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MANDATORY CONDITIONAL CASH OFFER

by



Morgan Stanley

United Overseas Bank Limited

(Company Registration No.
193500026Z)
(Incorporated in the Republic of
Singapore)

DBS Bank Ltd.

(Company Registration No.
196800306E)
(Incorporated in the Republic of
Singapore)

**Morgan Stanley Asia (Singapore)
Pte.**

(Company Registration No.
199206298Z)
(Incorporated in the Republic of
Singapore)

for and on behalf of

TCC ASSETS LIMITED

(BVI Company No.: 1046746)
(Incorporated in the British Virgin Islands)

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

FRASER AND NEAVE LIMITED.

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

OFFER ANNOUNCEMENT

1. INTRODUCTION

United Overseas Bank Limited ("**UOB**"), DBS Bank Ltd. ("**DBS Bank**") and Morgan Stanley Asia (Singapore) Pte. ("**Morgan Stanley**") (collectively, the "**Financial Advisers**") wish to announce, for and on behalf of TCC Assets Limited (the "**Offeror**"), that the Offeror has acquired 19,500,000 issued and paid-up ordinary shares ("**F&N Shares**") in the capital of

Fraser and Neave Limited. (the "**Company**") representing approximately 1.37% of the total issued F&N Shares¹(the "**Acquisition**") at a price range of S\$8.80 to S\$8.88 per F&N Share.

Following the Acquisition, the Offeror, together with the Relevant Persons (as defined in paragraph 8.1 of this 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 (the "**F&N 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 (the "**Offer Shares**").

2. THE F&N OFFER

2.1 In accordance with Rule 14 of the Code, and subject to the terms and conditions set out in the formal offer document to be issued by the Financial Advisers for and on behalf of the Offeror (the "**Offer Document**"), the Offeror will make the F&N Offer for the Offer Shares on the following basis:

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

2.2 The Offer 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, and (c) together with all rights, benefits and entitlements attached thereto as at the date of this Announcement (the "**Offer Announcement Date**") and hereafter 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). **If any dividend, other distribution or return of capital is declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.**

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

- (a) all new F&N Shares unconditionally issued or to be issued pursuant to the valid exercise of any options (each, an "**ESOS Option**") to subscribe for new F&N Shares granted under the F&N Executive Share Option Scheme, on or prior to the close of the F&N Offer; and
- (b) all new F&N Shares unconditionally issued or to be issued pursuant to the valid vesting or release of any awards (each, a "**Share Award**") for new F&N Shares granted under the F&N Restricted Share Plan and the F&N Performance Share Plan, 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 F&N Shares.

¹ In this Announcement, unless otherwise stated, all references to the total number of F&N Shares shall be to 1,426,843,818 F&N Shares (excluding 4,100 F&N Shares held by the Company as treasury shares) as reflected in the Bizfile search extracted from the Accounting and Corporate Regulatory Authority of Singapore on 12 September 2012.

- 2.4 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 F&N 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 F&N Shares carrying more than 50% of the total voting rights attributable to the F&N Shares as at the close of the F&N Offer (the "**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 F&N 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 F&N 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 F&N 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.

3. INFORMATION ON THE OFFEROR AND PERSONS ACTING IN CONCERT WITH IT

- 3.1 The Offeror is a special purpose vehicle incorporated in the British Virgin Islands. 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. Prior to the making of this Announcement, the Offeror owns, controls or has agreed to acquire 19,500,000 F&N Shares, representing approximately 1.37% of the total issued F&N Shares.
- 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 Singapore Exchange Securities Trading Limited ("**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 defined in paragraph 3.3 of this Announcement). Prior to the making of this Announcement, 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 28.90% of total issued F&N Shares.
- 3.3 The Thai Charoen Corporation Group ("**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.

4. INFORMATION ON THE COMPANY

Based on publicly available information, the Company is incorporated in Singapore and listed on the Mainboard of the SGX-ST. The Company and its subsidiaries comprise a leading Pan Asian Consumer Group with core expertise and strong standing in the Food and Beverage, Property and Publishing & 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. Based on information set out in the Company's annual report 2011, the Company is present in over 30 countries spanning Asia Pacific, Europe and the United States of America.

Based on publicly available information, the board of directors of the Company as at the Offer Announcement Date comprises the following:

- (a) Mr. Lee Hsien Yang (Chairman, Non-executive and Non-independent Director);
- (b) Mr. Timothy Chia Chee Ming (Non-executive and Independent Director);
- (c) Ms. Maria Mercedes Corrales (Non-executive and Independent Director);
- (d) Mr. Ho Tian Yee (Non-executive and Independent Director);
- (e) Mr. Hirotake Kobayashi (Non-executive and Non-independent Director);
- (f) Mr. Koh Beng Seng (Non-executive and Independent Director);
- (g) Dr. Seek Ngee Huat (Non-executive and Independent Director);
- (h) Mr. Tan Chong Meng (Non-executive and Independent Director); and
- (i) Mr. Nicky Tan Ng Kuang (Non-executive and Independent Director).

As at 12 September 2012, based on the Bizfile search extracted from the Accounting and Corporate Regulatory Authority of Singapore, the Company's issued and paid-up share capital comprises 1,426,843,818 F&N Shares (excluding 4,100 F&N Shares held by the Company as treasury shares).

5. NO DOWNSTREAM OFFERS FOR CERTAIN ENTITIES

The Securities Industry Council of Singapore ruled on 12 September 2012 that the Offeror is not required to make mandatory offers under Note 7 on Rule 14.1 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. RATIONALE FOR THE F&N OFFER

- 6.1 As set out in paragraph 1 of this Announcement, the Offeror is making the F&N Offer in compliance with Rule 14.1 of the Code.
- 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 current 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 represents an opportunity for shareholders of the Company (the "**Shareholders**") to realise the value of their investment in cash and to make a complete exit from the Company.

7. FINANCIAL EVALUATION OF THE F&N OFFER

The Offer Price represents the following premia over the historical traded prices of the F&N Shares up to and including 12 September 2012, being the last trading day ("**Last Trading Day**") prior to the Offer Announcement Date.

| | Description | Benchmark Price ⁽¹⁾⁽²⁾ (S\$) | Premium over Benchmark Price (%) |
|-----|---|--|-------------------------------------|
| (a) | Last transacted price per F&N Share on the Last Trading Day | 8.51 | 4.3% |
| (b) | Volume weighted average price per F&N Share on the SGX-ST (" VWAP ") for the one (1)-month period prior and up to the Last Trading Day | 8.42 | 5.5% |
| (c) | VWAP for the three (3)-month period prior and up to the Last Trading Day | 8.12 | 9.3% |
| (d) | VWAP for the six (6)-month period prior and up to the Last Trading Day | 7.66 | 15.9% |

| | Description | Benchmark Price⁽¹⁾⁽²⁾ (S\$) | Premium over Benchmark Price (%) |
|-----|---|---|---|
| (e) | VWAP for the 12-month period prior and up to the Last Trading Day | 7.00 | 26.9% |

Notes:

- (1) Based on data extracted from Bloomberg L.P.
(2) Computed based on the F&N Share prices which were rounded to the nearest two (2) decimal places.

The Offer Price also represents the following premia over the historical traded prices of the F&N Shares up to and including 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 ("**Unaffected Date**"):

| | Description | Benchmark Price⁽¹⁾⁽²⁾ (S\$) | Premium over Benchmark Price (%) |
|-----|--|---|---|
| (a) | Last transacted price per F&N Share on 16 July 2012, being the Unaffected Date | 7.90 | 12.4% |
| (b) | VWAP for the one (1)-month period prior and up to the Unaffected Date | 7.25 | 22.4% |
| (c) | VWAP for the three (3)-month period prior and up to the Unaffected Date | 6.88 | 29.0% |
| (d) | VWAP for the six (6)-month period prior and up to the Unaffected Date | 6.75 | 31.5% |
| (e) | VWAP for the 12-month period prior and up to the Unaffected Date | 6.29 | 41.1% |

Notes:

- (1) Based on data extracted from Bloomberg L.P.
(2) Computed based on the F&N Share prices which were rounded to the nearest two (2) decimal places.

8. DISCLOSURE OF SHAREHOLDINGS

- 8.1 Prior to the making of this Announcement, (a) the Offeror and its directors, (b) ThaiBev, (c) IBHL, and (d) the Financial Advisers (each, a "**Relevant Person**") collectively own, control or have agreed to acquire an aggregate of 433,202,370 F&N Shares, representing approximately 30.36% of the total number of issued F&N Shares, the details of which are set out in Appendix 1 of this Announcement.

- 8.2 DBS Bank had issued a series of equity linked notes ("**ELNs**") with embedded options, which require DBS Bank to, *inter alia*, deliver F&N Shares to holders of the ELNs in the event that the respective strike prices of the ELNs are higher than the price per F&N Share quoted on the SGX-ST on certain scheduled valuation dates prior to maturity. The expiry dates of these embedded options range from 18 September 2012 to 9 October 2012 and the strike prices range from S\$7.70 to S\$8.30. As at 12 September 2012, the total number of F&N Shares that can potentially be delivered to holders of the ELNs arising from the embedded options is 1,042,000 F&N Shares.
- 8.3 The F&N Shares acquired by the Offeror pursuant to the Acquisition and all F&N Shares to be acquired by the Offeror pursuant to the F&N Offer or otherwise during the period of the F&N Offer, together with their related rights, will be charged in favour of United Overseas Bank Limited (as security agent) as security for the financing arrangements for the F&N Offer.
- 8.4 Save as disclosed above and in Appendix 1 of this Announcement, prior to the making of this Announcement, none of the Relevant Persons:
- (a) owns, controls or has agreed to acquire any:
 - (i) F&N Shares;
 - (ii) securities which carry voting rights in the Company; or
 - (iii) convertible securities, warrants, options (including ESOS Options), Share Awards and derivatives in respect of F&N Shares or securities which carry voting rights in the Company,(collectively, the "**Relevant Securities**");
 - (b) has received any irrevocable undertaking to accept or reject the F&N Offer;
 - (c) has entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company which might be material to the F&N Offer; and
 - (d) has, in respect of any Relevant Securities:
 - (i) granted any security interest to another person, whether through a charge, pledge or otherwise;
 - (ii) borrowed from another person (excluding borrowed securities which have been on-lent or sold); or
 - (iii) lent to another person.

All references to "**derivative**" shall mean any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities.

- 8.5 In the interests of confidentiality, the Offeror has not made enquiries in respect of certain other parties who are or may be deemed to be acting in concert with it in connection with the F&N Offer. Further enquiries will be made in respect of such parties and the relevant disclosures, if any, will be made in the Offer Document. For the same reason, the Financial Advisers have also not made further enquiries in respect of persons controlling, controlled by or under the same control as the Financial Advisers respectively. The Financial Advisers will

be making the necessary enquiries in respect of the other members of their respective groups subsequent to this Announcement and the relevant disclosures, if any, will be made in the Offer Document.

9. OVERSEAS SHAREHOLDERS

This Announcement does not constitute an offer to purchase or the solicitation of an offer to sell any security, nor is it a solicitation of any vote or approval in any overseas jurisdiction, including the United States of America, nor shall there be any purchase of the securities referred to in this Announcement in any overseas jurisdiction, including the United States of America, in contravention of applicable law. The F&N Offer will be made solely by the Offer Document and the relevant form(s) of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the F&N Offer, including details of how the F&N Offer may be accepted.

The release, publication or distribution of this Announcement in certain overseas jurisdictions may be restricted by law and therefore persons in any such overseas jurisdictions into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Announcement and any formal documentation relating to the F&N Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed, sent or otherwise transmitted in or into or from any overseas jurisdiction where the making of the F&N Offer or the participation in the F&N Offer by shareholders of the Company resident or domiciled in that jurisdiction would violate the law of that jurisdiction, including the United States of America (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) will not be 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.

The ability of Shareholders who are not resident or domiciled in Singapore to accept the F&N Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of, and observe, any applicable requirements.

10. CONFIRMATION OF FINANCIAL RESOURCES

Each of UOB and DBS Bank, as financial advisers and lenders to the Offeror in connection with the F&N Offer, has confirmed that sufficient financial resources are available to the Offeror to satisfy in full all acceptances of the F&N Offer on the basis of the Offer Price.

11. OFFER DOCUMENT

The Offer Document setting out the terms and conditions of the F&N Offer and enclosing the relevant form(s) of acceptance will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the Offer Announcement Date.

Shareholders are advised to exercise caution when dealing in the F&N Shares.

12. RESPONSIBILITY STATEMENT

The directors and shareholders of the Offeror (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors and shareholders of the Offeror 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 this Announcement.

The directors and shareholders of the Offeror jointly and severally accept responsibility accordingly.

Issued by

**United Overseas
Bank Limited**

DBS Bank Ltd.

**Morgan Stanley Asia
(Singapore) Pte.**

For and on behalf of
TCC Assets Limited
13 September 2012

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement 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", "would", "should", "could", "may" and "might". These statements reflect the Offeror'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 and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor the Financial Advisers undertakes any obligation to update publicly or revise any forward-looking statements.

Disclosure of Dealings

The associates (as defined under the Code, and which includes all substantial shareholders) of the Company and the Offeror are hereby reminded to disclose their dealings in any securities of the Company in accordance with Rule 12 of the Code.

APPENDIX 1

DISCLOSURE OF SHAREHOLDINGS

Prior to the making of this Announcement, the Relevant Persons own, control, or have agreed to acquire an aggregate of 433,202,370 F&N Shares, representing approximately 30.36% of the total number of issued F&N Shares as set out below:

| Name | Direct Interest | | Deemed Interest | | Total Interest | |
|---|------------------------|------------------|----------------------------|------------------|-------------------|------------------|
| | No. of F&N Shares | % ⁽¹⁾ | No. of F&N Shares | % ⁽¹⁾ | No. of F&N Shares | % ⁽¹⁾ |
| TCC Assets Limited | 19,500,000 | 1.37 | - | - | 19,500,000 | 1.37 |
| Thai Beverage Public Company Limited | - | - | 412,423,822 ⁽²⁾ | 28.90 | 412,423,822 | 28.90 |
| International Beverage Holdings Limited | 412,423,822 | 28.90 | - | - | 412,423,822 | 28.90 |
| United Overseas Bank Limited | 514,000 | 0.04 | - | - | 514,000 | 0.04 |
| DBS Bank Ltd. | 764,548 ⁽³⁾ | 0.05 | - | - | 764,548 | 0.05 |

Notes:

- (1) The percentage shareholding interest is based on the issued share capital of 1,426,843,818 F&N Shares (excluding 4,100 F&N Shares held by the Company as treasury shares) as reflected in the Bizfile search extracted from the Accounting and Corporate Regulatory Authority of Singapore on 12 September 2012.
- (2) Thai Beverage Public Company Limited is deemed interested in the 412,423,822 F&N Shares held by its wholly-owned subsidiary, International Beverage Holdings Limited.
- (3) Of which 500,000 F&N Shares (approximately 0.04%) are borrowed from external parties (excluding borrowed securities which have been on-lent or sold) (the "**Borrowed Shares**"). DBS is obliged to return the Borrowed Shares to the external parties upon their request. In such an event, DBS Bank's interest in F&N Shares will decrease as a result of this obligation.