LETTER TO SHAREHOLDERS

FRASER AND NEAVE, LIMITED

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

Directors:

Mr Charoen Sirivadhanabhakdi
(Non-executive and non-independent Chairman)
Khunying Wanna Sirivadhanabhakdi
(Non-executive and non-independent Vice-Chairman)
Tengku Syed Badarudin Jamalullail
(Non-executive and lead independent Director)
Mr Timothy Chia Chee Ming (Non-executive and independent Director)
Mr Koh Poh Tiong (Non-executive and non-independent Director)
Mrs Siripen Sitasuwan (Non-executive and independent Director)
Mr Chotiphat Bijananda (Non-executive and non-independent Director)
Mr Thapana Sirivadhanabhakdi
(Non-executive and non-independent Director)
Mr Sithichai Chaikriangkrai (Non-executive and non-independent Director)
Mr Prapakon Thongtheppairot (Non-executive and non-independent
Alternate Director to Mr Sithichai Chaikriangkrai)

Registered Office:

438 Alexandra Road
#20-00 Alexandra Point
Singapore 119958

5 January 2017

To: The Shareholders of Fraser and Neave, Limited (the "**Company**")

Dear Sir/Madam

1. INTRODUCTION

1.1 **Background.** We refer to:

(a) the Notice of the 118th Annual General Meeting ("**AGM**") of the Company dated 5 January 2017 (the "**Notice**"), accompanying the Annual Report for the financial year ended 30 September 2016, convening the 118th AGM of the Company to be held on 24 January 2017 (the "**2017 AGM**");

(b) Ordinary Resolution No. 9 relating to the proposed renewal of the IPT Mandate (as defined in paragraph 2.1 below, as proposed in the Notice); and

(c) Ordinary Resolution No. 10 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 3.1 below, as proposed in the Notice).

1.2 **Letter to Shareholders.** The purpose of this Letter is to provide shareholders of the Company ("**Shareholders**") with information relating to Ordinary Resolution Nos. 9 and 10 proposed in the Notice (collectively, the "**Proposals**").

1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

1.4 **Advice to Shareholders.** Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 **IPT Mandate.** At the 117th AGM of the Company held on 29 January 2016 (the "**2016 AGM**"), Shareholders approved the renewal of a mandate (the "**IPT Mandate**") to enable the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9 of the listing manual of the SGX-ST (the "**Listing Manual**"), or any of them, to enter into certain interested person transactions with specified classes of interested persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions.

2.2 **Proposed Renewal of IPT Mandate.** The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the 2017 AGM which is scheduled to be held on 24 January 2017. Accordingly, the Directors of the Company (the "**Directors**") propose that the IPT Mandate be renewed at the 2017 AGM, to take effect until the 119th AGM of the Company.

2.3 **Particulars of IPT Mandate.** The nature of the interested person transactions and the classes of interested persons in respect of which the IPT Mandate is sought to be renewed remains unchanged. As at 12 December 2016, being the latest practicable date prior to the printing of this Letter (the "**Latest Practicable Date**"), Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are each Directors and controlling shareholders of the Company, and their respective associates include Thai Beverage Public Company Limited, TCC Assets Limited and Frasers Centrepoint Limited. Mr Charoen Sirivadhanabhakdi, Khunying Wanna Sirivadhanabhakdi and their respective associates are regarded as "interested persons" of the Company for the purposes of Chapter 9 of the Listing Manual. Particulars of the IPT Mandate, including the rationale for the IPT Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of interested persons (including the persons who shall abstain from participating in the Audit Committee's review and approval process of the interested person transactions[1]), and other general information relating to Chapter 9 of the Listing Manual, are set out in the Appendix to this Letter.

2.4 **Audit Committee Confirmation.** The Audit Committee, comprising Mrs Siripen Sitasuwan, Mr Timothy Chia Chee Ming and Mr Sithichai Chaikriangkrai as at the Latest Practicable Date, confirms (with Mr Sithichai Chaikriangkrai abstaining) that:

(a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 2016 AGM; and

[1] In particular, if a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of an Interested Person (as described in paragraph 4 of the Appendix to this Letter), he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

2.5 **Rationale.** The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group (as described in paragraph 2 of the Appendix to this Letter) to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings, on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining corporate objectives.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 **Share Purchase Mandate.** At the 2016 AGM, Shareholders approved the renewal of a mandate (the "**Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**"). The rationale for, the authority and limitations on, and the financial effects of, the Share Purchase Mandate were set out in the Letter to Shareholders dated 5 January 2016 and Ordinary Resolution No. 10 set out in the Notice of the 2016 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution No. 10 at the 2016 AGM and will expire on the date of the forthcoming 2017 AGM which is scheduled to be held on 24 January 2017. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2017 AGM.

As at the Latest Practicable Date, 1,304,051 Shares were held as treasury shares.

3.2 **Rationale.** The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) In managing the business of the Company and its subsidiaries (the "**Group**"), management will strive to increase Shareholders' value by improving, *inter alia*, the return on equity ("**ROE**") of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced.

(b) In line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders.

To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner.

(c) The Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

(d) Shares which are purchased by the Company pursuant to the Share Purchase Mandate and held in treasury may be transferred for the purposes of employee share schemes implemented by the Company, to enable the Company to claim relevant tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the financial condition of the Group as a whole and/or affect the listing status of the Company on the SGX-ST.

3.3 **Authority and Limits.** The authority and limitations placed on the Share Purchase Mandate, if approved at the 2017 AGM, are the same as previously approved by Shareholders at the 2016 AGM. These are summarised below:

3.3.1 ***Maximum Number of Shares***

The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares representing not more than 7% of the issued Shares as at the date of the 2017 AGM at which the renewal of the Share Purchase Mandate is approved. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 7% limit.

Purely for illustrative purposes, on the basis of 1,447,077,754 Shares in issue as at the Latest Practicable Date and disregarding 1,304,051 Shares held in treasury as at the Latest Practicable Date, and assuming that:

(a) no further Shares are issued;

(b) no further Shares are purchased or acquired by the Company; and

(c) no further Shares are held by the Company as treasury shares,

on or prior to the 2017 AGM, the purchase or acquisition by the Company of up to the maximum limit of 7% of its issued Shares will result in the purchase or acquisition of 101,204,159 Shares.

However, as stated in paragraph 3.2 above and paragraph 3.8 below, purchases or acquisitions pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would result in the Company being delisted from the SGX-ST. Thus, notwithstanding that the Share Purchase Mandate may enable purchases or acquisitions of up to 7% of the issued Shares (excluding treasury shares) to be carried out, it should be noted that in order to maintain the listing status of the Shares on the SGX-ST, the Company must ensure (pursuant to Rule 723 of the Listing Manual) that there is at all times a public float of not less than 10% of the issued Shares (excluding treasury shares). Accordingly, assuming solely for illustrative purposes that 173,492,844 Shares (or approximately 12% of the issued Shares (excluding treasury shares)) are held in

public hands as at the Latest Practicable Date, in order to preserve the listing status of the Shares on the SGX-ST by maintaining a public float of not less than 10% in the issued Shares (excluding treasury shares), the Company would not purchase or acquire more than 28,915,474 Shares (or 2% of the issued Shares (excluding treasury shares) as at that date) pursuant to the Share Purchase Mandate as at the Latest Practicable Date. The public float in the issued Shares as at the Latest Practicable Date is disclosed in paragraph 3.8 below.

Notwithstanding the above, the Company anticipates that the public float percentage of the issued Shares will change from time to time consequent upon the dynamic changing profile of public shareholders of the Company. For this reason, the Company is therefore seeking Shareholders' approval to enable the Company to purchase or acquire Shares up to a maximum of 7% of the issued Shares (excluding treasury shares) for flexibility to prospectively cater to any future increase in the number of issued Shares held in public hands of up to 17%. If this occurs, the Company will be able to purchase or acquire in excess of 2% of its issued Shares (excluding treasury shares) up to a maximum of 7%.

3.3.2 ***Duration of Authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2017 AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held;

(b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or

(c) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

3.3.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**"), transacted through the SGX-ST's trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchases**"), otherwise than on a securities exchange, in accordance with an equal access scheme.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, Chapter 50 (the "**Companies Act**") as they consider fit in the interests of the Company in

connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

(I) the terms and conditions of the offer;

(II) the period and procedures for acceptances; and

(III) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

3.3.4 ***Purchase Price***

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors pursuant to the Share Purchase Mandate (both Market Purchases and Off-Market Purchases) must not exceed 105% of the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 **Status of Purchased Shares.** A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company, which are cancelled and are not held as treasury shares.

3.5 **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

3.5.1 ***Maximum Holdings***

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

3.5.2 ***Voting and Other Rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.5.3 ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Singapore Code on Take-overs and Mergers (the "**Take-over Code**")):

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement

must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.6 **Source of Funds.** The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits.

The Company will use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will, principally, consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing.

3.7 **Financial Effects.** The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 30 September 2016, are based on the assumptions set out below.

3.7.1 ***Purchase or Acquisition out of Capital and/or Profits***

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

3.7.2 ***Number of Shares Purchased or Acquired/Maximum Price***

As at the Latest Practicable Date, the Company has 1,447,077,754 Shares in issue (before disregarding 1,304,051 Shares held in treasury), and has granted awards under the F&N Restricted Share Plan and the F&N Performance Share Plan.

(I) ***Scenario I: Purchase or acquisition of 2% of the issued Shares by the Company***

Purely for illustrative purposes, on the basis of 1,447,077,754 Shares in issue and a public float of approximately 12% as at the Latest Practicable Date, and disregarding 1,304,051 Shares held in treasury as at the Latest Practicable Date, and assuming that:

(a) no further Shares are issued;

(b) no further Shares are purchased or acquired by the Company; and

(c) no further Shares are held by the Company as treasury shares,

on or prior to the 2017 AGM, the exercise of the Share Purchase Mandate, on the Latest Practicable Date, up to an extent that would not affect adversely the listing status of the Shares on the SGX-ST, may result in the purchase or acquisition by the Company of 28,915,474 Shares representing 2% of such issued Shares (excluding treasury shares) (instead of a purchase or acquisition of 101,204,159 Shares representing 7% of such issued Shares (excluding treasury shares)).

Assuming that the Company purchases or acquires the 28,915,474 Shares at the Maximum Price of S$2.20 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 28,915,474 Shares is approximately S$63,614,043.

(II) ***Scenario II: Purchase or acquisition of 7% of the issued Shares by the Company***

The illustrative financial effects below are prepared assuming a prospective hypothetical scenario after the Latest Practicable Date whereby future circumstances permit up to 7% of the issued Shares (excluding treasury shares) to be purchased or acquired by the Company without resulting in the listing status of the Shares on the SGX-ST being adversely affected.

Purely for illustrative purposes, on the basis of 1,447,077,754 Shares in issue and a public float of approximately 17% as at the Latest Practicable Date, and disregarding 1,304,051 Shares held in treasury as at the Latest Practicable Date, and assuming that:

(a) no further Shares are issued;

(b) no further Shares are purchased or acquired by the Company; and

(c) no further Shares are held by the Company as treasury shares,

on or prior to the 2017 AGM, the exercise of the Share Purchase Mandate, on the Latest Practicable Date, up to an extent that would not affect adversely the listing status of the Shares on the SGX-ST, may result in the purchase or acquisition by the Company of 101,204,159 Shares representing 7% of such issued Shares (excluding treasury shares).

Assuming that the Company purchases or acquires the 101,204,159 Shares at the Maximum Price of S$2.20 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 101,204,159 Shares is approximately S$222,649,150.

For the avoidance of doubt, the Company would not purchase or acquire more than 28,915,474 Shares (or 2% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date), unless the Company can ensure that there is at all times a public float of not less than 10% of the issued Shares (excluding treasury shares), pursuant to Rule 723 of the Listing Manual.

3.7.3 ***Illustrative Financial Effects***

The financial effects on the Group and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, and the consideration paid at the relevant time and whether the Shares purchased or acquired are cancelled or held as treasury shares.

For illustrative purposes only and on the basis of the assumptions set out in paragraph 3.7.2 above, the financial effects of:

(a) the acquisition of 28,915,474 Shares representing 2% of the issued Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and held as treasury shares;

(b) the acquisition of 28,915,474 Shares representing 2% of the issued Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of profits and cancelled;

(c) the acquisition of 28,915,474 Shares representing 2% of the issued Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and cancelled;

(d) the acquisition of 101,204,159 Shares representing 7% of the issued Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and held as treasury shares;

(e) the acquisition of 101,204,159 Shares representing 7% of the issued Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of profits and cancelled; and

(f) the acquisition of 101,204,159 Shares representing 7% of the issued Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for the financial year ended 30 September 2016 are set out below:

Scenario I

(a) *Acquisition of 28,915,474 Shares representing 2% of the issued Shares (excluding treasury shares) made entirely out of capital and held as treasury shares*[(1)]

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 September 2016				
Share Capital	849,301	849,301	849,301	849,301
Reserves	1,996,438	1,996,438	876,012	876,012
	2,845,739	2,845,739	1,725,313	1,725,313
Treasury Shares	(2,655)	(66,269)	(2,655)	(66,269)
Total Shareholders' Equity	2,843,084	2,779,470	1,722,658	1,659,044
Net Assets	2,843,084	2,779,470	1,722,658	1,659,044
Current Assets	1,626,534	1,626,534	516,729	516,729
Current Liabilities	(451,149)	(451,149)	(17,886)	(17,886)
Total Borrowings	(137,048)	(200,662)	-	(63,614)
Cash and Cash Equivalents	1,045,529	1,045,529	501,744	501,744
Net Cash	908,481	844,867	501,744	438,130
Number of Shares ('000) (excluding treasury shares)	1,445,774	1,416,859	1,445,774	1,416,859
Financial Ratios				
Net Asset Value per Share (S$)	1.97	1.96	1.19	1.17
Gross Debt Gearing (%)[(2)]	4.8	7.2	-	3.8
Net Debt Gearing (%)[(2)]	NA	NA	NA	NA
Current Ratio (times)	3.61	3.61	28.89	28.89
Basic EPS (cents) (before fair value adjustment and exceptional items)	7.5	7.6	5.8	5.8
(after fair value adjustment and exceptional items)	7.5	7.5	5.8	5.8

Notes:

(1) 28,915,474 Shares to be held as treasury shares and is computed based on 1,445,773,703 Shares in issue as at the Latest Practicable Date (this is based on 1,447,077,754 Shares in issue as at the Latest Practicable Date and disregarding 1,304,051 Shares held in treasury as at the Latest Practicable Date).

(2) Gross and Net Debt measured against Total Shareholders' Equity.

(b) *Acquisition of 28,915,474 Shares representing 2% of the issued Shares (excluding treasury shares) made entirely out of profits and cancelled*[(1)]

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 September 2016				
Share Capital	849,301	849,301	849,301	849,301
Reserves	1,996,438	1,932,824	876,012	812,398
	2,845,739	2,782,125	1,725,313	1,661,699
Treasury Shares	(2,655)	(2,655)	(2,655)	(2,655)
Total Shareholders' Equity	2,843,084	2,779,470	1,722,658	1,659,044
Net Assets	2,843,084	2,779,470	1,722,658	1,659,044
Current Assets	1,626,534	1,626,534	516,729	516,729
Current Liabilities	(451,149)	(451,149)	(17,886)	(17,886)
Total Borrowings	(137,048)	(200,662)	-	(63,614)
Cash and Cash Equivalents	1,045,529	1,045,529	501,744	501,744
Net Cash	908,481	844,867	501,744	438,130
Number of Shares ('000) (excluding treasury shares)	1,445,774	1,416,859	1,445,774	1,416,859
Financial Ratios				
Net Asset Value per Share (S$)	1.97	1.96	1.19	1.17
Gross Debt Gearing (%)[(2)]	4.8	7.2	-	3.8
Net Debt Gearing (%)[(2)]	NA	NA	NA	NA
Current Ratio (times)	3.61	3.61	28.89	28.89
Basic EPS (cents) (before fair value adjustment and exceptional items)	7.5	7.6	5.8	5.8
(after fair value adjustment and exceptional items)	7.5	7.5	5.8	5.8

Notes:

(1) 28,915,474 Shares to be cancelled and is computed based on 1,445,773,703 Shares in issue as at the Latest Practicable Date (this is based on 1,447,077,754 Shares in issue as at the Latest Practicable Date and disregarding 1,304,051 Shares held in treasury as at the Latest Practicable Date).

(2) Gross and Net Debt measured against Total Shareholders' Equity.

(c) *Acquisition of 28,915,474 Shares representing 2% of the issued Shares (excluding treasury shares) made entirely out of capital and cancelled*[1]

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 September 2016				
Share Capital	849,301	785,687	849,301	785,687
Reserves	1,996,438	1,996,438	876,012	876,012
	2,845,739	2,781,125	1,725,313	1,661,699
Treasury Shares	(2,655)	(2,655)	(2,655)	(2,655)
Total Shareholders' Equity	2,843,084	2,779,470	1,722,658	1,659,044
Net Assets	2,843,084	2,779,470	1,722,658	1,659,044
Current Assets	1,626,534	1,626,534	516,729	516,729
Current Liabilities	(451,149)	(451,149)	(17,886)	(17,886)
Total Borrowings	(137,048)	(200,662)	-	(63,614)
Cash and Cash Equivalents	1,045,529	1,045,529	501,744	501,744
Net Cash	908,481	844,867	501,744	438,130
Number of Shares ('000) (excluding treasury shares)	1,445,774	1,416,859	1,445,774	1,416,859
Financial Ratios				
Net Asset Value per Share (S$)	1.97	1.96	1.19	1.17
Gross Debt Gearing (%)[2]	4.8	7.2	-	3.8
Net Debt Gearing (%)[2]	NA	NA	NA	NA
Current Ratio (times)	3.61	3.61	28.89	28.89
Basic EPS (cents) (before fair value adjustment and exceptional items)	7.5	7.6	5.8	5.8
(after fair value adjustment and exceptional items)	7.5	7.5	5.8	5.8

Notes:

(1) 28,915,474 Shares to be cancelled and is computed based on 1,445,773,703 Shares in issue as at the Latest Practicable Date (this is based on 1,447,077,754 Shares in issue as at the Latest Practicable Date and disregarding 1,304,051 Shares held in treasury as at the Latest Practicable Date).

(2) Gross and Net Debt measured against Total Shareholders' Equity.

Scenario II

(d) *Acquisition of 101,204,159 Shares representing 7% of the issued Shares (excluding treasury shares) made entirely out of capital and held as treasury shares*[1]

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 September 2016				
Share Capital	849,301	849,301	849,301	849,301
Reserves	1,996,438	1,996,438	876,012	876,012
	2,845,739	2,845,739	1,725,313	1,725,313
Treasury Shares	(2,655)	(225,304)	(2,655)	(225,304)
Total Shareholders' Equity	2,843,084	2,620,435	1,722,658	1,500,009
Net Assets	2,843,084	2,620,435	1,722,658	1,500,009
Current Assets	1,626,534	1,626,534	516,729	516,729
Current Liabilities	(451,149)	(451,149)	(17,886)	(17,886)
Total Borrowings	(137,048)	(359,697)	-	(222,649)
Cash and Cash Equivalents	1,045,529	1,045,529	501,744	501,744
Net Cash	908,481	685,832	501,744	279,095
Number of Shares ('000) (excluding treasury shares)	1,445,774	1,344,570	1,445,774	1,344,570
Financial Ratios				
Net Asset Value per Share (S$)	1.97	1.95	1.19	1.12
Gross Debt Gearing (%)[2]	4.8	13.7	-	14.8
Net Debt Gearing (%)[2]	NA	NA	NA	NA
Current Ratio (times)	3.61	3.61	28.89	28.89
Basic EPS (cents) (before fair value adjustment and exceptional items)	7.5	7.8	5.8	5.9
(after fair value adjustment and exceptional items)	7.5	7.7	5.8	5.9

Notes:

(1) 101,204,159 Shares to be held as treasury shares and is computed based on 1,445,773,703 Shares in issue as at the Latest Practicable Date (this is based on 1,447,077,754 Shares in issue as at the Latest Practicable Date and disregarding 1,304,051 Shares held in treasury as at the Latest Practicable Date).

(2) Gross and Net Debt measured against Total Shareholders' Equity.

(e) *Acquisition of 101,204,159 Shares representing 7% of the issued Shares (excluding treasury shares) made entirely out of profits and cancelled*[(1)]

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 September 2016				
Share Capital	849,301	849,301	849,301	849,301
Reserves	1,996,438	1,773,789	876,012	653,363
	2,845,739	2,623,090	1,725,313	1,502,664
Treasury Shares	(2,655)	(2,655)	(2,655)	(2,655)
Total Shareholders' Equity	2,843,084	2,620,435	1,722,658	1,500,009
Net Assets	2,843,084	2,620,435	1,722,658	1,500,009
Current Assets	1,626,534	1,626,534	516,729	516,729
Current Liabilities	(451,149)	(451,149)	(17,886)	(17,886)
Total Borrowings	(137,048)	(359,697)	-	(222,649)
Cash and Cash Equivalents	1,045,529	1,045,529	501,744	501,744
Net Cash	908,481	685,832	501,744	279,095
Number of Shares ('000) (excluding treasury shares)	1,445,774	1,344,570	1,445,774	1,344,570
Financial Ratios				
Net Asset Value per Share (S$)	1.97	1.95	1.19	1.12
Gross Debt Gearing (%)[(2)]	4.8	13.7	-	14.8
Net Debt Gearing (%)[(2)]	NA	NA	NA	NA
Current Ratio (times)	3.61	3.61	28.89	28.89
Basic EPS (cents) (before fair value adjustment and exceptional items)	7.5	7.8	5.8	5.9
(after fair value adjustment and exceptional items)	7.5	7.7	5.8	5.9

Notes:

(1) 101,204,159 Shares to be cancelled and is computed based on 1,445,773,703 Shares in issue as at the Latest Practicable Date (this is based on 1,447,077,754 Shares in issue as at the Latest Practicable Date and disregarding 1,304,051 Shares held in treasury as at the Latest Practicable Date).

(2) Gross and Net Debt measured against Total Shareholders' Equity.

(f) *Acquisition of 101,204,159 Shares representing 7% of the issued Shares (excluding treasury shares) made entirely out of capital and cancelled*[(1)]

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 September 2016				
Share Capital	849,301	626,652	849,301	626,652
Reserves	1,996,438	1,996,438	876,012	876,012
	2,845,739	2,623,090	1,725,313	1,502,664
Treasury Shares	(2,655)	(2,655)	(2,655)	(2,655)
Total Shareholders' Equity	2,843,084	2,620,435	1,722,658	1,500,009
Net Assets	2,843,084	2,620,435	1,722,658	1,500,009
Current Assets	1,626,534	1,626,534	516,729	516,729
Current Liabilities	(451,149)	(451,149)	(17,886)	(17,886)
Total Borrowings	(137,048)	(359,697)	-	(222,649)
Cash and Cash Equivalents	1,045,529	1,045,529	501,744	501,744
Net Cash	908,481	685,832	501,744	279,095
Number of Shares ('000) (excluding treasury shares)	1,445,774	1,344,570	1,445,774	1,344,570
Financial Ratios				
Net Asset Value per Share (S$)	1.97	1.95	1.19	1.12
Gross Debt Gearing (%)[(2)]	4.8	13.7	-	14.8
Net Debt Gearing (%)[(2)]	NA	NA	NA	NA
Current Ratio (times)	3.61	3.61	28.89	28.89
Basic EPS (cents) (before fair value adjustment and exceptional items)	7.5	7.8	5.8	5.9
(after fair value adjustment and exceptional items)	7.5	7.7	5.8	5.9

Notes:

(1) 101,204,159 Shares to be cancelled and is computed based on 1,445,773,703 Shares in issue as at the Latest Practicable Date (this is based on 1,447,077,754 Shares in issue as at the Latest Practicable Date and disregarding 1,304,051 Shares held in treasury as at the Latest Practicable Date).

(2) Gross and Net Debt measured against Total Shareholders' Equity.

The financial effects of the two alternative scenarios whereby share purchases up to a maximum of 2% and 7% of the issued Shares (excluding treasury shares) are implemented by the Company, as set out above, are for illustrative purposes only. Although the Share Purchase Mandate would enable the Company to potentially purchase or acquire up to 7% of the issued Shares (excluding treasury shares), based on a public float of approximately 12% as at the Latest Practicable Date, the Company is at present, only permitted to purchase or acquire up to 2% of the issued Shares (excluding treasury shares) being an extent that would not affect adversely the listing status of the Shares on the SGX-ST as at the Latest Practicable Date. Even so, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 2% or, as the case may be, (if and when future circumstances permit) the entire 7% of the issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

3.8 **Listing Rules.** The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares, and (b) in the case of an Off-Market Purchase on an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the Company's full-year results and the period of two weeks before the announcement of the first quarter, second quarter and third quarter results.

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. As at the Latest Practicable Date, approximately 12% of the issued Shares (excluding treasury shares) are held by public Shareholders. Accordingly, the Company is of the view that as of that date, there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to potentially undertake purchases of its Shares through Market Purchases pursuant to the Share Purchase Mandate *provided that* the purchases (if carried out) are not made to such an extent as would affect adversely the listing status of the Shares on the SGX-ST. The Company will consider investor interests when maintaining a liquid market in its

securities, and will ensure that there is sufficient float for an orderly market in its securities when purchasing its Shares.

3.9 **Take-over Implications.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

3.9.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

3.9.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia,* the following individuals and companies to be persons acting in concert:

(a) the following companies:

(i) a company;
(ii) the parent company of (i);
(iii) the subsidiaries of (i);
(iv) the fellow subsidiaries of (i);
(v) the associated companies of any of (i), (ii), (iii) or (iv);
(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

3.9.3 ***Effect of Rule 14 and Appendix 2***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the Ordinary Resolution authorising the Share Purchase Mandate.

Based solely on the interests of substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase or acquisition by the Company of 2% of its issued Shares as at the Latest Practicable Date.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases by the Company.

3.10 **No Previous Purchases.** The Company has not undertaken any purchase or acquisition of its issued Shares pursuant to the Share Purchase Mandate approved by shareholders at the 2016 AGM.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

	Number of Shares			
Director	**Direct Interest**	**%(1)**	**Deemed Interest(2)**	**%(1)**
Mr Charoen Sirivadhanabhakdi	-	-	1,270,503,884	87.88
Khunying Wanna Sirivadhanabhakdi	-	-	1,270,503,884	87.88
Tengku Syed Badarudin Jamalullail	-	-	-	-
Mr Timothy Chia Chee Ming	-	-	-	-
Mr Koh Poh Tiong	251,315	0.017	-	-
Mrs Siripen Sitasuwan	-	-	-	-
Mr Chotiphat Bijananda	-	-	-	-
Mr Thapana Sirivadhanabhakdi	-	-	-	-
Mr Sithichai Chaikriangkrai	-	-	-	-
Mr Prapakon Thongtheppairot	-	-	-	-

Notes:

(1) The figures are based on 1,445,773,703 Shares in issue as at the Latest Practicable Date (this is based on 1,447,077,754 Shares in issue as at the Latest Practicable Date and disregarding 1,304,051 Shares held in treasury as at the Latest Practicable Date).

(2) Deemed interests refer to interests determined pursuant to Section 4 of the Securities and Futures Act, Chapter 289 (the "**SFA**").

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

	Number of Shares			
Substantial Shareholder	**Direct Interest**	**%(1)**	**Deemed Interest(2)**	**%(1)**
Mr Charoen Sirivadhanabhakdi	-	-	1,270,503,884	87.88
Khunying Wanna Sirivadhanabhakdi	-	-	1,270,503,884	87.88
InterBev Investment Limited	412,423,822	28.53	-	-
International Beverage Holdings Limited	-	-	412,423,822	28.53
Thai Beverage Public Company Limited	-	-	412,423,822	28.53
TCC Assets Limited	858,080,062	59.35	-	-
Siriwana Company Limited	-	-	412,423,822	28.53
MM Group Limited	-	-	412,423,822	28.53
Maxtop Management Corp.	-	-	412,423,822	28.53
Risen Mark Enterprise Ltd.	-	-	412,423,822	28.53
Golden Capital (Singapore) Limited	-	-	412,423,822	28.53

Notes:

(1) The figures are based on 1,445,773,703 Shares in issue as at the Latest Practicable Date (this is based on 1,447,077,754 Shares in issue as at the Latest Practicable Date and disregarding 1,304,051 Shares held in treasury as at the Latest Practicable Date).

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

5. DIRECTORS' RECOMMENDATIONS

5.1 **Proposed Renewal of IPT Mandate.** The Directors who are considered independent for the purposes of the proposed renewal of the IPT Mandate are, as at the Latest Practicable Date, Tengku Syed Badarudin Jamalullail, Mr Timothy Chia Chee Ming, Mr Koh Poh Tiong and Mrs Siripen Sitasuwan (the "**Independent Directors**"). The Independent Directors are of the opinion that the entry by the EAR Group (as described in paragraph 2 of the Appendix to this Letter) into the Interested Person Transactions (as described in paragraph 5 of the Appendix to this Letter) with the Interested Persons (as described in paragraph 4 of the Appendix to this Letter) in the ordinary course of business will enhance the efficiency of the Company and its subsidiaries, and is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 9, being the Ordinary Resolution relating to the renewal of the IPT Mandate to be proposed at the 2017 AGM.

The Independent Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder.

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

5.2 **Proposed Renewal of Share Purchase Mandate.** The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of Ordinary Resolution No. 10, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2017 AGM.

6. ABSTENTION FROM RECOMMENDATION AND VOTING

Each of the following Directors have abstained from making any recommendation to Shareholders in relation to the proposed renewal of the IPT Mandate:

(a) Mr Charoen Sirivadhanabhakdi, who is a controlling shareholder of the Company and an interested person in relation to the IPT Mandate;

(b) Khunying Wanna Sirivadhanabhakdi, who is a controlling shareholder of the Company and an interested person in relation to the IPT Mandate;

(c) Mr Chotiphat Bijananda, who is a director of TCC Assets Limited, Frasers Centrepoint Limited and certain other companies which are associates of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, both controlling shareholders of the Company and interested persons in relation to the IPT Mandate. Mr Chotiphat Bijananda is also the son-in-law of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi;

(d) Mr Thapana Sirivadhanabhakdi, who is the son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, both controlling shareholders of the Company and interested persons in relation to the IPT Mandate. Mr Thapana Sirivadhanabhakdi is also president and chief executive officer and director of Thai Beverage Public Company Limited, and a director of certain other companies which are associates of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi; and

(e) Mr Sithichai Chaikriangkrai, who is a director and the chief financial officer of Thai Beverage Public Company Limited, and a director of Frasers Centrepoint Limited and certain other companies which are associates of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, both controlling shareholders of the Company and interested persons in relation to the IPT Mandate.

Each of the above Directors will abstain from voting his/her holding of Shares (if any), and has undertaken to ensure that his/her respective associates will abstain from voting their respective holdings of Shares (if any), on Ordinary Resolution No. 9, being the Ordinary Resolution relating to the renewal of the IPT Mandate to be proposed at the 2017 AGM.

Each of the above Directors will also decline to accept appointment as proxy for any Shareholder to vote in respect of Ordinary Resolution No. 9, being the Ordinary Resolution relating to the renewal of the IPT Mandate to be proposed at the 2017 AGM, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Ordinary Resolution No. 9.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposals, and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter 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 those sources and/or reproduced in this Letter in its proper form and context.

8. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Letter up to the date of the 2017 AGM:

(a) the Constitution of the Company;

(b) the Annual Report for the financial year ended 30 September 2016; and

(c) the Letter to Shareholders dated 5 January 2016.

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

Anthony Cheong Fook Seng
Company Secretary

THE IPT MANDATE

1. Chapter 9 of the Listing Manual

1.1 Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be "at risk", with the listed company's interested persons.

1.2 Except for any transaction which is below S$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company's latest audited consolidated net tangible assets ("**NTA**")), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for the transaction. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

(a) 5% of the listed company's latest audited consolidated NTA; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

1.3 Based on the latest audited consolidated financial statements of Fraser and Neave, Limited (the "**Company**") and its subsidiaries (the "**Group**") for the financial year ended 30 September 2016, the consolidated NTA of the Group was S$2,728,653,000. Accordingly, in relation to the Company, for the purpose of Chapter 9 of the Listing Manual, in the current financial year and until such time as the audited consolidated financial statements of the Group for the financial year ending 30 September 2017 are published, 5% of the latest audited consolidated NTA of the Group would be S$136,432,650.

1.4 Chapter 9 of the Listing Manual, however, allows a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

1.5 For the purposes of Chapter 9 of the Listing Manual:

(a) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(b) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(c) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(d) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;

(e) an "**interested person transaction**" means a transaction between an entity at risk and an interested person; and

(f) a "**transaction**" includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly.

2. Rationale and Benefit to Shareholders

2.1 It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and the Company's interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to the Company's interested persons or the obtaining of goods and services from them.

2.2 In view of the time-sensitive and recurrent nature of commercial transactions, the obtaining of the IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable:

(a) the Company;

(b) subsidiaries of the Company (excluding other subsidiaries listed on the SGX-ST or an approved exchange); and

(c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Company, or the Company and its interested person(s), has or have control,

(together, the "**EAR Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions ("**Interested Person Transactions**") set out in paragraph 5 below with the specified classes of the Company's interested persons ("**Interested Persons**") set out in paragraph 4 below, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

2.3 The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings, on each occasion to seek shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining corporate objectives.

3. Scope and Validity Period of the IPT Mandate

3.1 The IPT Mandate covers various types of Interested Person Transactions under each category of activities to which the IPT Mandate applies, and describes the review procedures for ensuring that such transactions will be entered into with the specified classes of Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

3.2 The IPT Mandate will not apply to any transaction by a company in the EAR Group with an Interested Person that:

(a) is below S$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such a transaction; or

(b) is equal to or exceeds S$100,000 in value, but qualifies as an excepted transaction for the purposes of Chapter 9 of the Listing Manual and is thus exempted from the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual.

Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of either of the exceptions in (a) or (b) above, or the scope of the IPT Mandate, will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3.3 The IPT Mandate will take effect from the passing of the Ordinary Resolution relating thereto, and will continue in force until the conclusion of the next Annual General Meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from shareholders will be sought for the renewal of the IPT Mandate at the next Annual General Meeting and at each subsequent Annual General Meeting of the Company, subject to satisfactory review by the Audit Committee of the Company ("**Audit Committee**") of its continued application to the Interested Person Transactions.

4. Classes of Interested Persons

The IPT Mandate will apply to the Interested Person Transactions that are carried out with the following classes of Interested Persons:

(a) Mr Charoen Sirivadhanabhakdi and his associates; and

(b) Khunying Wanna Sirivadhanabhakdi and her associates.

5. Categories of Interested Person Transactions

The Interested Person Transactions to which the IPT Mandate will apply, and the benefits to be derived therefrom, are set out below.

(a) **General Transactions**

This category relates to general transactions ("**General Transactions**") by the EAR Group for the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group, or which are necessary for the day-to-day operations of the EAR Group, comprising the following:

(i) sale and/or purchase of beer, spirits, water, soda, dairy products, ice cream and other products;

(ii) sale and/or purchase of raw materials, energy sources, intermediate goods, packaging materials, material handling structures and by-products such as beverage concentrates, sugar, milk and dairy products, yeast, hops, fuel, new and used glass bottles, aluminium cans, cartons and caps, PET and pallets;

(iii) provision and/or obtaining of leases or subleases of office space, warehouses, transportation vehicles, passenger cars and land;

(iv) obtaining of property-linked services (such as property marketing, property and rental valuation services, building maintenance services

and security services) and services relating to provision of hotel and serviced residence accommodation, meeting rooms and other related facilities;

(v) obtaining of property development and project management services;

(vi) obtaining of operation, maintenance, management and marketing services for properties;

(vii) obtaining of asset management services, such as obtaining advice on repositioning, asset enhancement or leasing matters;

(viii) obtaining of insurance and insurance-related services;

(ix) provision and/or obtaining of office and storage supplies, and of shared data-centre storage and/or information technology services;

(x) contract printing, publishing, distribution and/or manufacturing services;

(xi) provision and/or obtaining of software licences and related licensing programs; and

(xii) provision and/or obtaining of such other products and/or services which are incidental to or in connection with the provision and/or obtaining of products and/or services in sub-paragraphs (i) to (xi) above.

The EAR Group will benefit from having access to competitive quotes from Interested Persons in addition to obtaining quotes from, or transacting with, non-Interested Persons.

(b) **Management Support Services**

The EAR Group may also, from time to time, receive management and support services from, or provide management and support services to, its Interested Persons in the areas of procurement, logistics, information technology, legal, compliance and trade mark management, corporate secretarial, human resource, tax, treasury, accounting and internal audit ("**Management Support Services**"). By having access to and providing such management support, the EAR Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the global network of its Interested Persons.

6. Review Procedures for Interested Person Transactions

6.1 The EAR Group has an internal control system in place to ensure that Interested Person Transactions with the Interested Persons are made on normal commercial terms, supported by independent valuation where appropriate, and consistent with the EAR Group's usual policies and practices.

In general, there are procedures established by the EAR Group to ensure that transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place.

(a) **General Transactions**

Review Procedures

(i) Provision of Services or Sale of Products

The review procedures are:

(1) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Persons than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and

(2) in the limited circumstances where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by the Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

(ii) Obtaining of Services or Purchasing of Products

The review procedures are:

(1) all contracts entered into or transactions with Interested Persons are to be carried out by obtaining quotations at the prevailing market rates or prices of the service or product

providers, on terms which are no less favourable than those extended by the Interested Person to third parties. Further, quotations shall be obtained (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to the entry into the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the Interested Person are fair and reasonable, qualitative and quantitative factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account in deciding whether or not to accept a particular quotation, as it is not commercially viable, and therefore not beneficial to the Company, to transact solely on the basis of quantitative factors (such as price) alone; and

(2) in the limited circumstance where such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item such as beverage concentrates), the senior management staff of the relevant entity in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are fair and reasonable, having regard to the costs and benefits of entering into the transactions, as well as factors including, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases.

The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

Threshold Limits

For the purposes of sub-paragraphs (i), (ii) and (iii) below, the "**Financial Limit**" shall be the amount equivalent to 5% of the Company's audited consolidated net tangible assets for the time being, as determined by

reference to the Company's latest announced audited consolidated financial statements.

In addition to the above review procedures, the following review and approval procedures will apply to the General Transactions:

(i) transactions equal to or exceeding $100,000 but below the Financial Limit (as defined above) each in value, will be reviewed and approved prior to their entry by the chief executive officer of the relevant business division or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose, and tabled for review by the Audit Committee on a quarterly basis;

(ii) transactions equal to or exceeding the Financial Limit each in value will be reviewed and approved by the Audit Committee prior to their entry;

(iii) where the value of a transaction, when aggregated with previous transactions of the same kind in any particular financial year, is equal to or exceeds the Financial Limit, such transaction, and all future transactions of the same kind in that particular financial year will be reviewed and approved by the Audit Committee prior to their entry; and

(iv) the chief executive officer of the relevant business division or other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose, and the Audit Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

(b) **Management Support Services**

Review Procedures

(i) Provision of Management Support Services

The EAR Group will satisfy itself that the costs for any Management Support Services provided to any Interested Person shall be on an arm's length and normal commercial basis and will be arrived at on a cost-recovery basis, based on the service provider's cost of providing such services, plus an appropriate mark-up (if any), as agreed with the Interested Person, and after taking into account factors such as the synergies and benefits derived, complexity of issues encountered, time spent and operating environment. The EAR Group will also satisfy itself that, having regard to the nature of the service to be provided to the Interested Person, the mark-up (if any) is no more favourable to the Interested Person than that applied to its

other business units for the same or substantially the same service, or is otherwise fair and reasonable to the EAR Group.

(ii) Obtaining of Management Support Services

The review procedures are:

(1) quotations shall be obtained (wherever possible or available) from at least two other unrelated third party suppliers for similar quality of services, prior to the entry into the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services. In determining whether the price and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts, will also be taken into account; and

(2) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar services), the senior management staff of the relevant entity in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are fair and reasonable, having regard to the costs and benefits of entering into the transactions, as well as factors including, but not limited to, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts.

The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

Transactions equal to or exceeding the Financial Limit (as defined in sub-paragraph (a) above) must be approved by the Audit Committee prior to their entry, and transactions equal to or below the Financial Limit shall be reviewed on a quarterly basis by the Audit Committee.

(c) **Other Review Procedures**

The following will apply to the review and approval process for all categories of Interested Person Transactions:

(i) if the chief executive officer of the relevant business division has an interest in the transaction or is a nominee for the time being of the Interested Person, the review and approval process shall be undertaken by such other senior executive of the Company designated by the Audit Committee from time to time for such purpose;

(ii) if the chief executive officer of the relevant business division and such other senior executive have an interest in the transaction or are nominees for the time being of the Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) designated by the Chairman of the Audit Committee from time to time for such purpose;

(iii) if a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction; and

(iv) if a member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Interested Person, and he participates in the review and approval process of the Audit Committee in relation to a transaction with that Interested Person, he will abstain from participating on any decision before the board or committee of that Interested Person with respect to such transaction.

6.2 The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of the Interested Person Transactions recorded in the register to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

6.3 The Audit Committee will review the internal audit reports on an annual basis to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

6.4 If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the EAR Group or the Interested Persons are conducted, the Company will revert to shareholders for a fresh general mandate based on new guidelines and review procedures so that Interested Person Transactions will be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

7. Disclosures

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will:

(a) disclose in the Company's Annual Report the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the Annual Reports for subsequent financial years that the IPT Mandate continues in force); and

(b) announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.