

CIRCULAR DATED 6 JUNE 2013

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold or transferred all of your shares in the capital of Fraser and Neave, Limited, you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



FRASER AND NEAVE, LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to the

PROPOSED CAPITAL REDUCTION

IMPORTANT DATES AND TIMES:

Last Date and Time for Lodgement of Proxy Form	:	26 June 2013 at 10.00 a.m.
Date and Time of Extraordinary General Meeting	:	28 June 2013 at 10.00 a.m.
Place of Extraordinary General Meeting	:	Level 2, Alexandra Point 438 Alexandra Road Singapore 119958

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DEFINITIONS

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

- “Additional Shares”** : The new Shares to be allotted and issued pursuant to the Capitalisation, as described in paragraph 2.2 of the Letter to Shareholders in this Circular.
- “APB Sale”** : The sale of the Company’s interests in Asia Pacific Breweries Limited and Asia Pacific Investment Pte Ltd in 2012.
- “Board”** : The board of Directors of the Company for the time being.
- “Books Closure Date”** : The date, to be determined by the Directors and announced by the Company, on which the transfer books of the Company and the Register will be closed in order to determine the entitlements of Shareholders to the Cash Distribution pursuant to the Capital Reduction.
- “Capitalisation”** : The amount of approximately S\$4.61 billion to be capitalised from the revenue reserves of the Company, as further described in paragraph 2.2 of the Letter to Shareholders in this Circular.
- “Capital Reduction”** : The proposed capital reduction exercise to be carried out by the Company pursuant to Section 78G of the Companies Act to effect the Cash Distribution, details of which are set out in paragraph 2 of the Letter to Shareholders in this Circular.
- “Cash Distribution”** : The proposed cash distribution by the Company to Shareholders of S\$3.28 in cash for each Share held by Shareholders or on their behalf as at the Books Closure Date, amounting to an aggregate distribution of approximately S\$4.73 billion, as described in paragraph 1.1 of the Letter to Shareholders in this Circular.
- “CDP”** : The Central Depository (Pte) Limited.
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore.
- “Company” or “F&N”** : Fraser and Neave, Limited.
- “Court”** : The High Court of the Republic of Singapore.
- “Directors”** : The directors of the Company for the time being.
- “EGM”** : The extraordinary general meeting of the Company to be held on 28 June 2013 at 10.00 a.m. (and any adjournment thereof), the notice of which is given on pages 19 to 20 of this Circular.
- “F&N Group”** : The Company and its subsidiaries.
- “F&N Share Plans”** : The F&N Performance Share Plan and the F&N Restricted Share Plan, which were approved and adopted by the Company on 22 January 2009.
- “FY2012”** : The financial year ended 30 September 2012.
- “HY2013”** : The half year ended 31 March 2013.
- “Income Tax Act”** : The Income Tax Act, Chapter 134 of Singapore.
- “Latest Practicable Date”** : The latest practicable date prior to the printing of this Circular, being 3 June 2013.

DEFINITIONS

“ Listing Manual ”	:	The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date.
“ Market Day ”	:	A day on which the SGX-ST is open for trading in securities.
“ NAV ”	:	Net asset value, being total assets less total liabilities and non-controlling interests.
“ Notice of EGM ”	:	The notice of EGM set out on pages 19 to 20 of this Circular.
“ Register ”	:	The register of members of the Company, as maintained by Tricor Barbinder Share Registration Services, being the Company’s share registrar.
“ Securities Accounts ”	:	The securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent.
“ SGX-ST ”	:	The Singapore Exchange Securities Trading Limited.
“ Share Awards ”	:	The awards of Shares granted pursuant to the F&N Share Plans.
“ Shareholders ”	:	The registered holders of the Shares (other than the Company) except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean Depositors (other than the Company) whose Securities Accounts are credited with those Shares.
“ Shares ”	:	Ordinary shares in the issued share capital of the Company.
“ S\$ ” and “ cents ”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore.
“ % ” or “ per cent. ”	:	Per centum or percentage.

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

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

The term “**subsidiaries**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Companies Act.

Except where specifically defined, the terms “**we**”, “**us**” and “**our**” in this Circular refer to the F&N Group.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual, or any modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or the Listing Manual, or any modification thereof, as the case may be.

DEFINITIONS

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

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

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

INDICATIVE TIMETABLE

The following are indicative dates and times for the Capital Reduction for illustrative purposes only⁽¹⁾:

Last date and time for lodgement of Proxy Forms for the EGM ⁽²⁾	:	26 June 2013 at 10.00 a.m.
Date and time of the EGM	:	28 June 2013 at 10.00 a.m.
<i>Expected date for obtaining approval of the Court for the Capital Reduction</i>	:	<i>15 July 2013</i>
<i>Expected last date and time of "cum" trading of the Shares on the SGX-ST</i>	:	<i>On or about 18 July 2013 at 5.00 p.m.</i>
<i>Expected commencement of "ex" trading of the Shares on the SGX-ST</i>	:	<i>On or about 19 July 2013 at 9.00 a.m.</i>
<i>Expected Books Closure Date for the Capital Reduction</i>	:	<i>On or about 23 July 2013 at 5.00 p.m.</i>
<i>Expected effective date of the Capital Reduction</i>	:	<i>On or about 24 July 2013</i>
<i>Expected payment date for the Cash Distribution pursuant to the Capital Reduction</i>	:	<i>On or about 31 July 2013</i>

Notes:

⁽¹⁾ Save for the date and time by which the Proxy Forms must be lodged and the date and time of the EGM, the timetable above is only indicative and the actual dates of the events in italics will be announced in due course by way of SGXNET announcement released on the SGX-ST.

⁽²⁾ All Proxy Forms must be duly completed and deposited at the registered office of the Company at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, not later than 48 hours before the time appointed for the EGM. Completion and return of a Proxy Form will not preclude a Shareholder from attending and voting at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

LETTER TO SHAREHOLDERS

FRASER AND NEAVE, LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 189800001R)

Directors:

Mr Charoen Sirivadhanabhakdi (Non-executive and non-independent Chairman)
Khunying Wanna Sirivadhanabhakdi (Non-executive and non-independent Vice Chairman)
Mr Charles Mak Ming Ying (Non-executive and independent Director)
Mr Chan Heng Wing (Non-executive and independent Director)
Mr Philip Eng Heng Nee (Non-executive and independent Director)
Mrs Siripen Sitasuwan (Non-executive and independent Director)
Mr Weerawong Chittmittrapap (Non-executive and independent Director)
Mr Koh Poh Tiong (Non-executive and non-independent Director)
Mr Chotiphat Bijananda (Non-executive and non-independent Director)
Mr Thapana Sirivadhanabhakdi (Non-executive and non-independent Director)
Mr Panote Sirivadhanabhakdi (Non-executive and non-independent Director)
Mr Sithichai Chaikriangkrai (Non-executive and non-independent Director)
Mr Prapakon Thongthepairot (Non-executive and non-independent Alternate Director to Mr Sithichai Chaikriangkrai)

Registered Office:

438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

6 June 2013

To: The Shareholders of Fraser and Neave, Limited

Dear Sir / Madam

PROPOSED CAPITAL REDUCTION**1. INTRODUCTION**

- 1.1 Proposed Capital Reduction.** On 10 May 2013, the Directors announced that the Company intends to distribute approximately S\$4.73 billion in aggregate to Shareholders by way of the Capital Reduction. The Capital Reduction is subject to, *inter alia*, the approval of Shareholders and the Court. The Capital Reduction will involve a cash distribution (the “**Cash Distribution**”) by the Company to Shareholders of S\$3.28 in cash for each Share held by Shareholders or on their behalf as at the Books Closure Date, amounting to an aggregate distribution of approximately S\$4.73 billion.
- 1.2 Circular.** The purpose of this Circular is to provide Shareholders with relevant information relating to the Capital Reduction, including the rationale and the pro forma financial effects of the Capital Reduction on the F&N Group, and to seek Shareholders’ approval for the special resolution relating to the Capital Reduction to be proposed at the EGM, notice of which is set out on pages 19 to 20 of this Circular.
- 1.3 SGX-ST.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Circular.

2. THE PROPOSED CAPITAL REDUCTION

- 2.1 The Proposed Capital Reduction.** The Company is proposing to return S\$3.28 in cash for each Share held by Shareholders or on their behalf as at the Books Closure Date. Based on the number of existing issued Shares of 1,441,519,436 Shares (excluding 4,100 treasury Shares) as at the Latest Practicable Date, an aggregate amount of approximately S\$4.73 billion will be returned to Shareholders pursuant to the Capital Reduction.

LETTER TO SHAREHOLDERS

2.2 Capitalisation of Revenue Reserves. The Company will, as part of the Capital Reduction, capitalise an amount of approximately S\$4.61 billion from the revenue reserves of the Company (the “**Capitalisation**”) to increase the issued share capital of the Company to approximately S\$6.17 billion. The S\$4.61 billion represents approximately 97 per cent. of the gain on disposal from the APB Sale for the F&N Group. The new Shares (“**Additional Shares**”) arising from the Capitalisation will be allotted and issued credited as fully paid up to Shareholders in the proportion of one Additional Share for each Share held by them or on their behalf as at the Books Closure Date and are issued solely for the purpose of capitalising the revenue reserves and will be cancelled immediately upon their allotment and issue. No new Shares will be listed as a result of the Capitalisation. In connection with the cancellation of the Additional Shares, the enlarged issued share capital will immediately thereafter be reduced by an aggregate amount of approximately S\$4.73 billion, and such aggregate amount of approximately S\$4.73 billion arising from the said reduction, comprising (i) approximately S\$4.61 billion of the revenue reserves which have been capitalised pursuant to the Capitalisation and (ii) approximately S\$0.12 billion from the existing issued share capital of the Company prior to the Capitalisation, will be returned in cash to Shareholders.

2.3 Effects of the Capital Reduction. Pursuant to the Capital Reduction, Shareholders will receive S\$3.28 for each Share held by them or on their behalf as at the Books Closure Date, and an aggregate amount of approximately S\$4.73 billion will be returned to Shareholders, of which:

2.3.1 approximately S\$4.61 billion will originate from the reduction of the issued share capital of the Company created from the Capitalisation; and

2.3.2 approximately S\$0.12 billion will originate from the reduction of the existing issued share capital of the Company prior to the Capitalisation.

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

2.4 Funds for the Capital Reduction. The Capital Reduction will be funded from existing cash and cash equivalents.

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

	Shareholder
Shareholding before the Capital Reduction	
Number of Shares currently held	1,000
Shareholding after the Capital Reduction	
Cash received (S\$)	3,280
Number of Shares held after the Capital Reduction	1,000

In summary, Shareholders will receive S\$3,280 in cash for every 1,000 Shares (or S\$3.28 in cash for each Share) held as at the Books Closure Date. Shareholders holding odd lots of Shares (i.e. lots other than board lots of 1,000 Shares) will likewise receive S\$3.28 in cash for each Share held by them or on their behalf as at the Books Closure Date. The shareholding of each Shareholder in the Company shall remain unchanged after the Capital Reduction.

2.6 Conditions to the Capital Reduction. The Capital Reduction is subject to, *inter alia*:

2.6.1 the approval of Shareholders by way of a special resolution for the Capital Reduction at the EGM;

LETTER TO SHAREHOLDERS

2.6.2 the approval of the Court for the Capital Reduction; and

2.6.3 all other relevant approvals and consents being obtained.

2.7 Payment Date. On the lodgement of the copy of the Order of Court approving the Capital Reduction, together with the other documents as prescribed under the Companies Act, with the Accounting and Corporate Regulatory Authority of Singapore, the Capital Reduction shall take effect, and the Cash Distribution would become payable. Subject to the conditions in paragraph 2.6 above being satisfied, it is currently expected that the Cash Distribution will be paid to Shareholders on or about 31 July 2013.

2.8 Rationale. The Company had considered and proposed a capital reduction previously in connection with the APB Sale. When the resolution was not passed, the Board indicated that it would revisit the issue at a later stage.

The Company's gain on disposal from the APB sale is approximately S\$5.15 billion while the F&N Group's gain on disposal from the APB sale is approximately S\$4.75 billion. The Board intended to distribute substantially all of the gain on disposal from the APB Sale. In arriving at the appropriate amount to be distributed, the Board took into account the current capital needs and leverage ratios of the Company and the F&N Group, as well as the need to maintain adequate cash resources to optimise flexibility in the near and medium term.

As the previous capital reduction proposed in 2012 was to return to Shareholders an amount of approximately S\$4.0 billion, the current amount of S\$4.73 billion proposed to be returned is approximately 18 per cent. more than the previous proposed amount.

Having reviewed the capital structure and the leverage position of the Company, the Board is of the view that the capital of the Company is in excess of its immediate requirements and the Capital Reduction will allow the F&N Group to achieve a more efficient capital structure and also enable the Company to distribute substantially all of the gain on disposal from the APB Sale. Having considered the foregoing, the Board has determined that the amount retained is sufficient to maintain an adequate capital base and cash within the F&N Group.

After the Capital Reduction, the Board believes that the Company continues to maintain a sufficient capital base which will allow it to focus on existing operations whilst maintaining sufficient flexibility to position itself to take advantage of business opportunities which may arise in the near or medium term in the food and beverage sector as well as the real estate sector in the region.

2.9 Taxation.

2.9.1 General

Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Capital Reduction and Cash Distribution. Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisers.

2.9.2 Tax implications under Singapore Law

Section 10I of the Income Tax Act provides that where a Singapore resident company makes a payment to its shareholders upon a reduction of its share capital and such a capital reduction is made out of "contributed capital" of the company, the payment to the shareholders will be treated as a return of capital and not as a payment of dividend. For Singapore income tax purposes, a return of capital would generally be treated as capital in nature and would not be taxable to the shareholders in Singapore, except in certain cases, such as shareholders who are traders in securities or who have classified their investments

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as trading stocks, marketable securities or short-term investments. However, where such a capital reduction is not made out of “contributed capital” of the company, the payment to the shareholders will be deemed as dividends paid by the company to its shareholders. Dividends paid by a Singapore tax resident company after 1 January 2008 are tax exempt for its shareholders pursuant to Section 13(1)(za) of the Income Tax Act.

In relation to the Cash Distribution to be made to Shareholders pursuant to the Capital Reduction, the amounts which are to be paid to Shareholders out of the reduction of the existing issued share capital of the Company prior to the Capitalisation will likely be regarded as a return of capital and should not be treated as a payment of dividend to Shareholders whilst the amounts which are to be paid to Shareholders out of the Capitalisation will likely be deemed to be dividends paid by the Company to Shareholders for the purposes of Singapore income tax.

Subject to the conditions in paragraph 2.6 above being satisfied, each Shareholder who is a Depositor and who has Shares standing to the credit of his Securities Account will, through the annual dividend statement sent by CDP, be informed of the proportion of the Cash Distribution received by him as a return of capital and the proportion which is deemed to be a tax exempt dividend. Similarly, each Shareholder who holds Shares registered in his own name in the Register of Members of the Company will receive a dividend voucher and will, at that time, be informed of the proportion of the Cash Distribution received by him as a return of capital and the proportion which is deemed to be a tax exempt dividend.

2.10 Financial Effects and Pro Forma Balance Sheet. The pro forma financial effects of the Capital Reduction are set out in Appendix 1 to this Circular. The pro forma financial effects are for illustration purposes only and do not reflect the actual financial position of the F&N Group after the Capital Reduction. The pro forma balance sheet of the F&N Group after the Capital Reduction is set out in Appendix 2 to this Circular.

2.11 Adjustments to Share Awards. The Remuneration Committee of the Company has determined the methodology to be adopted for making adjustments to the Share Awards under the rules of the F&N Share Plans, consequent upon the Capital Reduction taking effect. Ernst & Young LLP, the auditor of the Company, has confirmed that the methodology is fair and reasonable.

2.12 Administrative Procedures for the Capital Reduction. The following paragraphs set out the administrative procedures for the Capital Reduction.

2.12.1 Books Closure Date

Persons registered in the Register and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date would be entitled to receive a Cash Distribution of S\$3.28 for each Share held by them or on their behalf as at the Books Closure Date.

Persons registered in the Register and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date would be considered for purposes of the Capital Reduction on the basis of the number of such Shares registered in their names or standing to the credit of their Securities Accounts as at the Books Closure Date.

The Company will announce the Books Closure Date as soon as practicable after the conditions in paragraph 2.6 above have been satisfied.

LETTER TO SHAREHOLDERS

2.12.2 Shareholders holding Scrip Shares

Shareholders who hold Shares registered in their own names in the Register and who wish to deposit their Shares with CDP prior to the Books Closure Date must deliver their existing share certificates in respect of their Shares, together with the duly executed instruments of transfer in favour of CDP, at least 12 Market Days prior to the Books Closure Date in order for their Securities Accounts maintained with CDP to be credited with the relevant Shares by the Books Closure Date.

2.12.3 Payment of the Cash Distribution

Payment of the Cash Distribution pursuant to the Capital Reduction would be made in the following manner:

(i) *Shareholders holding Scripless Shares*

Shareholders who are Depositors and who have Shares standing to the credit of their Securities Accounts as at the Books Closure Date, will have the cheques for payment of their respective entitlements to the Cash Distribution under the Capital Reduction despatched to them by CDP by ordinary post at their own risk tentatively by 31 July 2013 or on or around the fifth Market Day after the Books Closure Date. Alternatively, such Shareholders will have payment of their respective entitlements to the Cash Distribution under the Capital Reduction made in such other manner as they may have agreed with CDP for the payment of dividends or other distributions tentatively by 31 July 2013.

(ii) *Shareholders holding Scrip Shares*

Shareholders whose Shares are registered in the Register as at the Books Closure Date will have the cheques for payment of their entitlements to the Cash Distribution under the Capital Reduction despatched to them by ordinary post at their own risk tentatively by 31 July 2013 or on or around the fifth Market Day after the Books Closure Date.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The interests of the Directors and the substantial shareholders in the Shares are disclosed in Appendix 3 to this Circular. Save as disclosed, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Capital Reduction.

4. DIRECTORS' RECOMMENDATION

Having considered the terms of and the rationale for the Capital Reduction, the Directors are of the opinion that the Capital Reduction is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the special resolution relating to the Capital Reduction at the EGM.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 19 to 20 of this Circular, will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on 28 June 2013 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the special resolution relating to the Capital Reduction set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of Proxies. If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 not later than 48 hours before the time appointed for the EGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes. An appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

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

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any 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 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 Capital Reduction 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, 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.

8. ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in Appendix 3 to this Circular.

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

Anthony Cheong Fook Seng
Company Secretary

APPENDIX 1 – FINANCIAL EFFECTS

FINANCIAL EFFECTS

1. **Assumptions.** The pro forma financial effects of the Capital Reduction on the NAV per Share, the share capital and the leverage ratios of the F&N Group have been prepared based on the audited consolidated financial statements of the F&N Group for FY2012 and the unaudited consolidated financial statements of the F&N Group for HY2013. The pro forma financial effects are purely for illustration purposes only and do not reflect the actual financial position of the F&N Group after the Capital Reduction. As the APB Sale was completed only in the first quarter of the financial year ending 30 September 2013, the pro forma financial effects for FY2012 have been prepared on the assumption that the APB Sale and the Capital Reduction were completed on 30 September 2012 and the pro forma financial effects for HY2013 have been prepared on the assumption that the Capital Reduction was completed on 31 March 2013.
2. **NAV.** The pro forma financial effects of the Capital Reduction on the NAV of the F&N Group for FY2012 and HY2013 are as follows:

(i) FY2012

	Pro forma		
	Before the APB Sale and the Capital Reduction	After the APB Sale	After the APB Sale and the Capital Reduction
NAV (S\$ million)	7,591	12,467	7,782
NAV per Share (S\$)	5.31	8.73	5.45

(ii) HY2013

	Before the Capital Reduction	Pro forma after the Capital Reduction
NAV (S\$ million)	12,679	7,951
NAV per Share (S\$)	8.80	5.52

3. **Share Capital.** The Capital Reduction will not have any impact on the number of Shares held by Shareholders after the Capital Reduction. The pro forma financial effects of the Capital Reduction on the share capital of the Company for FY2012 and HY2013 are as follows:

(i) FY2012

	Shares (million)	Value (S\$ million)
Share capital as at 30 September 2012	1,428.364	1,499
Additional Shares issued pursuant to the Capitalisation	1,428.364	4,614
Cancellation of Additional Shares	(1,428.364)	(4,685)
Pro forma adjusted issued share capital after the Capital Reduction and the Cash Distribution	1,428.364	1,428

(ii) HY2013

	Shares (million)	Value (S\$ million)
Share capital as at 31 March 2013	1,441.470	1,565
Additional Shares issued pursuant to the Capitalisation	1,441.470	4,604
Cancellation of Additional Shares	(1,441.470)	(4,728)
Pro forma adjusted issued share capital after the Capital Reduction and the Cash Distribution	1,441.470	1,441

APPENDIX 1 – FINANCIAL EFFECTS

4. **Leverage Ratios.** The pro forma financial effects of the Capital Reduction on the leverage ratios of the F&N Group as at FY2012 and HY2013 are as follows:

(i) FY2012

	Before the APB Sale and the Capital Reduction	Pro forma	
		After the APB Sale	After the APB Sale and the Capital Reduction
Total net borrowings / (cash) (S\$ million)	2,259	(3,322)	1,363
Net Debt/Total Equity (%)	27.4	n.m. ⁽¹⁾	16.7

(ii) HY2013

	Before the Capital Reduction	Pro forma after the Capital Reduction
Total net borrowings / (cash) (S\$ million)	(3,293)	1,435
Net Debt/Total Equity (%)	n.m. ⁽¹⁾	17.3

Note:

⁽¹⁾ "n.m." means not meaningful.

APPENDIX 2 – PRO FORMA BALANCE SHEET OF THE F&N GROUP

PRO FORMA BALANCE SHEET OF THE F&N GROUP

F&N GROUP BALANCE SHEET As at 30 September 2012

	As Reported \$'000	After the APB Sale \$'000	After the APB Sale and the Capital Reduction \$'000
SHARE CAPITAL AND RESERVES			
Share capital	1,499,329	1,499,329	1,428,364
Treasury shares	(23)	(23)	(23)
Reserves	6,092,150	10,967,796	6,353,728
	7,591,456	12,467,102	7,782,069
NON-CONTROLLING INTERESTS			
	663,048	370,987	370,987
	8,254,504	12,838,089	8,153,056
Represented by:			
NON-CURRENT ASSETS			
Investment properties	2,837,787	2,837,787	2,837,787
Associated companies	1,495,514	1,495,514	1,495,514
Other non-current assets	1,481,307	1,481,307	1,481,307
	5,814,608	5,814,608	5,814,608
CURRENT ASSETS			
Properties held for sale	4,441,491	4,441,491	4,441,491
Bank fixed deposits and cash and bank balances	1,648,945	7,230,399	2,545,366
Other current assets	2,745,934	1,059,690	1,059,690
	8,836,370	12,731,580	8,046,547
Deduct: CURRENT LIABILITIES			
Borrowings	936,296	936,296	936,296
Other current liabilities	2,303,847	1,615,472	1,615,472
	3,240,143	2,551,768	2,551,768
NET CURRENT ASSETS	5,596,227	10,179,812	5,494,779
Deduct: NON-CURRENT LIABILITIES			
Borrowings	2,971,647	2,971,647	2,971,647
Other non-current liabilities	184,684	184,684	184,684
	3,156,331	3,156,331	3,156,331
	8,254,504	12,838,089	8,153,056

APPENDIX 2 – PRO FORMA BALANCE SHEET OF THE F&N GROUP

F&N GROUP BALANCE SHEET As at 31 March 2013

	As Reported \$'000	After the Capital Reduction \$'000
SHARE CAPITAL AND RESERVES		
Share capital	1,564,985	1,441,471
Treasury shares	(23)	(23)
Reserves	11,114,078	6,509,570
	<u>12,679,040</u>	<u>7,951,018</u>
NON-CONTROLLING INTERESTS		
	366,587	366,587
	<u>13,045,627</u>	<u>8,317,605</u>
Represented by:		
NON-CURRENT ASSETS		
Investment properties	2,890,639	2,890,639
Associated companies	1,378,389	1,378,389
Other non-current assets	1,678,888	1,678,888
	<u>5,947,916</u>	<u>5,947,916</u>
CURRENT ASSETS		
Properties held for sale	4,771,386	4,771,386
Bank fixed deposits and cash and bank balances	7,217,448	2,489,426
Other current assets	850,502	850,502
	<u>12,839,336</u>	<u>8,111,314</u>
Deduct: CURRENT LIABILITIES		
Borrowings	815,788	815,788
Other current liabilities	1,632,893	1,632,893
	<u>2,448,681</u>	<u>2,448,681</u>
NET CURRENT ASSETS	10,390,655	5,662,633
Deduct: NON-CURRENT LIABILITIES		
Borrowings	3,108,455	3,108,455
Other non-current liabilities	184,489	184,489
	<u>3,292,944</u>	<u>3,292,944</u>
	<u>13,045,627</u>	<u>8,317,605</u>

APPENDIX 3 – ADDITIONAL INFORMATION

ADDITIONAL INFORMATION

1. DISCLOSURE OF INTERESTS

1.1 Directors' Interests. The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings of the Company as at the Latest Practicable Date are set out below:

Directors	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr Charoen Sirivadhanabhakdi	–	–	1,301,433,884	90.28
Khunying Wanna Sirivadhanabhakdi	–	–	1,301,433,884	90.28
Mr Charles Mak Ming Ying	–	–	–	–
Mr Chan Heng Wing	–	–	–	–
Mr Philip Eng Heng Nee	–	–	–	–
Mrs Siripen Sitasuwan	–	–	–	–
Mr Weerawong Chittmittrapap	–	–	–	–
Mr Koh Poh Tiong	–	–	232,220 ⁽²⁾	0.016
Mr Chotiphat Bijananda	–	–	–	–
Mr Thapana Sirivadhanabhakdi	–	–	–	–
Mr Panote Sirivadhanabhakdi	–	–	–	–
Mr Sithichai Chaikriangkrai	–	–	–	–
Mr Prapakon Thongtheppairot	–	–	–	–

Notes:

⁽¹⁾ The figures are based on the issued share capital of 1,441,519,436 Shares as at the Latest Practicable Date, excluding 4,100 Shares held as treasury shares.

⁽²⁾ The deemed interest in 232,220 Shares includes a deemed interest in up to 127,120 Shares arising from Share Awards. The actual number of Shares to be delivered pursuant to such Share Awards will range from 0% to 200% of the base award of 63,560 Shares, depending on the level of achievement of performance targets set over a three-year performance period. These Share Awards were granted to Mr Koh when he was an executive of the Company and prior to his appointment as a Director.

1.2 Substantial Shareholders' Interests. The interests of the substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders of the Company as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr Charoen Sirivadhanabhakdi	–	–	1,301,433,884	90.28
Khunying Wanna Sirivadhanabhakdi	–	–	1,301,433,884	90.28
InterBev Investment Limited	412,423,822	28.61	–	–
International Beverage Holdings Limited	–	–	412,423,822	28.61
Thai Beverage Public Company Limited	–	–	412,423,822	28.61
TCC Assets Limited	889,010,062	61.67	–	–
Siriwana Company Limited	–	–	412,423,822	28.61
MM Group Limited	–	–	412,423,822	28.61
Maxtop Management Corp.	–	–	412,423,822	28.61
Risen Mark Enterprise Ltd.	–	–	412,423,822	28.61
Golden Capital (Singapore) Limited	–	–	412,423,822	28.61

Note:

⁽¹⁾ The figures are based on the issued share capital of 1,441,519,436 Shares as at the Latest Practicable Date, excluding 4,100 Shares held as treasury shares.

APPENDIX 3 – ADDITIONAL INFORMATION

2. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 during normal business hours from the date of this Circular up to the date of the EGM:

- (i) the annual report of the Company for FY2012;
- (ii) the unaudited consolidated financial statements of the F&N Group for HY2013; and
- (ii) the Memorandum and Articles of Association of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

FRASER AND NEAVE, LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Fraser and Neave, Limited (the “**Company**”) will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on 28 June 2013 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution which will be proposed as a Special Resolution:

Special Resolution

Approval of the Proposed Capital Reduction

RESOLVED THAT pursuant to Article 54 of the Articles of Association of the Company and contingent upon the approval of the High Court of the Republic of Singapore, the Company shall return to the shareholders of the Company (“**Shareholders**”, being registered holders of the Shares (as defined below), other than the Company, except that where the registered holder is the Central Depository (Pte) Limited, the term “**Shareholders**” shall mean Depositors (other than the Company), as defined under the Companies Act, Chapter 50 of Singapore) the sum of S\$3.28 in cash for each issued ordinary share in the capital of the Company (each, a “**Share**”) held by a Shareholder or on his/her behalf as at a books closure date to be determined by the Directors (the “**Books Closure Date**”), and that this be effected in the following manner:

(1) Reduction of Issued Share Capital

- (a) a sum of S\$4,604,379,476 (the “**Capitalised Amount**”) forming part of the revenue reserves of the Company as at 31 March 2013 be capitalised and applied in paying up in full for the allotment and issuance of up to such number of new ordinary shares in the issued share capital of the Company (the “**Capitalisation**”) as may be equivalent to the number of Shares in issue on the Books Closure Date (each, an “**Additional Share**”), and the Additional Shares be allotted and issued credited as fully paid up to the Shareholders in the proportion of one Additional Share for each Share held by them or on their behalf as at the Books Closure Date; and
- (b) the issued share capital of the Company (as enlarged following the Capitalisation) shall be reduced by the sum of S\$4,728,183,751, and such reduction be effected by (i) cancelling the Additional Shares forthwith upon the allotment and issue of the Additional Shares and (ii) returning the Capitalised Amount and the balance amount of S\$123,804,275 from the issued share capital of the Company prior to the Capitalisation to the Shareholders on the basis of S\$3.28 for each Additional Share so cancelled pursuant to paragraph (b)(i) above.

(2) Authority to Directors

the Directors and each of them be and are hereby authorised to do all acts and things and to execute all such documents as they or he may consider necessary or expedient to give effect to the proposed capital reduction as set out in the preceding paragraph (1).

BY ORDER OF THE BOARD

Anthony Cheong Fook Seng
Company Secretary
6 June 2013

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, not less than 48 hours before the time appointed for the EGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

FRASER AND NEAVE, LIMITED

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

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. For investors who have used their CPF moneys to buy shares in Fraser and Neave, Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the EGM as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary, Fraser and Neave, Limited. (Agent Banks: Please see Note 8 on the required format).

*I / We _____ (Name) _____ (NRIC/Passport Number)

of _____ (Address)

being a member/members of Fraser and Neave, Limited (the "Company"), hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (Note 2)	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (Note 2)	
			No. of Shares	%

or failing him/them, the Chairman of the Extraordinary General Meeting ("EGM"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the EGM to be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on 28 June 2013 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Special Resolution to be proposed at the EGM as indicated hereunder. If no specified direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the EGM.

NOTE: The Chairman of the EGM will be exercising his right under Article 70(a) of the Articles of Association of the Company to demand a poll in respect of the Special Resolution to be put to the vote at the EGM and at any adjournment thereof. Accordingly, the Special Resolution at the EGM will be voted on by way of poll.

	For	Against
Special Resolution To approve the proposed Capital Reduction		

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

Dated this _____ day of _____ 2013

**Total Number of Shares held
(Note 4):**

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

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES:

1. A member of the Company entitled to attend the EGM and vote is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited with the Company Secretary at the registered office of the Company not less than 48 hours before the time appointed for holding the EGM.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the EGM.
4. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the number of shares entered against his name in the Depository Register and registered in his name in the Register of Members of the Company. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
8. Agent Banks acting on the request of CPF investors who wish to attend the EGM as Observers are required to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the EGM.