



ANNOUNCEMENT

Date: July 18, 2012
To: Singapore Exchange Securities Trading Limited
Subject: THE PROPOSED INVESTMENT IN SHARES OF FRASER AND NEAVE, LIMITED

1. INTRODUCTION

The Board of Directors (the "**Directors**") of Thai Beverage Public Company Limited (the "**Company**" or the "**Purchaser**") would like to announce that it has on July 18, 2012 entered into three (3) sale and purchase agreements (the "**Sale and Purchase Agreements**" and each a "**Sale and Purchase Agreement**") with each of Oversea-Chinese Banking Corporation Limited, Great Eastern Holdings Limited and Lee Rubber Company (Pte) Limited, respectively (the "**Vendors**" and each a "**Vendor**"). Pursuant to the Sale and Purchase Agreements, the respective Vendors have agreed to sell or to procure the sale of, and the Purchaser has agreed to acquire (for the account of the Purchaser or International Beverage Holdings Limited or such other wholly-owned subsidiary of the Purchaser which the Purchaser may nominate), an aggregate of 313,036,775 ordinary shares (the "**Sale Shares**") in the share capital of Fraser and Neave, Limited ("**F&N**", and shares in the capital of F&N hereinafter called "**F Shares**") (representing approximately 22% of the issued share capital of F&N) (the "**Proposed Investment**").

2. INFORMATION ON F&N

F&N is listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The following information is extracted from its Annual Report 2011: F&N has three (3) core businesses, namely, (i) food and beverage; (ii) properties; and (iii) publishing and printing, and operates in over 30 countries with leadership positions in its key markets. F&N's food and beverage business is operated primarily through Fraser & Neave Holdings Bhd, while its beer business is executed mainly through Asia Pacific Breweries Limited ("**APB**", and shares in the capital of APB hereinafter called "**A Shares**"), which is listed on the SGX-ST. F&N operates 31 breweries in 15 countries in the Asia Pacific. F&N's properties business has interests in two SGX-ST-listed Real Estate Investment Trusts, Frasers Centrepont Trust and Frasers Commercial Trust. F&N's publishing and printing business is conducted through Times Publishing.

3. CONSIDERATION

- 3.1 The consideration for the purchase of the Sale Shares is the sum of S\$8.88 for each Sale Share ("**Price Per Share**"), and the aggregate consideration for all of the Sale Shares (the "**Aggregate Consideration**") is S\$2,779,766,562. The Aggregate Consideration and related transaction expenses will be financed through a mixture of external borrowings and internal funds and will be payable in full on completion of the sale and purchase of the Sale Shares in accordance with the respective Sale and Purchase Agreements ("**Completion**").

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- 3.2 The Aggregate Consideration was arrived through arm's length, commercial negotiations between the Company and the Vendors on a willing-buyer, willing-seller basis, taking into account *inter alia*, the earnings, financial position, share price performance, management experience, track record as well as the prospects of F&N in the high-growth food and beverage sector throughout Asia.
- 3.3 Based on the unaudited consolidated financial statements of F&N for the second quarter ended March 31, 2012, announced by F&N on the SGXNet on May 11, 2012, the book value of the Sale Shares (excluding non-controlling interests) was approximately S\$1,537 million and the net tangible asset value of the Sale Shares was approximately S\$1,583 million. Based on the weighted average price of S\$8.1396 per F Share on the SGX-ST on July 17, 2012 (being the last market day on which the F Shares were traded on the SGX-ST prior to the date of announcement of the Proposed Investment), the latest available open market value of the Sale Shares is approximately S\$2,548 million.

4. SOME SALIENT TERMS OF THE SALE AND PURCHASE AGREEMENTS AND DEEDS OF UNDERTAKING

- 4.1 In addition to the other terms set out in this Announcement, some salient terms of the Sale and Purchase Agreements, which are substantially identical in form, include the following:
- (a) without affecting the rights of the Purchaser under the Sale and Purchase Agreements to effect Completion as far as practicable (having regard to the defaults which have occurred) in the event of a breach by the Vendor of its obligations on Completion, no Party shall be obliged to complete the sale and purchase of the Sale Shares unless the sale and purchase of all the Sale Shares are completed simultaneously with the sale and purchase of an aggregate of 22,207,130 A Shares under the three sale and purchase agreements entered into by each of the Vendors with Kindest Place Groups Limited on July 18, 2012 (collectively, "**A SPAs**");
- (b) on signing of the Sale and Purchase Agreements, the Purchaser will deliver a banker's guarantee ("**Banker's Guarantee**") to each of the Vendors. The three Banker's Guarantees will be for an aggregate amount of S\$100 million. On Completion, each Vendor will deliver the relevant Banker's Guarantee to the Purchaser for cancellation. A Vendor shall be entitled to make a demand on the relevant Banker's Guarantee in the event that Completion does not take place on the date of Completion, being the earlier of (1) the date falling seven (7) Business Days (as defined in the Sale and Purchase Agreement) after the date on which the condition set out in paragraph 4.1(c)(i) has been fulfilled and (2) October 16, 2012, or such other date as the Vendors and the Purchaser may mutually agree in writing (the "**Completion Date**") for any reason whatsoever, other than (a) Completion not having taken place due to the Vendor's default, (b) the condition referred to in paragraph 4.1(c)(ii), or the condition referred to in paragraph 4.1(c)(iii) not being satisfied and not waived by the Purchaser in writing; and
- (c) Completion is subject to the following conditions having been fulfilled (or, in the case of the condition set out in paragraph 4.1(c)(iii) below only, waived by the relevant party):
- (i) the Shareholders in general meeting passing resolution(s) approving the acquisition of the Sale Shares from the Vendors in accordance with the terms of the Sale and Purchase Agreements;
- (ii) as at the Completion Date, the F Shares and/or A Shares not having been delisted from the Official List of the SGX-ST; and

- (iii) all Relevant Warranties (as defined in the Sale and Purchase Agreement) being fulfilled and being true and accurate at Completion in all respects as if they had been given afresh at Completion.

4.2 In connection with the Sale and Purchase Agreements, Charoen Sirivadhanabhakdi, being a controlling Shareholder, has executed three deeds of undertaking (the "**Deeds**"), under which, *inter alia*:

- (a) he represents and warrants to the Vendors that he (together with his spouse, and corporations under his control and/or the control of his spouse (the "**Relevant Companies**")) is the legal and beneficial owner of and controls 16,544,687,762 ordinary shares in the capital of the Company ("**Shares**") representing approximately 65.89% of all the issued Shares (based on an issued share capital of 25,110,025,000 Shares excluding treasury shares);
- (b) he unconditionally and irrevocably undertakes to each of the Vendors that he shall vote and procure that his spouse, the Relevant Companies and the holders of the said Shares (as the case may be) shall vote, all their respective Shares, in favour of all the resolutions which will be tabled at the general meeting of the Company to be convened to approve the Proposed Investment; and
- (c) during the period specified in the Deeds, he shall not, and shall procure that his spouse and the Relevant Companies shall not, directly or indirectly, sell, transfer, divest, give or otherwise dispose of all or any of the said Shares that they hold or any interest in or control over the Relevant Companies, other than with the prior written consent of the Vendors.

5. **RATIONALE FOR THE PROPOSED INVESTMENT**

The Directors believe that the Proposed Investment will be beneficial to the Company and its subsidiaries (collectively, the "**Group**") and the Shareholders for the following reasons:

(a) *High-quality Assets with Attractive Brands*

F&N is a high-quality business with a history of more than 80 years in Southeast Asia, and comprehensive portfolios of renowned brands across multiple product classes. F&N's non-alcoholic brands include internationally recognised brands such as 100PLUS, F&N, F&N Seasons and Ice Mountain.

In addition, F&N's strategic investment in APB is complementary to the Company. APB has an extensive product portfolio of over 40 beer brands including Tiger, Heineken, Anchor, ABC Extra Stout, Baron's Strong Brew and Bintang.

Ongoing product innovations and quality improvements at both companies continue to drive organic growth, secure market leadership positions, increase brand equity and enhance the core competencies of F&N and APB.

(b) *Consistent with the Company's Strategy*

The Proposed Investment is a logical step to fulfilling the Company's vision to be a leading global beverage producer and distributor with commercial excellence, product premiumisation, and professionalism. An investment in F&N is highly complementary to the Company's existing capabilities and institutional knowledge in non-alcoholic

and alcoholic beverage production and distribution, and will significantly increase the Company's profile in the food and beverage sector.

(c) Diversifies and Enhances Exposure to High-growth Southeast Asian Markets

F&N is the largest beverage company in Malaysia and Singapore, with a presence in over 30 countries. F&N also holds a strategic investment in APB, which is one of the leading beer companies in Asia Pacific, collectively operating 31 breweries in 15 countries. The Proposed Investment immediately diversifies the Company geographically and is highly complementary to the Company's existing single market focus. The Proposed Investment will enable exposure to high-growth Southeast Asian markets with attractive demographics and consumer spending trends.

(d) Potential for Collaboration

The Company is interested in developing a constructive long-term relationship with the F&N management and its various stakeholders. The Company believes that both F&N and the Company can benefit from their mutual experiences and capabilities in the food and beverage sector, and looks forward to exploring potential areas of future collaboration.

6. FINANCIAL EFFECTS OF THE PROPOSED INVESTMENT

6.1 For illustrative purposes only, the financial effects of the Proposed Investment on the Company as set out below are prepared based on the audited consolidated financial statements of the Group for the financial year ended December 31, 2011 ("**FY2011**") and subject to the following key assumptions:

- (a) the effect of the Proposed Investment on the Group's consolidated earnings per Share ("**EPS**") is based on the assumption that the Proposed Investment had been effected at the beginning of FY2011; and
- (b) the effect of the Proposed Investment on the Group's consolidated net tangible assets ("**NTA**") per Share is based on the assumption that the Proposed Investment had been effected at the end of FY2011.

6.2 The financial effects as set out below are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the Group.

(a) EPS

Based on the assumptions in paragraph 6.1 above, the Group's consolidated EPS would increase from S\$0.0190 to S\$0.0236 (based on the exchange rate of S\$1 to Baht 25.2 (the "**Exchange Rate**")).

(b) NTA per Share

Based on the assumptions in paragraph 6.1 above, the Group's consolidated NTA per Share would remain unchanged at S\$0.0883 (based on the Exchange Rate).

7. RELATIVE FIGURES OF THE PROPOSED INVESTMENT UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the latest announced unaudited consolidated financial statements of the Group for the first financial quarter ended March 31, 2012, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "Listing Manual"), based on the three-month period from January 1, 2012 to March 31, 2012, are as follows:

Listing Rule	Relative Figure (%)
(a) <u>Listing Rule 1006(a)</u>	
There are no assets to be disposed of pursuant to the Proposed Investment	<i>Not applicable</i>
(b) <u>Listing Rule 1006(b)</u>	
The net profits attributable to the assets acquired, being the sum of S\$42 million, compared with the Group's net profits of S\$230 million (based on the Exchange Rate)	18%
(c) <u>Listing Rule 1006(c)</u>	
The aggregate value of the consideration given, compared with the Company's market capitalisation of approximately S\$8,623 million (calculated based on the weighted average price of S\$0.3434 per Share and 25,110 million Shares excluding treasury shares and on the Exchange Rate) as at July 17, 2012, being the market day immediately preceding the date of the Sale and Purchase Agreements	32%
(d) <u>Listing Rule 1006(d)</u>	
There are no Shares to be issued by the Company pursuant to the Proposed Investment	<i>Not applicable</i>

In view of the foregoing, the Proposed Investment constitutes a major transaction under Chapter 10 of the Listing Manual. The Company will therefore seek approval from Shareholders for the Proposed Investment at the EGM.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or (as far as the Directors are aware) controlling Shareholders has any interest, direct or indirect, in the Proposed Investment.

9. SALE AND PURCHASE AGREEMENTS RELATING TO A SHARES

Concurrent with the entry into the Sale and Purchase Agreements, the Vendors have also entered into the A SPAs with Kindest Place Groups Limited.

The Vendors had conveyed to the Company the Vendors' requirement to dispose of their shareholdings in APB and in F&N on a collective basis. Accordingly, after taking into account such requirement of the Vendors and given the financial constraints that the Company would be subject to if it were to acquire all the Vendors' shares in APB, the Directors concluded that

an acquisition of the shares of APB concurrently with the Company's acquisition of the F&N Shares would not be in the interests of the Company at the present time.

In order to enable the Company to proceed with the acquisition of the F&N Shares and to address the Vendors' requirement to sell their APB shares concurrently, Kindest Place Groups Limited has decided to acquire the Vendors' respective shareholding in APB in its own independent capacity. Kindest Place Groups Limited is a company owned by Chotiphat Bijananda, who is the son-in-law of Charoen Sirivadhanabhakdi, a Director and controlling Shareholder of the Company.

Chotiphat Bijananda and his spouse are neither Directors nor controlling Shareholders of the Company. None of the Directors or (as far as the Directors are aware) the controlling Shareholders of the Company has any interest, direct or indirect, in the proposed investment by Kindest Place Groups Limited in the shares of APB.

10. DOCUMENTS FOR INSPECTION

Copies of the Sale and Purchase Agreements will be available for inspection at the registered office of the Company at Sangsom Building, 14 Vibhavadi Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok 10900, Thailand for the attention of the Company Secretary, during normal business hours for a period of three (3) months from the date of this Announcement.

11. FURTHER DETAILS

A circular to Shareholders, together with notice of the EGM, to seek Shareholders' approval for the Proposed Investment will be despatched to Shareholders in due course.

Please be informed accordingly.

Yours faithfully

For and on behalf of the Board of Directors of
THAI BEVERAGE PUBLIC COMPANY LIMITED



Thapana Sirivadhanabhakdi
President and CEO