia Pacific region, Europe and the United States of America.



## APPENDIX I – ADDITIONAL GENERAL INFORMATION

### 3. SHARE CAPITAL

**3.1 Issued Share Capital.** The Company has only one class of shares, being ordinary shares. As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S\$ 1,504,668,696.32 comprising 1,429,381,042 Shares (excluding 4,100 treasury shares). The Shares are quoted and listed on the Mainboard of the SGX-ST.

**3.2 Rights of Shareholders in respect of Capital, Dividends and Voting.** The rights of Shareholders in respect of capital, dividends and voting as contained in the Articles are set out in Appendix III to this Circular.

**3.3 Number of F&N Shares Issued.** Since 1 October 2011, there were:

- (a) 17,472,265 Shares issued pursuant to the exercise of ESOS Options under the Scheme; and
- (b) 398,300 Shares issued pursuant to the vesting of Share Awards under the Share Plans.

Save as disclosed above, as at the Latest Practicable Date, there are no changes to the number of Shares issued since 1 October 2011.

**3.4 Outstanding Instruments Convertible into Shares.** As at the Latest Practicable Date:

- (a) there are outstanding ESOS Options granted under the Scheme, the details of which are as follows:

Date of Grant	No. of Shares Comprised in Outstanding ESOS Options	Exercise Price per Share (S\$)	Exercise Period	
			From	To
8 Oct 2004	269,880	2.82	8 July 2007	7 Sept 2014
10 Oct 2005	1,570,635	3.46	10 July 2008	9 Sept 2015
10 Oct 2006	1,867,066	4.22	10 July 2009	9 Sept 2016
10 Oct 2007	3,306,453	5.80	10 July 2010	9 Sept 2017
25 Nov 2008	3,024,110	2.86	25 Aug 2011	24 Oct 2018

- (b) there are 6,032,672 <sup>(4)</sup> outstanding Share Awards granted under the Share Plans, pursuant to which the Company may deliver up to 8,536,800 Shares to the holders of such Share Awards, either in the form of new Shares or existing Shares, free of payment, upon the vesting of the Share Awards.

Save as disclosed above, there are no outstanding instruments convertible into, rights to subscribe for, or options in respect of, securities being offered for or which carry voting rights affecting the Shares.

<sup>4</sup> Depending on whether certain performance targets are met over a two-year period (for the RSP) and three-year period (for the PSP), the final number of Shares allotted or transferred to the recipient can range from 0% to 150% (for the RSP) and 0% to 200% (for the PSP) of the Share Awards. In this regard, the maximum number of Shares which could be allotted or transferred pursuant to the outstanding Share Awards would be 8,536,800 Shares.

## APPENDIX I – ADDITIONAL GENERAL INFORMATION

### 4. FINANCIAL INFORMATION

**4.1 Consolidated Profit Statements.** A summary of the audited consolidated profit statements of the F&N Group for the past three (3) financial years ended 30 September 2009, 30 September 2010 and 30 September 2011, the unaudited restated consolidated profit statements of the F&N Group for the full year ended 30 September 2011 and 9M2011 and the unaudited consolidated profit statement for 9M2012 is set out below. The following summary should be read together with the audited consolidated financial statements and the unaudited consolidated profit statements for the relevant financial periods and related notes thereto, copies of which are available for inspection as set out in paragraph 12 of Appendix I to this Circular.

S\$'million	← Audited <sup>(1)</sup> →			Unaudited Restated	Unaudited Restated	
	FY2009	FY2010	FY2011	FY2011	9M2011	9M2012
Revenue	5,146	5,697	6,274	6,366	4,208	4,018
Profit before interest and taxation	799	1,071	1,152	1,177	774	721
Net finance cost	(62)	(62)	(54)	(54)	(34)	(34)
Impairment on investments	(7)	(9)	–	–	–	–
Fair value adjustment of investment properties	(123)	129	140	140	*(3)	11
Exceptional items	7	43	175	175	158	(1)
	(123)	163	315	315	158	10
Profit before taxation	614	1,172	1,413	1,438	898	698
Taxation	(179)	(270)	(299)	(307)	(184)	(144)
Profit after taxation	435	902	1,114	1,132	714	554
Profit from discontinued operations after taxation	8	160	–	–	–	–
Non-controlling interests	(83)	(242)	(239)	(234)	(172)	(151)
Profit after tax and non-controlling interests	360	820	875	898	541	403
(after fair value adjustments and exceptional items)						
Profit after tax and non-controlling interests	466	583	621	643	412	391
(before fair value adjustments and exceptional items)						
Earnings per share (cents)	33.5	41.7	44.1	45.7	29.3	27.5
(before fair value adjustments and exceptional items)						
Earnings per share (cents)	25.9	58.6	62.2	63.8	38.5	28.4
(after fair value adjustments and exceptional items)						
Dividend per share (cents)	13.5	17.0	18.0	18.0	6.0 <sup>(2)</sup>	6.0 <sup>(2)</sup>

Notes:

- (1) The audited profit statements are not restated.
- (2) Interim dividend declared for half year.
- (3) Amount is less than S\$1,000,000.

## APPENDIX I – ADDITIONAL GENERAL INFORMATION

**4.2 Consolidated Balance Sheets.** A summary of the audited consolidated balance sheet of the F&N Group as at 30 September 2011, the unaudited restated consolidated balance sheet of the F&N Group as at 30 September 2011 and the unaudited consolidated balance sheet of the F&N Group as at 30 June 2012, is set out below. The following summary should be read together with the audited consolidated financial statements and the unaudited consolidated balance sheets for the relevant financial periods and the related notes thereto, copies of which are available for inspection as set out in paragraph 12 of Appendix I to this Circular.

S\$'million	Audited <sup>(1)</sup> As at 30 Sept 2011	Unaudited Restated As at 30 Sept 2011	Unaudited As at 30 June 2012
Non-current assets	6,275	6,276	6,456
Current assets	7,498	7,432	7,546
Current liabilities	(2,543)	(2,524)	(2,076)
	4,955	4,908	5,470
Non-current liabilities	(3,509)	(3,509)	(4,051)
	<u>7,721</u>	<u>7,675</u>	<u>7,875</u>
Share capital	1,417	1,417	1,466
Reserves	5,465	5,426	5,563
	6,882	6,843	7,029
Non-controlling interests	839	831	846
Total equity	<u>7,721</u>	<u>7,675</u>	<u>7,875</u>

Note:

(1) The audited balance sheet is not restated.

### 4.3 Material Changes in Financial Position.

- (a) On 18 August 2012, the Company announced the APB Sale, which was approved by Shareholders at the extraordinary general meeting of the Company held on 28 September 2012, and subject to the satisfaction or waiver of the remaining conditions precedent to the APB Sale, is expected to complete before 15 December 2012.
- (b) On 14 September 2012, the Company announced that FCL (China) Pte Ltd, a direct wholly-owned subsidiary of Frasers Centrepoint Limited and an indirect wholly-owned subsidiary of the Company, has accepted an unsolicited offer from, and has signed a sale and purchase agreement with Famous Commercial Limited, a wholly-owned subsidiary of Gemdale Corporation (a company listed on the Shanghai Stock Exchange), to sell 3,847,509,895 ordinary shares of HKD0.10 each in the capital of Frasers Property (China) Limited (“FPCL”), representing approximately 56.05 per cent. of FPCL’s entire issued share capital, to Famous Commercial Limited at a price of HKD0.43 per sale share (“FPCL Sale”). The FPCL Sale was completed on 28 September 2012 and is not expected to have any material effect on the net asset value per Share or earnings per Share of the F&N Group for the financial year ending 30 September 2012.

Save as disclosed in this Circular, the Offer Document and publicly available information on the Company (including and not limited to the Annual Report 2011 of the Company), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 30 September 2011, being the date of the last published audited financial statements of the Company.

## APPENDIX I – ADDITIONAL GENERAL INFORMATION

**4.4 Significant Accounting Policies.** A summary of the significant accounting policies of the F&N Group is set out in the notes to the audited consolidated financial statements of the F&N Group for FY2011 and the significant change in accounting policies is set out in the notes to the unaudited financial results announcement of the F&N Group for 9M2012 (“**Notes to the Relevant Financial Statements**”). Copies of the audited consolidated financial statements of the F&N Group for FY2011, the unaudited restated consolidated profit statement and balance sheet of the F&N Group for FY2011 and the unaudited financial results announcement of the F&N Group for 9M2012, are available for inspection as set out in paragraph 12 of Appendix I to this Circular.

Save as disclosed in the Notes to the Relevant Financial Statements, (i) there are no significant accounting policies or any matter from such notes, which are of any major relevance for the interpretation of the accounts of the F&N Group and (ii) there is no change in the accounting policies of the F&N Group which will cause the figures set out in paragraph 4 of Appendix I to this Circular not to be comparable to a material extent, except for the non-restatement of the audited consolidated financial statements of the F&N Group for FY2009 and FY2010.

### 5. DISCLOSURE OF INTERESTS

#### 5.1 Interests and Dealings in Shares and Convertible Securities.

(a) As at the Latest Practicable Date, neither the Company nor its subsidiaries has any direct or deemed interest in any shares, or any convertible securities, warrants, options or derivatives of the Offeror.

Further, neither the Company nor its subsidiaries has dealt for value in any shares, or any convertible securities, warrants, options or derivatives of the Offeror, during the period commencing six (6) months prior to the Holding Announcement Date, and ending on the Latest Practicable Date.

(b) As at the Latest Practicable Date, none of the Directors has any direct or deemed interest in any shares, or any convertible securities, warrants, options or derivatives of the Offeror.

Further, none of the Directors has dealt for value in any shares, or any convertible securities, warrants, options or derivatives of the Offeror during the period commencing six (6) months prior to the Holding Announcement Date, and ending on the Latest Practicable Date.

(c) As at the Latest Practicable Date, and save as disclosed below, none of the Directors has any direct or deemed interests in any Shares, or any convertible securities, warrants, options or derivatives of the Company:

#### Shares

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Mr Lee Hsien Yang	180,000	0.013	408,240 <sup>(2)</sup>	0.029
Mr Timothy Chia Chee Ming	7,594	0.001	30,374 <sup>(3)</sup>	0.002
Mr Tan Chong Meng	30,000	0.002	–	–
Mr Nicky Tan Ng Kuang	50,000	0.004	–	–

#### Notes:

(1) Based on 1,429,381,042 Shares in issue (excluding 4,100 treasury shares) as at the Latest Practicable Date.

(2) Mr Lee is deemed to have an interest in 408,240 Shares held by the estate of Mr Kwa Siew Tee, which he is one of three trustees.

(3) Mr Chia is deemed to have an interest in 30,374 Shares in a family estate of which he is one of the beneficiaries. As at the Latest Practicable Date, probate in respect of such estate has not been obtained. The exact number of Shares that Mr Chia is entitled to receive out of the 30,374 Shares in the estate will only be known after probate has been obtained and the estate has been finalised. .

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## APPENDIX I – ADDITIONAL GENERAL INFORMATION

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None of the Directors has dealt for value in any Shares, or any convertible securities, warrants, options or derivatives of the Company, during the period commencing six (6) months prior to the Holding Announcement Date and ending on the Latest Practicable Date.

- (d) As at the Latest Practicable Date, none of J.P. Morgan or any funds whose investments are managed by J.P. Morgan on a discretionary basis owns or controls any Shares or any convertible securities, warrants, options or derivatives of the Company.

Further, none of J.P. Morgan or any funds whose investments are managed by J.P. Morgan on a discretionary basis has dealt for value in any Shares, or any convertible securities, warrants, options or derivatives of the Company, during the period commencing six (6) months prior to the Holding Announcement Date and ending on the Latest Practicable Date.

### 5.2 Directors' Service Contracts.

- (a) As at the Latest Practicable Date, and save as disclosed below, there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries which have more than twelve (12) months to run and which are not terminable by the employing company within the next twelve (12) months without paying any compensation:

Mr Pascal De Petrini, Chief Executive Officer of the Food & Beverage division of the Company and a director of certain entities within the F&N Group, is entitled to a payment upon termination of his employment with the F&N Group. Pursuant to Mr Petrini's employment contract, which does not have an expiry date, Mr Petrini is entitled to be paid an annual base salary of approximately S\$1,150,000 (excluding fixed allowances). Under his employment contract, variable bonus is also payable dependent on the extent to which the targets set for the relevant financial year have been achieved subject to a guaranteed sum of S\$707,696 in the first financial year of his employment. In the event that Mr Petrini's employment contract is terminated within twelve (12) calendar months after the occurrence of a change in control event (as defined therein), the Company will be required to pay Mr Petrini S\$1,000,000 in cash on the last day of his employment (or at such earlier date required by law).

- (b) There are no such service contracts entered into or amended between any Director or proposed director with the Company or any of its subsidiaries during the period commencing six (6) months prior to the Holding Announcement Date and ending on the Latest Practicable Date.

### 5.3 Arrangements Affecting Directors.

- (a) As at the Latest Practicable Date, there are no payments or other benefits which will be made or given by the Company or its subsidiaries to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the F&N Offer.
- (b) As at the Latest Practicable Date, there are no arrangements or agreements made between any Director and any other person in connection with, or conditional upon the outcome of, the F&N Offer.
- (c) As at the Latest Practicable Date, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

## 6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Neither the Company nor its subsidiaries has entered into any material contract (not being a contract entered into in the ordinary course of business) with interested persons during the period commencing three (3) years prior to the Holding Announcement Date, and ending on the Latest Practicable Date.

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## APPENDIX I – ADDITIONAL GENERAL INFORMATION

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### Notes:

An interested person, as defined in the Note on Rule 24.6 read with the Note on Rule 23.12 of the Code, is:

- (a) a director, chief executive officer, or Substantial Shareholder of the company;
- (b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company;
- (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary;
- (d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) and his immediate family together (directly or indirectly) have an interest of 25% or more;
- (e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or
- (f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

### 7. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole. As at the Latest Practicable Date, the Directors are not aware of any litigation, claim or proceedings pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole.

### 8. MARKET QUOTATION

The table below sets out the highest, lowest and last transacted prices and trading volume of the Shares on the SGX-ST on a monthly basis from March 2012 (being six (6) months preceding the Holding Announcement Date) and ending on the Latest Practicable Date:

Month	Highest Closing Price (S\$)	Lowest Closing Price (S\$)	Last Transacted Price as at Last Market Day (S\$)	Trading Volume
March 2012	6.95	6.60	6.70	37,720,501
April 2012	7.06	6.57	7.04	27,354,285
May 2012	7.17	6.40	6.40	32,927,762
June 2012	7.00	6.24	7.00	25,212,841
July 2012	8.40	7.03	8.18	115,471,358
August 2012	8.59	8.15	8.21	473,919,655
September 2012	8.97	8.20	8.88	136,980,968
October 2012 (up to the Latest Practicable Date)	8.90	8.88	8.88	34,474,363

Source: Bloomberg L.P.



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## APPENDIX I – ADDITIONAL GENERAL INFORMATION

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### Highest and Lowest Prices

The highest and lowest closing prices of the Shares on the SGX-ST during the period commencing from March 2012 and ending on the Latest Practicable Date are as follows:

Highest closing price : S\$8.97 on 14, 17, 18 September 2012

Lowest closing price : S\$6.24 on 4 June 2012

## 9. OVERSEAS SHAREHOLDERS

- 9.1 **Availability of F&N Offer.** The availability of the F&N Offer to Shareholders whose mailing addresses are outside Singapore, as maintained on the Register or in the records of CDP (as the case may be) (“**Overseas Shareholders**”) may be affected by the laws of the relevant overseas jurisdiction. Overseas Shareholders should refer to Section 11 of the Offer Document which is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

### **“11. OVERSEAS SHAREHOLDERS**

*The availability of the F&N Offer to Shareholders whose mailing addresses are outside Singapore, as maintained on the register of members of the Company or, as the case may be, in the records of CDP (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Shareholder should inform himself about and observe any applicable requirements. Where there are potential restrictions on sending this Offer Document, the FAAs and/or the FATs to any overseas jurisdiction, the Offeror and the Financial Advisers each reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the F&N Offer is open to all Shareholders, including those to whom this Offer Document, the FAAs and/or the FATs have not been, or may not be, sent.*

*Copies of this Offer Document and any other formal documentation relating to the F&N Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent or otherwise transmitted in or into or from any jurisdiction where the making of or the acceptance of the F&N Offer would violate the laws of that jurisdiction (a “**Restricted Jurisdiction**”), and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

*The F&N Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) is not being made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the F&N Offer will not be capable of acceptance by any such use, means, instrumentality or facilities. The F&N Offer may not be capable of acceptance by any Shareholder in a Restricted Jurisdiction.*

*Overseas Shareholders may, nonetheless, obtain copies of this Offer Document, the FAAs and/or the FATs and any related documents, during normal business hours and up to the Closing Date, from the Offeror through its receiving agent, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898 or CDP at 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807. Alternatively, an Overseas Shareholder may write to the Offeror through Tricor Barbinder Share Registration Services and CDP at the addresses listed above to request for this Offer Document, the FAAs and/or the FATs and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder’s own risk, up to five (5) Market Days prior to the Closing Date.*

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## APPENDIX I – ADDITIONAL GENERAL INFORMATION

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*It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the FAAs and/or the FATs and/or any related documents, or (b) accept the F&N Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including the Financial Advisers) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including the Financial Advisers) may be required to pay. In (i) requesting for this Offer Document, the FAAs and/or the FATs and any related documents and/or (ii) accepting the F&N Offer, the Overseas Shareholder represents and warrants to the Offeror and the Financial Advisers that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***

*The Offeror and the Financial Advisers each reserves the right to notify any matter in accordance with the laws of Singapore, and, including the fact that the F&N Offer has been made, to any or all Overseas Shareholders by announcement to the SGX-ST or notice and if necessary, paid advertisement in a daily newspaper published and circulated in Singapore and in any other jurisdiction as required by applicable laws, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement, notice or advertisement.”*

**9.2 Copies of Circular.** This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date, from the offices of the Registrar at 80 Robinson Road #02-00 Singapore 068898, or make a request to the Registrar for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

### **10. INFORMATION PERTAINING TO CPFIS INVESTORS**

CPFIS Investors should refer to Section 14 of the Offer Document, the relevant portion of which is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

#### **“14. GENERAL**

*CPFIS Investors will receive further information on how to accept the F&N Offer from the CPF Agent Banks directly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice. CPFIS Investors who wish to accept the F&N Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks. CPFIS Investors who accept the F&N Offer will receive the Offer Price payable in respect of their Offer Shares in their CPF investment accounts subject to the F&N Offer becoming or being declared unconditional in all respects.”*

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## APPENDIX I – ADDITIONAL GENERAL INFORMATION

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### 11. GENERAL INFORMATION

- (a) All expenses and costs incurred by the Company in relation to the F&N Offer will be borne by the Company.
- (b) J.P. Morgan has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and the J.P. Morgan Letter (as set out on pages 23 to 90 of this Circular) and all references to them, in the form and context in which they appear in this Circular.
- (c) Each of the Independent Valuers has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name, the valuation report (as set out in Appendix V to this Circular), and all references to it, in the form and context in which they appear in this Circular.
- (d) Tricor Barbinder Share Registration Services has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name, in the form and context in which they appear in this Circular.
- (e) Stamford Law Corporation has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name, in the form and context in which they appear in this Circular.

### 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Registrar at 80 Robinson Road #02-00 Singapore 068898, during normal business hours for the period during which the F&N Offer remains open for acceptance:

- (a) the Memorandum and the Articles of Association of the Company;
- (b) the annual reports of the Company for FY2009, FY2010 and FY2011, the unaudited restated consolidated profit statement and balance sheet of the F&N Group for FY2011, and the unaudited financial results announcement of the F&N Group for 9M2011 and 9M2012;
- (c) the J.P. Morgan Letter;
- (d) the valuation reports from the Independent Valuers; and
- (e) the letters of consent referred to in Section 11 of Appendix I to this Circular.

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## APPENDIX II – ADDITIONAL INFORMATION ON THE OFFEROR

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Additional information on the Offeror and the parties acting in concert with it as set out in Appendix I to the Offer Document, is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

### **1. DIRECTORS OF THE OFFEROR**

*The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:*

<b>Name</b>	<b>Address</b>	<b>Description</b>
Mr. Chow Kam Kun	Unit 3, 26/F, Block B, Villa Rocha, 10 Broadwood Road, Hong Kong	Director
Ms. Man Kit Yee	Flat E, 32/F, Tower 6, Lake Silver, 599 Sai Sha Road, Ma On Shan, New Territories, Hong Kong	Director
Mr. Surapong Pornsirikul	51 Soi Ramkhamhaeng 24/22 (Seri 3 Road) Huamak, Bangkok, Bangkok 10250, Thailand	Director
Mr. Chotiphat Bijananda	Flat C, 70/F, Tower 1, The Victoria Towers, 188 Canton Road, Tsimshatsui, Kowloon, Hong Kong	Director

### **2. REGISTERED OFFICE OF THE OFFEROR**

*The registered office of the Offeror is at the offices of Trident Trust Company (B.V.I.) Limited, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands.*

### **3. PRINCIPAL ACTIVITIES OF THE OFFEROR**

*The principal activity of the Offeror is that of an investment holding company.*

### **4. SUMMARY OF FINANCIAL INFORMATION**

#### **4.1 Financial Statements**

*A summary of the audited income statements of the Offeror for the period from 23 August 2006, being the date of incorporation of the Company, to 31 December 2009 and the year ended 31 December 2010, and the unaudited income statements of the Offeror for the year ended 31 December 2011 and the period from 1 January 2012 to 10 September 2012 is set out below. The summary is extracted from, and should be read in conjunction with, the audited financial statements of the Offeror for the period from 23 August 2006 to 31 December 2009 and the year ended 31 December 2010, as well as the unaudited financial statements of the Offeror for the year ended 31 December 2011 and the period from 1 January 2012 to 10 September 2012, copies of which are available for inspection as mentioned in paragraph 4 of Appendix III of this Offer Document.*

## APPENDIX II – ADDITIONAL INFORMATION ON THE OFFEROR

<i>TCC Assets Limited</i>				
	<i>Period from 1 Jan 2012 to 10 Sep 2012 (Unaudited)</i>	<i>Year ended 31 Dec 2011 (Unaudited)</i>	<i>Year ended 31 Dec 2010 (Audited)</i>	<i>Period from 23 Aug 2006 to 31 Dec 2009 (Audited)</i>
	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>
<i>(In millions, except per share amounts)</i>				
<i>Total revenue</i>	46.50	5.00	3.87	1.25
<i>Exceptional items</i>	–	–	–	–
<i>Profit before tax</i>	42.30	4.99	3.87	1.23
<i>Net profit after tax</i>	42.30	4.99	3.87	1.23
<i>Net profit attributable to non-controlling interest</i>	–	–	–	–
<i>Net profit attributable to equity holders of the Offeror</i>	42.30	4.99	3.87	1.23
<i>Basic earnings per share of the Offeror (US\$)</i>	846	100	77	25
<i>Dividends declared per share of the Offeror (US\$)</i>	1,040	–	–	–

The audited balance sheet of the Offeror as at 31 December 2010 and the unaudited balance sheet of the Offeror as at 31 December 2011 and 10 September 2012 is summarised below. The summary is extracted from, and should be read in conjunction with, the audited financial statements of the Offeror for the year ended 31 December 2010, as well as the unaudited financial statements of the Offeror for the year ended 31 December 2011 and the period from 1 January 2012 to 10 September 2012, copies of which are available for inspection as mentioned in paragraph 4 of Appendix III of this Offer Document.

	<i>As at 10 Sep 12 (Unaudited)</i>	<i>As at 31 Dec 11 (Unaudited)</i>	<i>As at 31 Dec 10 (Audited)</i>
	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>
<i>(In millions)</i>			
<b>Assets</b>			
<b>Current assets</b>			
<i>Cash and cash equivalents</i>	0.45	0.02	0.60
<i>Receivables, net</i>	–	2.11	2.12
<b>Total current assets</b>	<b>0.45</b>	<b>2.13</b>	<b>2.72</b>
<i>Other non-current assets</i>	–	330.04	330.04
<b>Total assets</b>	<b>0.45</b>	<b>332.17</b>	<b>332.76</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
<i>Short-term debt</i>	–	–	56.96
<i>Accounts payable and accrued liabilities</i>	0.01	0.01	0.01
<b>Total current liabilities</b>	<b>0.01</b>	<b>0.01</b>	<b>56.97</b>
<i>Long-term debt</i>	–	322.02	270.64
<i>Non-controlling interests</i>	–	–	–
<i>Shareholders' equity</i>	0.44	10.14	5.15
<b>Total liabilities and equity</b>	<b>0.45</b>	<b>332.17</b>	<b>332.76</b>

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## APPENDIX II – ADDITIONAL INFORMATION ON THE OFFEROR

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### 4.2 Accounting Policies

Save as disclosed in the notes to the audited financial statements of the Offeror and the unaudited financial statements of the Offeror for the year ended 31 December 2011 and the period from 1 January 2012 to 10 September 2012 which have been prepared in accordance with the Hong Kong Financial Reporting Standards:

- (a) there were no significant accounting policies or any points from the notes of the financial statements of the Offeror which are of any major relevance for the interpretation of the financial statements of the Offeror; and
- (b) there is no change in the accounting policies of the Offeror which will cause the figures set out in this paragraph 4 to be not comparable to a material extent.

A copy of the audited financial statements of the Offeror for the period from 23 August 2006 (date of incorporation) to 31 December 2009 and the year ended 31 December 2010 (which contains the notes to the financial statements), as well as the unaudited financial statements of the Offeror for the year ended 31 December 2011 and the period from 1 January 2012 to 10 September 2012, is available for inspection as mentioned in paragraph 4 of Appendix III of this Offer Document.

### 5. MATERIAL CHANGES IN FINANCIAL POSITION

Since 31 December 2010, being the date of the last audited accounts of the Offeror laid before its shareholders in general meeting, in addition to making and financing the F&N Offer, the Offeror had disposed of all its non-current assets and declared dividends of US\$1,040 per share.

Save as disclosed in this Offer Document and as at the Latest Practicable Date, there are no known material changes in the financial position of the Offeror since 31 December 2010, being the date of the last audited accounts of the Offeror laid before its shareholders in general meeting.”

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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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The provisions in the Articles relating to the rights of Shareholders in respect of capital, dividends and voting are as follows:

### 1. RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL

#### “SHARES

3. *\*Deleted in entirety pursuant to Special Resolution passed on 24th January 2006*
4. *The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.*

*Prohibition of dealing in its own shares*
5. *Subject to the Act and these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 51, and to any special rights attached to any shares for the time being issued, the Directors may allot or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors provided always that: -*

*Issue of Shares Companies Act, Cap. 50, Section 161*

  - (a) *(subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 51(1) with such adaptations as are necessary shall apply; and*
  - (b) *any other issue of shares, the aggregate of which would exceed the limits referred to in Article 51(2), shall be subject to the approval of the Company at a General Meeting.*
6. (1) *The rights attached to shares issued upon special conditions shall be clearly defined in the Memorandum of Association or these Articles. Preference shares may be issued subject to such limitation thereof as may be prescribed by any Stock Exchange upon which shares in the Company may be listed. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any Meeting convened for the purpose of reducing the capital or winding-up or sanctioning the sale of the undertaking or where the proposal to be submitted to the Meeting directly affects their rights and privileges or when the dividend on the preference share is more than six months in arrear.*

*Rights attached to certain shares*

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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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- (2) *The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*
- 6A. *The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.* Treasury shares
7. *If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of the Act shall with such adaptations as are necessary apply. To every such separate General Meeting the provisions of these Articles relating to General Meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and any holder of shares of the class present in person or by proxy may demand a poll. Provided always that where the necessary majority for such a Special Resolution is not obtained at the Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the Meeting shall be as valid and effectual as a Special Resolution carried at the Meeting.* Variation of rights  
Companies Act  
Cap. 50, Section 184
8. *The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.* Creation of issue of further shares with special rights
9. *The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.* Power to pay commission and brokerage
10. *If any shares of the Company are issued for the purpose of raising money to defray the expenses of the interest construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.* Power to charge interest on capital
11. *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the registered holder.* Exclusion of equities

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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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12. *Except as herein provided no person shall exercise of any rights or privileges of a Member until he is registered in the Register of Members as a Member and shall have paid all calls and other moneys due for the time being on every share held by him.* *Exercise of Member's rights*
13. *When two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the provisions following:-* *Joint Holders*
- (a) *The Company shall not be bound to register more than three persons as the holders of any share except in the case of executors or administrators of the estate of a deceased Member.*
- (b) *For the purpose of a quorum joint-holders of any share shall be treated as one Member.*
- (c) *Only one certificate shall be issued in respect of any share.*
- (d) *Only the person whose name stands first in the Register of Members as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company. Any notice served on any one of the joint-holders shall be deemed to have been duly served on all of them.*
- (e) *The joint-holders of any share shall be liable severally as well as jointly in respect of calls and other payments which ought to be made in respect of such shares.*
- (f) *Any one of the joint-holders of any share may give effectual receipts for any dividend, return of capital or other sum of money payable to such joint-holders in respect of such shares.*
- (g) *On the death of any one of the joint-holders of any share the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they think necessary to call for.*
- (h) *If more than one of such joint-holders are present in person or proxy at any General Meeting of the Company only that one of the joint-holders or his attorney or proxy, whose name stands first in the Register of Members amongst those so present in person or proxy shall be entitled to vote in respect of any of the shares so held.*

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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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### ALTERATION OF CAPITAL

49. *\*Deleted in entirety pursuant to Special Resolution passed on 24th January 2006.*
50. *Subject to any special rights for the time being attached to any existing class of share, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of these Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.* *Rights and privileges of new shares*
51. (1) *Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited, all new shares shall before issue be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the number of the existing shares to which they are entitled. In offering such new shares in the first instance to all the then holders of any class of shares the offer shall be made by notice specifying the number of shares offered and limiting the time within which the offer if not accepted will be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company and the Directors may as they think most beneficial to the Company dispose of any such new shares which by reason of the proportion borne by them to the number of holders entitled to any such offer or by reason of any other difficulty in apportioning the same cannot, in the opinion of the Directors, be conveniently offered under this Article.* *Issue of new shares to Member*
- (2) *Notwithstanding Article 51(1), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:-*
- (a) (i) *issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or*
- (ii) *make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and*

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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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- (b) *(notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force, provided that:-*
- (1) *the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited;*
  - (2) *in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) and these Articles; and*
  - (3) *(unless revoked or varied by the Company in a General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).*
52. *Except so far as otherwise provided by the conditions of issue or by these Articles, all new shares shall be subject to the provisions of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*
53. *The Company may by Ordinary Resolution –*
- (a) *consolidate and divide all or any of its shares;*
  - (b) *subdivide its shares or any of them (subject nevertheless to the provisions of the Act) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and*
  - (c) *subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.*

*New shares otherwise subject to provisions of Articles*

*Power to consolidate cancel and subdivide shares*



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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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54. *The Company may by Special Resolution reduce its share capital, or any other undistributable reserve in any manner and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.*
- Power to reduce capital

### 2. RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTES

#### “VOTES OF MEMBERS

77. (1) *Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 6A each Member entitled to vote may vote in person or by proxy. On a show of hands every Member who is present in person or by proxy shall have one vote (provided that in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll, every Member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the CDP register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company.*
- Voting rights of Members
- (2) *A Member may appoint not more than two proxies to attend and vote at the same General Meeting, provided that if the Member is a Depositor:-*
- (a) *the Company shall be entitled and bound:-*
- (i) *to reject any instrument of proxy lodged if the Depositor, is not shown, to have any shares entered against his name in the CDP register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company; and*
- (ii) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the CDP register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*
- (3) *Where a Member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.*

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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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78. *Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any Meeting of the Company or of any class of Members of the Company and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation would exercise if it were an individual Member of the Company and such corporation shall for the purpose of these Articles (but subject to the Act) be deemed to be present in person at any such Meeting if a person so authorised is present thereat.* Corporations acting by representatives
79. *Where there are joint registered holders of any share any one of such persons may vote and be reckoned in a quorum at any Meeting either personally or by proxy as if he were solely entitled thereto and if more than one of such joint holders be so present at any Meeting that one of such persons so present whose name stands first in the Register of Members in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.* Voting rights of joint holders
80. *Subject to the provisions of these Articles every Member shall be entitled to be present and to vote at any General Meeting either personally or by proxy and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.* Rights to vote
81. *No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting whose decision shall be final and conclusive.* Objections
82. *On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.* Votes on a poll
83. *An instrument appointing a proxy shall be in writing and:-* Appointment of proxies
- (a) *in the case of an individual shall be signed by the appointer or his attorney; and*
- (b) *in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.*
- The signature of such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointer (which shall, for purposes of this paragraph include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 85, failing which the instrument may be treated as invalid.*
84. *A proxy need not be a Member of the Company.* Proxy need not be Member



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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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85. *An instrument appointing a proxy or the power of attorney or other authority, if any, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting not less than forty eight hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid.* *Deposit of proxies*

85A. *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the Meeting.*

86. *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve.* *Form of proxies*

*An instrument appointing a proxy shall, unless the contrary is stated therein be valid as well for any adjournment of the Meeting as for the Meeting to which it relates and need not be witnessed.*

87. *A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.”* *Intervening death or insanity of principal not to revoke proxy*

### 3. RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

#### “DIVIDENDS

137. *The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.* *Declaration of ordinary dividend*

138. *The Directors may from time to time pay to the Members such interim dividends as appear to the Directors to be justified by the profits of the Company.* *Interim Dividend*

139. *No dividend shall be paid otherwise than out of profits.* *Dividend only out of profits*

140. *Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:* *Application and apportionment of dividends*

(a) *all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*

(b) *all dividends must be apportioned and paid proportionately to all the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

*For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.*

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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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- 140A. (1) *Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:-*
- (a) *the basis of any such allotment shall be determined by the Directors;*
  - (b) *the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election of completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;*
  - (c) *the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and*
  - (d) *the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash or ordinary shares in respect whereof the share election has been duly exercised (the “elected ordinary shares”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 150, the Directors may (i) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for the allotment and distribution to and among the holders of the elected ordinary shares on such basis or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.*

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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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- (2) (a) *The ordinary shares allotted pursuant to the provisions of paragraph (1) of this Article shall rank pari passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.*
- (b) *The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of paragraph (1) of this Article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these Articles, provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned).*
- (3) *The Directors may on any occasion when they resolve as provided in paragraph (1) of this Article determine that rights of election under that paragraph shall not be made available to Members who are registered in the Register of Members or (as the case may be) the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such even the provisions of this Article shall be read and construed subject to such determination.*
- (4) *The Directors may on any occasion when they resolve as provided in paragraph (1) of this Article further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.*
- (5) *Notwithstanding the foregoing provisions of this Article, if at any time after the Directors’ resolution to apply the provisions of paragraph (1) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their own discretion and without assigning any reason therefore, cancel the proposed application of paragraph (1) of this Article.*
141. *The Directors may retain any dividends or other moneys payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.*

*Dividend may be retained*

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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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142. *Any General Meeting declaring a dividend may direct payment of such dividend wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of the Company or of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors. No valuation, adjustment or arrangement so made shall be questioned by any Member.* *Dividend be in specie*
143. *Any dividend, interest or other moneys payable in cash on or in respect of shares may be paid by cheque, draft, warrant or Post Office order sent through the post directed to the registered address of the holder or in the case of joint holders, to the registered address of that one of the joint holders who is first named in the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque, draft, warrant or Post Office order shall be payable to the order of the person to whom it is sent.* *Payment by post*
144. *Every such cheque, draft, warrant or Post Office order shall be sent at the risk of the person entitled to the money represented thereby, and the Company shall not be responsible for the loss of any cheque, draft, dividend warrant or Post Office order which shall be sent by post duly addressed to the Member for whom it is intended.* *Company not responsible for loss*
145. *No unpaid dividend shall bear interest against the Company.* *No interest*
146. *A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.* *No dividend before registration*
147. *The Directors may retain the dividends payable upon shares in respect of which any person is under the Transmission Article entitled to become a Member or which any person under that Article is entitled to transfer, until such person shall become a Member in respect thereof or shall duly transfer the same.* *Power to retain dividends of persons entitled under Transmission Article*
148. *The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If CDP returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable.* *Unclaimed dividends*
- 148A. *A payment by the Company to CDP of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.*

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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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### RESERVES

149. *The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits which they may think it not prudent to divide.*
- Power to carry profit to reserve

### CAPITALISATION OF PROFITS AND RESERVES

150. (1) *The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 51(2):*
- Power to capitalise profits
- (a) *issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the CDP register at the close of business on:*
- (i) *the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or*
- (ii) *(in the case of an Ordinary Resolution passed pursuant to Article 51(2)) such other date as may be determined by the Directors,*
- in proportion to their then holdings of shares; and*
- (b) *capitalise any sum standing to the credit of any of the Company’s reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the CDP register at the close of business on:*
- (i) *the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or*
- (ii) *(in the case of an Ordinary Resolution passed pursuant to Article 51(2)) such other date as may be determined by the Directors,*



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## APPENDIX III – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

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*in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.*

*Power to capitalise profits*

- (2) *The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Article 150(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*
- (3) *In addition and without prejudice to the powers provided for by Article 150(1) and 150(2), the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by the shareholders in the General Meeting and on such terms as the Directors shall think fit.*
151. *\*Deleted in entirety pursuant to Special Resolution passed on 24<sup>th</sup> January 2006.\**

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# APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR 9M2012



## FRASER AND NEAVE, LIMITED

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

### THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

The Directors are pleased to make the following announcement of the unaudited results for the 3rd Quarter ended 30 June 2012.

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

##### 1(a)(i) GROUP PROFIT STATEMENT

	3rd Quarter to 30/6/2012 \$'000	3rd Quarter to 30/6/2011 \$'000 (Restated)*	Change %	9 Months to 30/6/2012 \$'000	9 Months to 30/6/2011 \$'000 (Restated)*	Change %
Revenue	1,429,875	1,369,608	4.4	4,018,458	4,208,071	(4.5)
Cost of sales	(908,105)	(882,740)	2.9	(2,503,637)	(2,694,979)	(7.1)
Gross profit	521,770	486,868	7.2	1,514,821	1,513,092	0.1
Other income (net)	15,055	12,067	24.8	18,433	28,671	(35.7)
Operating expenses						
- Distribution	(63,063)	(57,991)	8.7	(186,159)	(173,968)	7.0
- Marketing	(152,437)	(127,541)	19.5	(416,867)	(388,523)	7.3
- Administration	(95,235)	(90,370)	5.4	(276,190)	(258,426)	6.9
	(310,735)	(275,902)	12.6	(879,216)	(820,917)	7.1
Trading profit	226,090	223,033	1.4	654,038	720,846	(9.3)
Share of joint venture companies' profits	2,845	2,932	(3.0)	13,365	13,080	2.2
Share of associated companies' profits	9,897	9,714	1.9	42,689	34,654	23.2
Gross income from investments	7,193	1,584	NM	11,075	5,484	102.0
<b>Profit before interest and taxation ("PBIT")</b>	<b>246,025</b>	<b>237,263</b>	<b>3.7</b>	<b>721,167</b>	<b>774,064</b>	<b>(6.8)</b>
Finance income	7,538	8,600	(12.3)	24,944	26,392	(5.5)
Finance expense	(20,048)	(23,359)	(14.2)	(58,569)	(60,402)	(3.0)
Net finance cost	(12,510)	(14,759)	(15.2)	(33,625)	(34,010)	(1.1)
<b>Profit before fair value adjustment, taxation and exceptional items</b>	<b>233,515</b>	<b>222,504</b>	<b>4.9</b>	<b>687,542</b>	<b>740,054</b>	<b>(7.1)</b>
Fair value adjustment of investment properties (net)	1,617	-	NM	11,365	(39)	NM
<b>Profit before taxation and exceptional items</b>	<b>235,132</b>	<b>222,504</b>	<b>5.7</b>	<b>698,907</b>	<b>740,015</b>	<b>(5.6)</b>
Exceptional items	4,330	49,983	(91.3)	(1,044)	157,997	NM
<b>Profit before taxation</b>	<b>239,462</b>	<b>272,487</b>	<b>(12.1)</b>	<b>697,863</b>	<b>898,012</b>	<b>(22.3)</b>
Taxation	(54,466)	(51,642)	5.5	(144,097)	(184,440)	(21.9)
<b>Profit after taxation</b>	<b>184,996</b>	<b>220,845</b>	<b>(16.2)</b>	<b>553,766</b>	<b>713,572</b>	<b>(22.4)</b>
Attributable profit to:						
Shareholders of the Company						
- Before fair value adjustment and exceptional items	136,005	133,180	2.1	390,541	412,168	(5.2)
- Fair value adjustment of investment properties (net)	1,617	-	NM	11,365	(39)	NM
- Exceptional items	2,843	42,692	(93.3)	1,110	128,957	(99.1)
	140,465	175,872	(20.1)	403,016	541,086	(25.5)
Non-controlling interests	44,531	44,973	(1.0)	150,750	172,486	(12.6)
	184,996	220,845	(16.2)	553,766	713,572	(22.4)

NM – Not meaningful

\* Restated upon adoption of INT FRS 115 as detailed in paragraph 5, page 16 of this report.

# APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR 9M2012



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## 1(a)(ii) BREAKDOWN AND EXPLANATORY NOTES TO GROUP PROFIT STATEMENT

	Group					
	3rd Quarter to 30/6/2012 \$'000	3rd Quarter to 30/6/2011 \$'000 (Restated)	Change %	9 Months to 30/6/2012 \$'000	9 Months to 30/6/2011 \$'000 (Restated)	Change %
<b>Operating expenses</b>						
Included in operating expenses are:						
Depreciation & amortisation	(35,587)	(34,563)	3.0	(107,586)	(102,123)	5.3
Allowance for bad and doubtful debts	(1,052)	(450)	133.8	(1,947)	(2,130)	(8.6)
Allowance for inventory obsolescence	(1,361)	(3,604)	(62.2)	(4,018)	(9,238)	(56.5)
Employee share-based expense	(4,429)	(15,435)	(71.3)	(17,440)	(33,950)	(48.6)
<b>Other income (net)</b>						
Loss on disposal of fixed assets	(378)	(628)	(39.8)	(1,469)	(1,284)	14.4
Foreign exchange gain/(loss)	12,295	10,559	16.4	3,853	10,658	(63.8)
<b>Taxation</b>						
Over provision of prior year taxation	1,056	4,006	(73.6)	20,071	6,067	NM
<b>Exceptional items</b>						
Assets written back/Provisional excess of insurance claim relating to flood						
- Interim insurance claims	-	-	NM	40,942	-	NM
- Inventories and fixed assets written back/(off) and other expenses	4,385	-	NM	(34,030)	-	NM
	4,385	-	NM	6,912	-	NM
Profit on disposal of associated and subsidiary companies	-	37,641	NM	17,664	37,856	(53.3)
(Provision)/Gain on corporate and debt restructuring of subsidiary companies	(420)	5,215	(108.1)	4,902	105,333	(95.3)
Share of exceptional items of associated company	-	-	NM	756	-	NM
Profit on disposal of properties	-	(24)	NM	-	4,073	NM
Provision for impairment of investments (net)	-	4,485	NM	(32,913)	4,213	NM
Others	365	2,666	(86.3)	1,635	6,522	(74.9)
	4,330	49,983		(1,044)	157,997	
<b>PBIT as a percentage of revenue</b>	17.2%	17.3%		17.9%	18.4%	

NM - Not meaningful

**APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
THE F&N GROUP FOR 9M2012**



**1(a)(iii) ADDITIONAL INFORMATION**

**Group Revenue and Profit Analysis**

	3rd Quarter to 30/6/2012 \$'000	3rd Quarter to 30/6/2011 \$'000 (Restated)	9 Months to 30/6/2012 \$'000	9 Months to 30/6/2011 \$'000 (Restated)
<b><u>Revenue</u></b>				
<b>By Business Activity</b>				
Soft drinks	152,518	161,769	469,149	552,260
Dairies	285,102	262,657	702,726	799,319
Breweries	523,876	447,327	1,652,749	1,404,838
Printing & publishing	92,482	92,372	284,815	297,490
Commercial property	66,407	66,510	201,692	190,733
Development property	291,090	323,765	656,034	918,907
Others	18,400	15,208	51,293	44,524
	<u>1,429,875</u>	<u>1,369,608</u>	<u>4,018,458</u>	<u>4,208,071</u>
<b>By Territory</b>				
Singapore	521,125	532,563	1,305,772	1,481,662
Malaysia	249,246	262,020	780,384	921,584
Other ASEAN	412,439	333,236	1,140,491	1,052,772
North/South Asia	90,678	80,659	259,561	270,003
Oceania	146,757	148,995	498,534	447,137
Europe/USA	9,630	12,135	33,716	34,913
	<u>1,429,875</u>	<u>1,369,608</u>	<u>4,018,458</u>	<u>4,208,071</u>
<b><u>PBIT</u></b>				
<b>By Business Activity</b>				
Soft drinks	4,124	21,501	28,311	87,303
Dairies	15,185	13,605	15,353	37,712
Breweries	111,969	83,624	381,870	291,922
Printing & publishing	1,346	7,710	7,039	16,989
Commercial property	34,485	33,097	119,463	115,924
Development property	54,823	67,780	145,434	208,979
Others	24,093	9,946	23,697	15,235
	<u>246,025</u>	<u>237,263</u>	<u>721,167</u>	<u>774,064</u>
<b>By Territory</b>				
Singapore	114,067	114,861	291,704	324,444
Malaysia	14,637	25,431	58,113	135,549
Other ASEAN	89,565	70,440	268,178	233,640
North/South Asia	3,935	12,337	22,315	31,839
Oceania	21,617	14,369	78,110	55,165
Europe/USA	2,204	(175)	2,747	(6,573)
	<u>246,025</u>	<u>237,263</u>	<u>721,167</u>	<u>774,064</u>
<b><u>Attributable profit</u></b>				
<b>By Business Activity</b>				
Soft drinks	733	9,564	9,007	37,562
Dairies	7,998	6,779	20,251	15,269
Breweries	44,399	32,609	157,543	114,322
Printing & publishing	(69)	6,439	4,321	11,791
Commercial property	20,095	19,158	76,334	72,948
Development property	44,321	55,646	109,081	158,639
Others	18,528	2,985	14,004	1,637
	<u>136,005</u>	<u>133,180</u>	<u>390,541</u>	<u>412,168</u>
Fair value adjustment of investment properties (net)	1,617	-	11,365	(39)
Exceptional items	2,843	42,692	1,110	128,957
	<u>140,465</u>	<u>175,872</u>	<u>403,016</u>	<u>541,086</u>

**APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
THE F&N GROUP FOR 9M2012**



**1(a)(iv) STATEMENT OF COMPREHENSIVE INCOME**

	Group			
	3rd Quarter to 30/6/2012 \$'000	3rd Quarter to 30/6/2011 \$'000 (Restated)	9 Months to 30/6/2012 \$'000	9 Months to 30/6/2011 \$'000 (Restated)
<b>Profit for the period</b>	184,996	220,845	553,766	713,572
<b>Other comprehensive income/(expenses):</b>				
Share of other comprehensive income of associated companies	(3,312)	2,165	781	1,897
Realisation of reserve on disposal of associated and subsidiary companies	-	5,413	716	5,413
Net fair value changes on derivative financial instruments	598	411	7,094	7,170
Realisation of hedging loss from derivative financial instrument	-	-	3,016	-
Net fair value changes on available-for-sale financial assets	24,898	34,156	43,738	91
Currency translation differences	(45,444)	(2,111)	(56,536)	(67,972)
Other comprehensive (expenses)/income for the period, net of tax	(23,260)	40,034	(1,191)	(53,401)
<b>Total comprehensive income for the period</b>	<u>161,736</u>	<u>260,879</u>	<u>552,575</u>	<u>660,171</u>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company	128,587	224,914	411,127	526,837
Non-controlling interests	33,149	35,965	141,448	133,334
	<u>161,736</u>	<u>260,879</u>	<u>552,575</u>	<u>660,171</u>

# APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR 9M2012



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**1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.**

## BALANCE SHEET

	Group			Company	
	As at 30/6/2012 \$'000	As at 30/9/2011 \$'000 (Restated)*	As at 30/9/2010 \$'000 (Restated)*	As at 30/6/2012 \$'000	As at 30/9/2011 \$'000
<b>SHARE CAPITAL AND RESERVES</b>					
Share capital	1,465,825	1,417,404	1,374,502	1,465,825	1,417,404
Treasury shares	(23)	-	-	(23)	-
Reserves	5,562,914	5,425,965	4,707,223	2,794,327	2,755,660
	<u>7,028,716</u>	<u>6,843,369</u>	<u>6,081,725</u>	<u>4,260,129</u>	<u>4,173,064</u>
<b>NON-CONTROLLING INTERESTS</b>	845,810	831,204	803,055	-	-
	<u>7,874,526</u>	<u>7,674,573</u>	<u>6,884,780</u>	<u>4,260,129</u>	<u>4,173,064</u>
Represented by:					
<b>NON-CURRENT ASSETS</b>					
Fixed assets	1,277,820	1,188,098	1,104,216	-	-
Investment properties	2,596,363	2,476,740	2,139,026	-	-
Subsidiary companies	-	-	-	3,848,041	3,676,408
Joint venture companies	48,010	60,101	89,839	434,421	434,421
Associated companies	1,387,043	1,382,200	1,355,249	82,383	82,383
Intangible assets	554,404	569,609	576,219	-	-
Brands	72,015	73,519	74,275	212	-
Other investments	384,868	404,583	323,531	8,734	8,672
Other receivables	81,125	65,212	61,556	-	-
Other assets	41,000	41,000	41,000	-	-
Deferred tax assets	13,651	14,649	25,251	-	-
	<u>6,456,299</u>	<u>6,275,711</u>	<u>5,790,162</u>	<u>4,373,791</u>	<u>4,201,884</u>
<b>CURRENT ASSETS</b>					
Properties held for sale	4,522,538	4,037,836	4,205,658	-	-
Inventories	412,495	373,497	391,916	-	-
Trade receivables	638,684	961,457	1,021,283	-	-
Other receivables	195,574	317,142	252,327	21	316
Subsidiary companies	-	-	-	2,586	50,898
Joint venture companies	7,289	6,117	6,540	-	-
Associated companies	4,304	13,181	10,798	-	-
Short term investments	64,720	3,604	3,429	-	-
Bank fixed deposits	1,061,790	1,180,935	1,274,626	58,439	98,566
Cash and bank balances	603,655	418,672	424,290	2,767	1,002
	<u>7,511,049</u>	<u>7,312,441</u>	<u>7,590,867</u>	<u>63,813</u>	<u>150,782</u>
Assets held for sale	34,763	119,542	38,262	-	-
	<u>7,545,812</u>	<u>7,431,983</u>	<u>7,629,129</u>	<u>63,813</u>	<u>150,782</u>
<b>Deduct: CURRENT LIABILITIES</b>					
Trade payables	668,492	673,442	724,740	-	-
Other payables	767,984	737,503	742,529	4,053	5,125
Subsidiary companies	-	-	-	10,825	5,164
Joint venture companies	8,184	14,263	6,350	-	-
Associated companies	2,874	3,043	954	-	-
Borrowings	437,774	747,546	1,908,709	-	-
Provision for taxation	189,019	310,240	301,168	12,235	18,961
	<u>2,074,327</u>	<u>2,486,037</u>	<u>3,684,450</u>	<u>27,113</u>	<u>29,250</u>
Liabilities held for sale	1,801	38,292	2,297	-	-
	<u>2,076,128</u>	<u>2,524,329</u>	<u>3,686,747</u>	<u>27,113</u>	<u>29,250</u>
<b>NET CURRENT ASSETS</b>	5,469,684	4,907,654	3,942,382	36,700	121,532
<b>Deduct: NON-CURRENT LIABILITIES</b>					
Other payables	95,327	97,740	3,869	-	-
Borrowings	3,761,600	3,215,900	2,666,032	150,000	150,000
Provision for employee benefits	19,567	20,405	25,044	-	-
Deferred tax liabilities	174,963	174,747	152,819	362	352
	<u>4,051,457</u>	<u>3,508,792</u>	<u>2,847,764</u>	<u>150,362</u>	<u>150,352</u>
	<u>7,874,526</u>	<u>7,674,573</u>	<u>6,884,780</u>	<u>4,260,129</u>	<u>4,173,064</u>

\* Restated upon adoption of INT FRS 115 as detailed in paragraph 5, page 16 of this report.

**APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
THE F&N GROUP FOR 9M2012**



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- (b)(ii) **Aggregate amount of Group's borrowings and debt securities.**  
The Group's borrowings and debt securities as at the end of the financial period reported on, and comparative figures as at the end of the immediately preceding financial year.

**Amount repayable in one year or less, or on demand**

	As at 30/6/2012 \$'000	As at 30/9/2011 \$'000
Secured	94,786	171,528
Unsecured	342,988	576,018
	<u>437,774</u>	<u>747,546</u>

**Amount repayable after one year**

	As at 30/6/2012 \$'000	As at 30/9/2011 \$'000
Secured	1,159,714	770,365
Unsecured	2,601,886	2,445,535
	<u>3,761,600</u>	<u>3,215,900</u>

**Details of any collateral**

Secured borrowings are generally bank overdrafts and bank loans secured on the land and buildings, plant and machinery of the borrowing companies, pledge of shares held in a subsidiary and/or a first fixed and floating charge over the assets, and assignment of all rights, benefits and title in contracts of the respective borrowing companies.

# APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR 9M2012



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**1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**GROUP CASH FLOW STATEMENT**

	3rd Quarter to 30/6/2012 \$'000	3rd Quarter to 30/6/2011 \$'000 (Restated)	9 Months to 30/6/2012 \$'000	9 Months to 30/6/2011 \$'000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation and exceptional items	235,132	222,504	698,907	740,015
Adjustments for:				
Depreciation of fixed assets	32,357	30,086	95,364	86,914
Impairment of fixed assets and intangible assets written back (net)	(1,528)	(940)	(1,751)	(1,549)
Provision for employee benefits (net)	594	1,392	1,719	2,890
(Write back)/Allowance for foreseeable losses in properties held for sale	(44)	4,884	(9,834)	10,734
Loss on disposal of fixed assets (net)	378	628	1,469	1,284
(Gain)/Loss on disposal of financial instruments	(16,852)	8,603	10,473	14,930
Amortisation of brands and intangible assets	3,230	4,477	12,222	15,209
Amortisation of deferred income	-	(944)	-	(2,890)
Interest expenses (net)	25,444	714	43,983	16,011
Share of joint venture companies' profits	(2,845)	(2,932)	(13,365)	(13,080)
Share of associated companies' profits	(9,897)	(9,714)	(42,689)	(34,654)
Investment income	(7,193)	(1,584)	(11,075)	(5,484)
Profit on properties held for sale	(71,816)	(80,791)	(162,438)	(237,091)
Employee share-based expense	4,429	15,435	17,440	33,950
Fair value adjustment of investment properties	(1,617)	-	(11,365)	39
Fair value adjustment of financial instruments	12,231	2,163	6,724	9,484
Operating cash before working capital changes	202,003	193,981	635,784	636,712
Change in inventories	(1,572)	2,325	(46,858)	26,143
Change in trade and other receivables	121,750	175,929	392,520	399,552
Change in joint venture and associated companies' balances	10,365	12,626	1,457	8,571
Change in trade and other payables	104,943	(40,653)	24,151	(192,854)
Currency realignment	10,687	(8,383)	2,575	(11,854)
Cash generated from operations	448,176	335,825	1,009,629	866,270
Interest expenses paid, net	(29,719)	(111)	(51,372)	(15,572)
Income taxes paid	(93,158)	(88,229)	(266,033)	(210,514)
Payment of employee benefits	(385)	(1,085)	(2,117)	(2,214)
Payment of cash-settled options	(77)	(890)	(653)	(1,267)
Progress payment received/receivable on properties held for sale	327,117	318,007	724,768	830,365
Development expenditure on properties held for sale	(378,511)	(703,028)	(985,610)	(1,213,707)
<b>Net cash from/(used in) operating activities</b>	<b>273,443</b>	<b>(139,511)</b>	<b>428,612</b>	<b>253,361</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends from joint venture and associated companies	16,811	13,516	69,844	51,260
Investment income	7,193	1,584	11,075	5,484
Proceeds from disposal of associated companies	-	-	37,603	17,159
Proceeds from sale of fixed assets and assets held for sale	1,716	660	2,771	13,968
Proceeds from disposal of an associated company	-	97,254	-	97,254
Proceeds from sale of other and short term investments	-	8	707	231
Proceeds from disposal of intangible assets	46	-	1,712	-
Purchase of fixed assets and investment properties	(68,477)	(106,427)	(199,615)	(245,194)
Purchase of other investments	-	(11,559)	-	(17,401)
Acquisition of non-controlling interests in subsidiary companies	-	-	(2,795)	(776)
Acquisition of subsidiary and joint venture companies	(4,472)	(9,581)	(32,289)	(25,778)
Payment for intangible assets and brands	(5,857)	(3,919)	(13,094)	(10,924)
Development expenditure on investment properties under construction and properties held for sale	(16,010)	(6,694)	(31,566)	(11,025)
(Additional)/Repayment of trade advances	(846)	54	(2,174)	133
Investments in associated and joint venture companies	(2,966)	(3,039)	(18,978)	(33,248)
Repayment of loan from an associated company	9,607	-	9,607	-
<b>Net cash used in investing activities</b>	<b>(63,255)</b>	<b>(28,143)</b>	<b>(167,192)</b>	<b>(158,857)</b>



# APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR 9M2012



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1(c) **GROUP CASH FLOW STATEMENT (cont'd)**

	<b>3rd Quarter to 30/6/2012 \$'000</b>	<b>3rd Quarter to 30/6/2011 \$'000 (Restated)</b>	<b>9 Months to 30/6/2012 \$'000</b>	<b>9 Months to 30/6/2011 \$'000 (Restated)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
(Repayment of)/proceeds from borrowings	(144,957)	484,775	159,127	327,950
Purchase of treasury shares	-	-	(8,093)	-
Proceeds from issue of shares:				
- by subsidiary companies to non-controlling interests	1,283	-	7,237	9,801
- by the Company to shareholders	7,356	3,412	38,022	26,211
Payment of dividends:				
- by subsidiary companies to non-controlling interests	(22,565)	(11,281)	(141,101)	(166,640)
- by the Company to shareholders	(85,308)	(84,494)	(255,527)	(253,381)
<b>Net cash (used in)/from financing activities</b>	<b>(244,191)</b>	<b>392,412</b>	<b>(200,335)</b>	<b>(56,059)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(34,003)</b>	<b>224,758</b>	<b>61,085</b>	<b>38,445</b>
Cash and cash equivalents at beginning of period	1,683,442	1,464,864	1,597,635	1,695,123
Effects of exchange rate changes on cash and cash equivalents	1,304	(7,439)	(9,341)	(51,385)
Reclassified from assets held for sale	6	-	1,370	-
<b>Cash and cash equivalents at end of period</b>	<b>1,650,749</b>	<b>1,682,183</b>	<b>1,650,749</b>	<b>1,682,183</b>
Cash and cash equivalents at end of period comprise:				
Cash and bank deposits	1,665,445	1,687,494	1,665,445	1,687,494
Bank overdrafts	(14,696)	(5,311)	(14,696)	(5,311)
	<b>1,650,749</b>	<b>1,682,183</b>	<b>1,650,749</b>	<b>1,682,183</b>
<b>Analysis of acquisition and disposal of subsidiary and joint venture companies</b>				
Net assets acquired:				
Fixed assets	2,475	11,267	2,475	11,267
Investment properties	85,126	-	85,126	-
Non-current assets	-	145	-	145
Current assets	4,396	16,496	4,396	16,496
Non-current liabilities	-	(395)	-	(395)
Current liabilities	(62,194)	(9,353)	(62,194)	(9,353)
Non-controlling interests	-	(815)	-	(815)
Cash	362	7,089	362	7,089
	30,165	24,434	30,165	24,434
Goodwill on acquisition	2,486	8,433	2,486	8,433
Consideration paid	32,651	32,867	32,651	32,867
Cash and cash equivalents of subsidiary and joint venture companies	(362)	(7,089)	(362)	(7,089)
Cash outflow on acquisition net of cash and cash equivalents acquired	32,289	25,778	32,289	25,778
Cash outflow on acquisition recognised in the 6 months to 31 March	(27,817)	(16,197)	-	-
Cash outflow on acquisition recognised in the current quarter	4,472	9,581	-	-
Net assets disposed:				
Fixed assets		(210)		(210)
Non-current assets		(2,079)		(2,079)
Properties held for sale		(40,346)		(40,346)
Current assets		(28,610)		(28,610)
Non-current liabilities		55,651		55,651
Current liabilities		11,850		11,850
Non-controlling interests		1,280		1,280
Cash		(4,001)		(4,001)
		(6,465)		(6,465)
Translation difference		(1,568)		(1,568)
Gain on disposal		(13,127)		(13,127)
Consideration received		(21,160)		(21,160)
Less: Cash of subsidiary companies		4,001		4,001
Cash inflow on disposal net of cash and cash equivalents disposed		(17,159)		(17,159)
Cash inflow on disposal recognised in the 6 months to 31 March		17,159		-
Cash inflow on disposal recognised in the current quarter		-		-

# APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR 9M2012



- 1(d)(i) **A statement (for the issuer and Group) showing either**  
 (i) **all changes in equity or**  
 (ii) **changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

## STATEMENT OF CHANGES IN EQUITY

### Group

	Share Capital	Treasury Shares	Capital Reserve	Revenue Reserve	Exchange Reserve	Fair Value Adjustment Reserve	Hedging Reserve	Share- based Payment Reserve	Dividend Reserve	Total	Non- controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>3rd Quarter ended 30 June 2012</b>												
Balance at 1 April 2012	1,456,807	(23)	265,965	5,090,357	(165,384)	221,722	(14,853)	36,077	85,230	6,975,898	834,056	7,809,954
<b>Comprehensive income</b>												
Share of other comprehensive income of associated companies	-	-	65	(57)	(3,532)	(146)	-	358	-	(3,312)	-	(3,312)
Net fair value changes on derivative financial instruments	-	-	-	-	-	-	394	-	-	394	204	598
Net fair value changes on available-for-sale financial assets	-	-	-	-	-	24,898	-	-	-	24,898	-	24,898
Currency translation difference	-	-	-	-	(33,858)	-	-	-	-	(33,858)	(11,586)	(45,444)
Other comprehensive income for the period	-	-	65	(57)	(37,390)	24,752	394	358	-	(11,878)	(11,382)	(23,260)
Profit for the period	-	-	-	140,465	-	-	-	-	-	140,465	44,531	184,996
<b>Total comprehensive income for the period</b>	-	-	65	140,408	(37,390)	24,752	394	358	-	128,587	33,149	161,736
<b>Contribution by and distributions to owners</b>												
Employee share-based expense	-	-	-	-	-	-	-	1,884	-	1,884	186	2,070
Issue of shares in the Company upon exercise of share options	9,018	-	-	-	-	-	-	(1,662)	-	7,356	-	7,356
Contribution of capital by non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,283	1,283
Transfer of reserves by overseas subsidiary companies in compliance with statutory requirement	-	-	(34)	34	-	-	-	-	-	-	-	-
<b>Dividends:</b>												
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(22,565)	(22,565)
Dividends to shareholders, paid	-	-	-	(78)	-	-	-	-	(85,230)	(85,308)	-	(85,308)
<b>Total contributions by and distributions to owners</b>	9,018	-	(34)	(44)	-	-	-	222	(85,230)	(76,068)	(21,096)	(97,164)
<b>Changes in ownership interests</b>												
Change of interests in subsidiary and joint venture companies	-	-	-	299	-	-	-	-	-	299	(299)	-
<b>Total changes in ownership interests</b>	-	-	-	299	-	-	-	-	-	299	(299)	-
<b>Total transactions with owners in their capacity as owners</b>	9,018	-	(34)	255	-	-	-	222	(85,230)	(75,769)	(21,395)	(97,164)
Balance at 30 June 2012	1,465,825	(23)	265,996	5,231,020	(202,774)	246,474	(14,459)	36,657	-	7,028,716	845,810	7,874,526

# APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR 9M2012



## 1(d)(i) STATEMENT OF CHANGES IN EQUITY (cont'd)

	Group										
	Share Capital	Capital Reserve	Revenue Reserve	Exchange Reserve	Fair Value Adjustment Reserve	Hedging Reserve	Share- based Payment Reserve	Dividend Reserve	Total	Non- controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>3rd Quarter ended</b>											
<b>30 June 2011</b>											
Balance at 1 April 2011	1,402,140	269,302	4,646,703	(215,913)	104,522	(10,053)	40,385	84,458	6,321,544	762,062	7,083,606
Effects of adopting INT FRS 115	-	-	(82,734)	2,693	-	-	-	-	(80,041)	(5,382)	(85,423)
Balance at 1 April 2011, restated	1,402,140	269,302	4,563,969	(213,220)	104,522	(10,053)	40,385	84,458	6,241,503	756,680	6,998,183
<b>Comprehensive income</b>											
Share of other comprehensive income of associated companies	-	13	-	2,229	(108)	-	31	-	2,165	-	2,165
Realisation of reserve on disposal of subsidiary and associated companies	-	-	-	4,895	-	-	-	-	4,895	518	5,413
Net fair value changes on hedging instruments	-	-	-	-	-	752	-	-	752	(341)	411
Net fair value changes on available-for-sale financial assets	-	-	-	-	34,187	-	-	-	34,187	(31)	34,156
Currency translation difference	-	-	-	7,043	-	-	-	-	7,043	(9,154)	(2,111)
Other comprehensive income for the period	-	13	-	14,167	34,079	752	31	-	49,042	(9,008)	40,034
Profit for the period	-	-	175,872	-	-	-	-	-	175,872	44,973	220,845
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>13</b>	<b>175,872</b>	<b>14,167</b>	<b>34,079</b>	<b>752</b>	<b>31</b>	<b>-</b>	<b>224,914</b>	<b>35,965</b>	<b>260,879</b>
<b>Contributions by and distributions to owners</b>											
Employee share-based expense	-	-	-	-	-	-	3,323	-	3,323	216	3,539
Issue of shares in the Company upon exercise of share options	4,119	-	-	-	-	-	(707)	-	3,412	-	3,412
Transfer of reserves by overseas subsidiary companies in compliance with statutory requirements	-	(3)	3	-	-	-	-	-	-	-	-
<b>Dividends</b>											
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(11,281)	(11,281)
Dividend to shareholders, paid	-	-	(36)	-	-	-	-	(84,458)	(84,494)	-	(84,494)
<b>Total contributions by and distributions to owners</b>	<b>4,119</b>	<b>(3)</b>	<b>(33)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,616</b>	<b>(84,458)</b>	<b>(77,759)</b>	<b>(11,065)</b>	<b>(88,824)</b>
<b>Changes in ownership interests</b>											
Change of interests in subsidiary And joint venture companies	-	-	(784)	-	-	-	-	-	(784)	994	210
<b>Total changes in ownership interests</b>	<b>-</b>	<b>-</b>	<b>(784)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(784)</b>	<b>994</b>	<b>210</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>4,119</b>	<b>(3)</b>	<b>(817)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,616</b>	<b>(84,458)</b>	<b>(78,543)</b>	<b>(10,071)</b>	<b>(88,614)</b>
Balance at 30 June 2011	1,406,259	269,312	4,739,024	(199,053)	138,601	(9,301)	43,032	-	6,387,874	782,574	7,170,448

# APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR 9M2012



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## 1(d)(i) STATEMENT OF CHANGES IN EQUITY (cont'd)

	Company							Total \$'000
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserve \$'000	Revenue Reserve \$'000	Fair Value Adjustment Reserve \$'000	Share- Based Payment Reserve \$'000	Dividend Reserve \$'000	
	<b>3rd Quarter ended 30 June 2012</b>							
Balance at 1 April 2012	1,456,807	(23)	1,036,460	1,691,831	1,855	32,729	85,230	4,304,889
<b>Comprehensive income</b>								
Net fair value changes on available-for-sale financial assets	-	-	-	-	(87)	-	-	(87)
Other comprehensive income for the period	-	-	-	-	(87)	-	-	(87)
Profit for the period	-	-	-	31,634	-	-	-	31,634
<b>Total comprehensive income for the period</b>	-	-	-	31,634	(87)	-	-	31,547
<b>Contributions by and distributions to owners</b>								
Employee share-based expense	-	-	-	-	-	1,645	-	1,645
Issue of shares in the Company upon exercise of share options	9,018	-	-	-	-	(1,662)	-	7,356
<b>Dividends</b>								
Dividends to shareholders, paid	-	-	-	(78)	-	-	(85,230)	(85,308)
<b>Total contributions by and distributions to owners</b>	9,018	-	-	(78)	-	(17)	(85,230)	(76,307)
<b>Total transactions with owners in their capacity as owners</b>	9,018	-	-	(78)	-	(17)	(85,230)	(76,307)
Balance at 30 June 2012	1,465,825	(23)	1,036,460	1,723,387	1,768	32,712	-	4,260,129
<b>3rd Quarter ended 30 June 2011</b>								
Balance at 1 April 2011	1,402,140	-	1,039,274	1,578,452	1,815	36,250	84,458	4,142,389
<b>Comprehensive income</b>								
Net fair value changes on available-for-sale financial assets	-	-	-	-	(22)	-	-	(22)
Other comprehensive income for the period	-	-	-	-	(22)	-	-	(22)
Profit for the period	-	-	-	7,923	-	-	-	7,923
<b>Total comprehensive income for the period</b>	-	-	-	7,923	(22)	-	-	7,901
<b>Contributions by and distributions to owners</b>								
Employee share-based expense	-	-	-	-	-	3,036	-	3,036
Issue of shares in the Company upon exercise of share options	4,119	-	-	-	-	(707)	-	3,412
<b>Dividends</b>								
Dividends to shareholders, paid	-	-	-	(36)	-	-	(84,458)	(84,494)
<b>Total contributions by and distributions to owners</b>	4,119	-	-	(36)	-	2,329	(84,458)	(78,046)
<b>Total transactions with owners in their capacity as owners</b>	4,119	-	-	(36)	-	2,329	(84,458)	(78,046)
Balance at 30 June 2011	1,406,259	-	1,039,274	1,586,339	1,793	38,579	-	4,072,244

# APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR 9M2012



## 1(d)(i) STATEMENT OF CHANGES IN EQUITY (cont'd)

	Group											
	Share Capital	Treasury Shares	Capital Reserve	Revenue Reserve	Exchange Reserve	Fair Value Adjustment Reserve	Hedging Reserve	Share-based Payment Reserve	Dividend Reserve	Total	Non-controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>9 Months ended</b>												
<b>30 June 2012</b>												
Balance at 1 October 2011	1,417,404	-	267,906	4,965,458	(158,936)	202,303	(23,273)	41,966	169,382	6,882,210	838,837	7,721,047
Effects of adopting INT FRS 115	-	-	-	(39,517)	676	-	-	-	-	(38,841)	(7,633)	(46,474)
Balance at 1 October 2011, restated	1,417,404	-	267,906	4,925,941	(158,260)	202,303	(23,273)	41,966	169,382	6,843,369	831,204	7,674,573
<b>Comprehensive income</b>												
Share of other comprehensive income of associated companies	-	-	(446)	(57)	578	433	(57)	330	-	781	-	781
Realisation of reserve on disposal of associated company	-	-	(908)	721	971	-	(68)	-	-	716	-	716
Net fair value changes on derivative financial instruments	-	-	-	-	-	-	6,311	-	-	6,311	783	7,094
Realisation of hedging loss from derivative financial instruments	-	-	-	-	-	-	2,628	-	-	2,628	388	3,016
Net fair value changes on available-for-sale financial assets	-	-	-	-	-	43,738	-	-	-	43,738	-	43,738
Currency translation difference	-	-	-	-	(46,063)	-	-	-	-	(46,063)	(10,473)	(56,536)
Other comprehensive income for the period	-	-	(1,354)	664	(44,514)	44,171	8,814	330	-	8,111	(9,302)	(1,191)
Profit for the period	-	-	-	403,016	-	-	-	-	-	403,016	150,750	553,766
<b>Total comprehensive income for the period</b>	-	-	(1,354)	403,680	(44,514)	44,171	8,814	330	-	411,127	141,448	552,575
<b>Contribution by and distributions to owners</b>												
Employee share-based expense	-	-	-	-	-	-	-	10,016	-	10,016	573	10,589
Issue of shares in the Company upon exercise of share options and vesting of shares awarded	48,421	-	-	-	-	-	-	(10,399)	-	38,022	-	38,022
Purchase of treasury shares	-	(8,093)	-	-	-	-	-	-	-	(8,093)	-	(8,093)
Treasury shares reissued pursuant to share plans	-	8,070	(2,814)	-	-	-	-	(5,256)	-	-	-	-
Contribution of capital by non-controlling interests	-	-	-	-	-	-	-	-	-	-	7,237	7,237
Transfer of reserves by overseas subsidiary companies in compliance with statutory requirement	-	-	2,258	(2,258)	-	-	-	-	-	-	-	-
<b>Dividends:</b>												
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(141,101)	(141,101)
Dividend to shareholders, paid	-	-	-	(86,145)	-	-	-	-	(169,382)	(255,527)	-	(255,527)
<b>Total contributions by and distributions to owners</b>	48,421	(23)	(556)	(88,403)	-	-	-	(5,639)	(169,382)	(215,582)	(133,291)	(348,873)
<b>Changes in ownership interests</b>												
Change of interests in subsidiary and joint venture companies	-	-	-	(10,198)	-	-	-	-	-	(10,198)	6,449	(3,749)
<b>Total changes in ownership interests</b>	-	-	-	(10,198)	-	-	-	-	-	(10,198)	6,449	(3,749)
<b>Total transactions with owners in their capacity as owners</b>	48,421	(23)	(556)	(98,601)	-	-	-	(5,639)	(169,382)	(225,780)	(126,842)	(352,622)
Balance at 30 June 2012	1,465,825	(23)	265,996	5,231,020	(202,774)	246,474	(14,459)	36,657	-	7,028,716	845,810	7,874,526

# APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR 9M2012



## 1(d)(i) STATEMENT OF CHANGES IN EQUITY (cont'd)

	Group										
	Share Capital	Capital Reserve	Revenue Reserve	Exchange Reserve	Fair Value Adjustment Reserve	Hedging Reserve	Share- based Payment Reserve	Dividend Reserve	Total	Non- controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>9 months ended</b>											
<b>30 June 2011</b>											
Balance at 1 October 2010	1,374,502	269,709	4,341,213	(171,716)	138,609	(16,169)	38,414	168,236	6,142,798	805,661	6,948,459
Effects of adopting IFRS 115	-	-	(61,915)	842	-	-	-	-	(61,073)	(2,606)	(63,679)
Balance at 1 October 2010, restated	1,374,502	269,709	4,279,298	(170,874)	138,609	(16,169)	38,414	168,236	6,081,725	803,055	6,884,780
<b>Comprehensive income</b>											
Share of other comprehensive income of associated companies	-	93	-	1,989	(130)	(86)	31	-	1,897	-	1,897
Realisation of reserve on disposal of subsidiary and associated companies	-	(552)	552	4,895	-	-	-	-	4,895	518	5,413
Net fair value changes on derivative financial instruments	-	-	-	-	-	7,154	-	-	7,154	16	7,170
Net fair value changes on available-for-sale financial assets	-	-	-	-	122	-	-	-	122	(31)	91
Currency translation differences	-	-	-	(28,317)	-	-	-	-	(28,317)	(39,655)	(67,972)
Other comprehensive income for the period	-	(459)	552	(21,433)	(8)	7,068	31	-	(14,249)	(39,152)	(53,401)
Profit for the period	-	-	541,086	-	-	-	-	-	541,086	172,486	713,572
<b>Total comprehensive income for the period</b>	-	(459)	541,638	(21,433)	(8)	7,068	31	-	526,837	133,334	660,171
<b>Contribution by and distributions to owners</b>											
Employee share-based expense	-	-	-	-	-	-	10,133	-	10,133	616	10,749
Issue of shares in the Company upon exercise of share options	31,757	-	-	-	-	-	(5,546)	-	26,211	-	26,211
Contribution of capital by non-controlling interests	-	-	-	-	-	-	-	-	-	9,801	9,801
Transfer of reserves by overseas subsidiary companies in compliance with statutory requirement	-	62	(62)	-	-	-	-	-	-	-	-
<b>Dividends:</b>											
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(166,640)	(166,640)
Dividend to shareholders, paid	-	-	(85,145)	-	-	-	-	(168,236)	(253,381)	-	(253,381)
<b>Total contributions by and distributions to owners</b>	31,757	62	(85,207)	-	-	-	4,587	(168,236)	(217,037)	(156,223)	(373,260)
<b>Changes in ownership interests</b>											
Change of interests in subsidiary and joint venture companies	-	-	3,295	(6,746)	-	(200)	-	-	(3,651)	3,688	37
Disposal of subsidiary company	-	-	-	-	-	-	-	-	-	(1,280)	(1,280)
<b>Total changes in ownership interests</b>	-	-	3,295	(6,746)	-	(200)	-	-	(3,651)	2,408	(1,243)
<b>Total transactions with owners in their capacity as owners</b>	31,757	62	(81,912)	(6,746)	-	(200)	4,587	(168,236)	(220,688)	(153,815)	(374,503)
Balance at 30 June 2011	1,406,259	269,312	4,739,024	(199,053)	138,601	(9,301)	43,032	-	6,387,874	782,574	7,170,448

# APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR 9M2012



## 1(d)(i) STATEMENT OF CHANGES IN EQUITY (cont'd)

	Company							Total
	Share Capital	Treasury Shares	Capital Reserve	Revenue Reserve	Fair Value Adjustment Reserve	Share- based Payment Reserve	Dividend Reserve	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>9 months ended 30 June 2012</b>								
Balance at 1 October 2011	1,417,404	-	1,039,274	1,506,196	1,717	39,091	169,382	4,173,064
<b>Comprehensive income</b>								
Net fair value changes on available-for-sale financial assets	-	-	-	-	51	-	-	51
Other comprehensive income for the period	-	-	-	-	51	-	-	51
Profit for the period	-	-	-	303,336	-	-	-	303,336
<b>Total comprehensive income for the period</b>	-	-	-	303,336	51	-	-	303,387
<b>Contributions by and distributions to owners</b>								
Employee share-based expense	-	-	-	-	-	9,276	-	9,276
Issue of shares in the Company upon exercise of share options and vesting of shares awarded	48,421	-	-	-	-	(10,399)	-	38,022
Purchase of treasury shares	-	(8,093)	-	-	-	-	-	(8,093)
Treasury shares reissued pursuant to share plans	-	8,070	(2,814)	-	-	(5,256)	-	-
<b>Dividends</b>								
Dividends to shareholders, paid	-	-	-	(86,145)	-	-	(169,382)	(255,527)
<b>Total contributions by and distributions to owners</b>	48,421	(23)	(2,814)	(86,145)	-	(6,379)	(169,382)	(216,322)
<b>Total transactions with owners in their capacity as owners</b>	48,421	(23)	(2,814)	(86,145)	-	(6,379)	(169,382)	(216,322)
Balance at 30 June 2012	1,465,825	(23)	1,036,460	1,723,387	1,768	32,712	-	4,260,129
<b>9 months ended 30 June 2011</b>								
Balance at 1 October 2010	1,374,502	-	1,039,274	1,331,928	2,034	34,803	168,236	3,950,777
<b>Comprehensive income</b>								
Net fair value changes on available-for-sale financial assets	-	-	-	-	(241)	-	-	(241)
Other comprehensive income for the period	-	-	-	-	(241)	-	-	(241)
Profit for the period	-	-	-	339,556	-	-	-	339,556
<b>Total comprehensive income for the period</b>	-	-	-	339,556	(241)	-	-	339,315
<b>Contributions by and distributions to owners</b>								
Employee share-based expense	-	-	-	-	-	9,322	-	9,322
Issue of shares in the Company upon exercise of share options	31,757	-	-	-	-	(5,546)	-	26,211
<b>Dividends</b>								
Dividend to shareholders, paid	-	-	-	(85,145)	-	-	(168,236)	(253,381)
<b>Total contributions by and distributions to owners</b>	31,757	-	-	(85,145)	-	3,776	(168,236)	(217,848)
<b>Total transactions with owners in their capacity as owners</b>	31,757	-	-	(85,145)	-	3,776	(168,236)	(217,848)
Balance at 30 June 2011	1,406,259	-	1,039,274	1,586,339	1,793	38,579	-	4,072,244



**APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
THE F&N GROUP FOR 9M2012**



**1(d)(ii) SHARE CAPITAL**

Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	<u>Number of Shares</u>	
	<u>3rd Quarter to 30/6/2012</u>	<u>2nd Quarter to 31/3/2012</u>
Issued and fully paid ordinary shares:		
As at beginning of period	1,420,501,465	1,416,116,806
Issued during the period - pursuant to the exercise of share options	1,696,658	4,384,659
As at end of period	<u>1,422,198,123</u>	<u>1,420,501,465</u>
	<u>As at 30/6/2012</u>	<u>As at 30/6/2011</u>
The number of shares that may be issued on exercise of shares options outstanding at the end of the period	<u>17,161,598</u>	<u>30,797,257</u>
The number of shares awarded conditionally under Share Plans as at the end of the period	<u>6,143,672</u>	<u>5,574,388</u>
The number of issued shares excluding treasury shares at the end of the period	<u>1,422,194,023</u>	<u>1,408,482,727</u>

The Company held 4,100 treasury shares as at 30 June 2012 (30 June 2011: NIL).

**1(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company's total number of issued shares excluding treasury shares is 1,422,194,023 as at 30 June 2012 and 1,411,514,577 as at 30 September 2011.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

	<u>Number of Shares</u>	
	<u>3rd Quarter to 30/6/2012</u>	<u>2nd Quarter to 31/3/2012</u>
As at beginning and end of period	<u>4,100</u>	<u>4,100</u>

## APPENDIX IV – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE F&N GROUP FOR 9M2012



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**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group and Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared with the audited financial statements for the year ended 30 September 2011.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

As disclosed in paragraph 4, the Group and Company have adopted revised and amendments to FRS and INT FRS which became effective from this financial year. Except for INT FRS 115, the adoption of these FRS and INT FRS do not have any significant impact on the financial statements of the Group and Company.

**INT FRS 115 Agreements for the Construction of Real Estate**

The Group has adopted INT FRS 115 Agreements for the Construction of Real Estate from 1 October 2011.

On 26 August 2010, the Accounting Standards Council issued INT FRS 115 with an accompanying note that explains the application of INT FRS 115 to property development sales in Singapore by considering the Singapore legal framework. INT FRS 115 supersedes RAP 11 Pre-Completion Contracts for the Sale of Development Property and becomes effective for annual periods beginning on or after 1 January 2011. When adopted INT FRS 115 is to be applied retrospectively.

INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts which do not classify as construction contracts in accordance with FRS 11 can only be accounted for using the percentage of completion ("POC") method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

Before 1 October 2011, the Group's accounting policy for all residential property sales was to recognise revenue using the POC method as construction progresses. Upon applying INT FRS 115 retrospectively, the comparatives have been restated. The effects on the Group's financial statements are as follows:

**GROUP PROFIT STATEMENT**

	3rd Quarter to 30/6/2011 \$'000	9 Months to 30/6/2011 \$'000
(Decrease)/Increase in:		
Revenue	(62,774)	(155,463)
Cost of sales	(62,420)	(139,961)
Marketing expenses	16,204	29,676
Taxation	(2,251)	(7,276)
Profit after taxation	(14,307)	(37,902)
Attributable profit to:		
- Shareholders of the Company	(10,798)	(31,617)
- Non-controlling interests	(3,509)	(6,285)

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**GROUP BALANCE SHEET**

	As at 30/9/2011 \$'000	As at 30/9/2010 \$'000
(Decrease)/Increase in:		
Revenue reserve	(39,517)	(61,915)
Exchange reserve	676	842
Non-controlling interests	(7,633)	(2,606)
Total equity	(46,474)	(63,679)
Properties held for sale	(66,046)	(103,527)
Other payables	(9,439)	(21,676)
Provision for taxation	(7,408)	(12,607)
Deferred taxation	(2,725)	(5,565)

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

- (a) based on the weighted average number of ordinary shares on issue; and  
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group			
	3rd Quarter to 30/6/2012	3rd Quarter to 30/6/2011 (Restated)	9 Months to 30/6/2012	9 Months to 30/6/2011 (Restated)
Earnings per ordinary share:				
(a) Based on the weighted average number of ordinary shares on issue (cents)				
- before fair value adjustment and exceptional items	9.6	9.5	27.5	29.3
- after fair value adjustment and exceptional items	9.9	12.5	28.4	38.5
(b) On a fully diluted basis (cents)				
- before fair value adjustment and exceptional items	9.5	9.3	27.3	28.9
- after fair value adjustment and exceptional items	9.8	12.3	28.2	38.0
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Attributable profit	140,465	175,872	403,016	541,086
Change in attributable net profit due to dilutive share options	(80)	(170)	(268)	(505)
Adjusted attributable profit	140,385	175,702	402,748	540,581

**7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	Group		Company	
	As at 30/6/2012	As at 30/9/2011 (Restated)	As at 30/6/2012	As at 30/9/2011
Net asset value per ordinary share based on issued share capital	\$4.94	\$4.85	\$3.00	\$2.96

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8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

### **REVIEW OF PERFORMANCE**

The principal activities of the Group are:-

- (i) production and sale of soft drinks, dairy products, beer and stout;
- (ii) development of and investment in property; and
- (iii) printing and publishing.

These activities are carried out through the Company's subsidiary, joint venture and associated companies to which the Company provides management and administrative services.

### **Profit Statement – 3rd Quarter**

Group revenue increased 4% to \$1.43 billion for the quarter ended 30 June 2012, compared to the corresponding period last year. Soft Drinks recorded lower revenue due to cessation of the transition agreement with The Coca-Cola Company ("Coca-Cola") from 1 October 2011. Dairies recorded higher revenue on higher exports sales and domestic sales in Thailand. Breweries continued to record higher revenue mainly due to higher sales volume and price increase. Commercial Property revenue was marginally lower. Development Property revenue declined 10% mainly due to the effects of completed projects in Singapore and also lower sales recognition in overseas development projects. Printing and Publishing revenue was marginally higher. Group PBIT (profit before interest and tax) of \$246 million was 4% higher than last year.

Group attributable profit\* was 2% higher at \$136 million and basic earnings per share\* was marginally higher at 9.6 cents.

The Profit Statement of the corresponding period last year was restated as the Group adopted INT FRS 115 from 1 October 2011. The effects of the restatement are set out in paragraph 5, page 16 of this report.

\*before fair value adjustment of investment properties and exceptional items

### **Soft Drinks**

Soft Drinks revenue and volume were down 6% and 1% respectively over the corresponding period last year. Excluding Coca-Cola's contribution last year, revenue and volume would have grown 30% and 34% respectively from higher sales partly from strong promotional activities and the earlier Hari Raya selling period this year. Higher sales were recorded across all product categories including Red Bull which grew 29% in sales volume. PBIT was lower by 81% mainly due to the absence of Coca-Cola's contribution and cost incurred on rationalization exercise to improve productivity.

### **Dairies**

Dairies revenue and PBIT grew 9% and 12% over the corresponding period last year. Dairies Thailand resumed production and delivered double digit revenue growth on well executed marketing activities and pent-up demand for its products which were not available during the production shut down. In Malaysia, revenue increased mainly due to higher export while domestic sales remained stable. In Singapore, higher export sales were partly offset by lower domestic sales. F&N Creameries revenue was higher on increased sales in Malaysia. Overall, Dairies recorded higher PBIT on improved profitability in Malaysia & Singapore mainly due to lower input cost and favourable sales mix. After posting operating losses in the first two quarters of this financial year, Dairies Thailand returned to profit in this quarter on the back of higher sales.

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### **Breweries**

Revenue and PBIT grew 17% and 34% respectively over the corresponding period last year. In the South & South East Asia region, volume growth was led mainly by double digit gains in Indonesia and Export Markets. PBIT for this region grew on the volume growth as well as improved margins from price increases. In Indochina & Thailand, volume increase was led by strong double digit growth in Vietnam and Thailand. PBIT for this region was higher underpinned by higher volume, better margins from price increases in Vietnam and favourable sales mix in Cambodia.

The North Asia region reported a small loss this quarter. The operations in China reported improved gross margins following the restructuring of investments to focus on premium brands. In the Oceania region, volume was lower due to the challenging market conditions in New Zealand partly cushioned by contribution from the newly acquired brewery in Solomon Islands. PBIT for this region rose due to improved margins in Papua New Guinea, favourable currency translation from appreciation of the Kina and contribution from Solomon Breweries.

### **Printing and Publishing**

Printing and Publishing revenue for the quarter was \$92 million, marginally higher than the corresponding period last year. Growth in Education Publishing revenue was driven by export sales but offset by lower revenue from Business Directories and Library Reference business in the USA. Revenue for Print improved due to increased domestic sales in China and Malaysia. Retail & Distribution also recorded slight revenue growth largely driven by magazine distribution and revenue generated from the on-line bookstore, NOQ. The strong performance of Education Publishing continues to be the main profit driver for Print and Publishing. Profits from Print improved due to better cost management and improved efficiency. Retail & Distribution profitability were largely affected by weak retail sentiments in Australia.

### **Commercial Property**

Overall revenue was marginally lower at \$66 million while PBIT rose by 4% over the corresponding period last year.

Investment property revenue was marginally lower while PBIT rose 2%. The higher rental income from Singapore and China investment properties helped to cushion the loss of rental income following the disposal of Bridgepoint mall in Australia in August 2011. Occupancy rates among the retail malls remain high in Singapore at an average occupancy rate of 99%. Industrial and Office properties in Singapore achieved occupancy of 98% except for River Valley Office Tower where the average occupancy fell to 57% due to the exit of a major tenant. About 70% of this vacancy has been leased by new tenants at higher rental rates and average occupancy will improve over the next few months. In China and Vietnam, all industrial and office properties achieved 100% occupancy. Excluding the contribution from Bridgepoint, investment properties' revenue and PBIT were 3% and 9% higher on higher rental income.

Hospitality revenue was marginally lower and PBIT fell 13%. Room revenue contributed by properties opened in the last financial year and from the newly acquired Queensgate Garden in the United Kingdom (opened in December 2011) were offset by lower revenue from Fraser Suites, Singapore due to closure of rooms for retrofitting works. PBIT was lower due to foreign exchange losses arising from translation of foreign currency loans and lower contribution from Fraser Suites, Singapore.

The REIT associated companies, Frasers Centrepoint Trust and Frasers Commercial Trust, both reported higher net profit and distributable income.

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### **Development Property**

The Group has adopted INT FRS 115 Agreements for Construction of Real Estate from 1 October 2011 and continues to use the Percentage of Completion method for private residential properties development projects in Singapore. Revenue for Executive Condominium development projects and private residential units sold on deferred payment scheme in Singapore and overseas development projects will be recognised on the Completion of Construction (“COC”) method. The results of Development Property segment of the corresponding period last year was restated in compliance with INT FRS 115.

Revenue from Development Property declined 10% to \$291 million as compared to the corresponding period last year. This was mainly due to the effects of completed projects in Singapore and also lower sales recognition from overseas development projects. Coupled with higher marketing expense on new launches in Singapore and Australia, PBIT declined 19% to \$55 million.

In Singapore revenue and PBIT declined 7% and 17% respectively. The progressive revenue recognition of projects namely, Flamingo Valley, Waterfront Key, Isles and Gold, Residences Botanique, The Caspian, 8@Woodleigh, Eight Courtyards, Seastrand and Boathouse Residences, were offset by the effects of completed projects of Soleil@Sinaran, Martin Place Residences, Waterfront Waves and Woodsville 28. During the quarter, a total of 1,027 units were sold including, 301 units at Palm Isles which was launched for sales in March 2012, 530 units at Twin Waterfalls (Executive Condominium) and 43 units at Watertown launched in February and January 2012 respectively, 68 units at Flamingo Valley and 85 units of previously launched projects.

Overseas revenue declined 52% mainly due to lower revenue recognised from the completed projects in Australia and China. In Australia, 4 units were sold during the quarter on completed projects at Lorne Killara and Lumiere Commercial. For projects under construction, strong pre-sale were registered with a total of 307 units sold across Australia, the United Kingdom, New Zealand and China during the quarter. In Australia, the Central Park, Sydney project saw a new block, The Mark, launched in May 2012 achieving sales of 121 units and 89 units were sold from previously launched One Central Park & Park Lane, Mandurah, Queens Riverside and Putney Hill. In China, Suzhou Baitang Phase 2A was launched in April 2012 achieving sales of 63 units. Overseas posted losses in this quarter mainly due to lower profit from sale of fewer completed units and higher marketing expenses incurred to secure sales, for which revenue recognition is deferred till completion using the COC method.

### **Others**

The gains for the quarter were mainly due to foreign exchange gains arising from translation of foreign currency loans and higher investment income.

### **Exceptional Items**

The main exceptional item this quarter was the write back of \$4.4 million on inventory and fixed assets previously written-off relating to the flood damage in the dairy plant in Rojana, Thailand.

### **Tax**

The group effective tax rate of 22.7% (2011:19.0%) reflects the impact of high taxes levied on the profit of various overseas subsidiaries in high tax countries, the non-recognition of deferred tax benefits on losses on prudent grounds and non-deductible expenses. The higher group effective tax rate in the current period is due to both the substantial amount of non-taxable exceptional gains and the write back of prior year over provision in the corresponding period last year. When the non-taxable exceptional gains are disregarded, the group effective tax rate becomes 23.2% (2011: 23.2%).

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### **Balance Sheet as at 30 June 2012**

The increase in Reserves was mainly due to retained earnings and fair value gains on investment in bonds, derivative instruments and investment in Vinamilk in Vietnam. This was partly offset by currency translation losses arising from the translation of foreign operations and payment of dividends.

The purchase of land in Singapore and additional development expenditure incurred resulted in an increase in Properties Held for Sale, which was partly offset by progress billings and sale of completed units. The decrease in Trade Receivables and Other Receivables was mainly due to collection of receivables from the sale of development properties in Singapore and refund of an amount held in trust released upon the disposal of a subsidiary company in China.

The decrease in Assets and Liabilities Held for Sale was due to the termination of sales agreement of our joint venture companies in China. As a result, the respective assets and liabilities have been reclassified back to the individual asset and liability category.

The increase in Borrowings was mainly due to loans taken for the acquisition of land in Singapore and development expenditure incurred. This was partly offset by the repayment of bank loans.

### **Group Cash Flow Statement for quarter ended 30 June 2012**

The cash inflows and outflows are detailed in the Group Cash Flow Statement. Net cash inflow from operating activities of \$273.4 million as compared to an outflow of \$139.5 million last year was mainly due to lower development expenditure incurred on properties.

Higher net cash outflow incurred on investing activities of \$63.3 million as compared to \$28.1 million was mainly due to the one-off proceeds from the disposal of an associated company in the same period last year. This was partly offset by lower capital expenditure incurred on fixed assets in the current period.

Net cash outflow from financing activities of \$244.2 million as compared to a cash inflow of \$392.4 million was mainly due to repayment of bank loans as compared to bank loans drawn down for the corresponding period.

### **Group Profit Statement – 9 Months-to-Date**

Group revenue and Group PBIT decreased 5% and 7% respectively over the corresponding period last year. Group attributable profit\* and basic earnings per share\* were each down 5% and 6% respectively. The decline in revenue and profits were mainly due to cessation of manufacturing and distribution of Coca-Cola products in Malaysia, the effects of floods on Dairies Thailand and lower revenue recognised on development properties in this period. The adoption of INT FRS 115 also resulted in lumpy revenue recognition on development projects accounted for using Completion of Construction Method.

\*before fair value adjustment of investment properties and exceptional items

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.



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- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Food & Beverage segment have seen raw material and energy cost stabilising over the past months. The Group will continue to monitor these closely and take steps to mitigate any effects of rising costs. The Rojana dairy factory in Thailand is back to full production and is expected to see improvement in operating results. For Dairies Malaysia, production is taking place in both the new Pulau Indah plant and Petaling Jaya plant until the relocation is complete.

Despite the uncertain economic outlook, the Singapore property market saw a record of 14,709 units sold in the 1<sup>st</sup> half of 2012 including Executive Condominium. However on a quarter-to-quarter basis, sales volume has decreased 22% from 8,251 units to 6,458 units and price growth for private property has flattened over the past couple of quarters. The Group's 3 launches this year of Watertown, Twin Waterfalls and Palm Isles, were very well received, achieving sales of 1,789 units. In Australia, marketing efforts will continue as strong and encouraging pre-sales were registered for One Central Park & Park Lane, and the recently launched The Mark, Putney Hill at Ryde and QIII at Queens Riverside. Recognition of income from pre-sold units in Singapore will continue to support Group earnings in the next 12 months.

While the strength of Singapore Dollar will alleviate some pressure on import costs, it will also impact on the financial performance of the Group as a high proportion of earnings are derived from outside Singapore

- 11. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared for the current financial period.

- 12. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

- 13. SUBSEQUENT EVENTS**

On 20 July 2012, the Company announced that the Board had received an offer from Heineken N.V. ("Heineken") to acquire the Company's direct and indirect interests in Asia Pacific Breweries Limited ("APBL") at a price of S\$50.00 per share, for a total consideration of S\$5.1 billion. In addition, Heineken has offered S\$163 million for the Company's interest in non-APBL assets held by Asia Pacific Investment Private Limited ("APIPL"), subject to any adjustment for further impairments.

The offer from Heineken ("Heineken Offer") will be reduced on a dollar for dollar basis if any further dividends are declared or paid by APBL and/or APIPL. APIPL is a 50:50 joint venture company held by the Company and the Heineken group, and holds approximately 64.8% of the shares of APBL.

Further to the announcement on 20 July 2012, the Company announced on 27 July 2012 that it has reached a mutual agreement with Heineken to extend the deadline for acceptance of the Heineken Offer by one week from 27 July 2012.

On 3 August 2012, the F&N Board accepted in principle Heineken's offer on the basis that there will be no adjustment for impairment for the non-APBL assets held by APIPL, and if any further dividends are paid by APBL and received by the Company, the aggregate consideration payable to the Company for its direct interest in APBL shall be reduced by the amount of such dividends.

On 7 August 2012, the Company announced that it has received an unsolicited offer from Kindest Place Groups Limited to acquire the Company's direct interest in APBL at the price of S\$55.00 for each share in APBL.

Shareholders should note that there is no certainty that any transaction or agreement will be agreed upon and entered into. The Company will update shareholders in due course and will make appropriate announcements at the relevant time.

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**13. SUBSEQUENT EVENTS (cont'd)**

On 30 July 2012, the Company and its subsidiary, Frasers Property (China) Limited ("Frasers Property") announced that the scheme of arrangement in relation to the proposal to privatise Frasers Property as detailed in the scheme document dated 5 July 2012 and related matters was not approved by the requisite majority at the court meeting held on 30 July 2012 and was disapproved by more than 10% of the votes attaching to all the shares of Frasers Property held by its independent shareholders, and will therefore not be implemented. Frasers Property's shares will remain listed on The Stock Exchange of Hong Kong Limited.

**14. DIRECTORS' RESPONSIBILITY STATEMENT**

In relation to the announcements relating to the offers to purchase the Company's interests in APIPL and APBL ("Announcements"), the directors of the Company (including any who may have delegated detailed supervision of the Announcements) have taken all reasonable care to ensure that the facts stated and all opinions expressed in the Announcements are fair and accurate and that no material facts have been omitted from the Announcements, and the directors of the Company jointly and severally accept full responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in the announcement.

**15. CONFIRMATION BY THE BOARD OF DIRECTORS  
Pursuant to Rule 705(5) of the SGX Listing Manual**

We, Lee Hsien Yang and Koh Beng Seng, being two Directors of Fraser and Neave, Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company, that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim financial results to be false or misleading in any material respect.

On behalf of the Board

Lee Hsien Yang  
Director

Koh Beng Seng  
Director

BY ORDER OF THE BOARD  
Anthony Cheong Fook Seng  
Group Company Secretary

10 August 2012

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