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FRASER AND NEAVE, LIMITED

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

F&N Announces Arbitration Ruling Related to Myanmar Brewery Limited

Singapore, 31 October 2014 – Fraser and Neave, Limited ("**F&N**" or the "**Group**") has today received the decision on its arbitration with Myanma Economic Holdings Limited ("**MEHL**"). F&N had announced on 29 August 2013 and 14 September 2013 MEHL's intention to commence proceedings and subsequently, the receipt of notice of arbitration from MEHL.

MEHL was in the arbitration seeking to compel F&N to sell its 55% stake in Myanmar Brewery Limited ("**MBL**") to MEHL at a price of US$246 million (approximately S$313 million).

The arbitral tribunal has today ruled that MEHL's valuation of US$246 million does not represent a fair value of F&N's stake in MBL, and that the sale should take place at a price to be determined by an independent valuer to be appointed by both parties, failing which by a valuer named by the tribunal. The tribunal also ordered each party to bear its own costs and expenses with regard to the arbitration.

"The Tribunal's decision to set aside MEHL's valuation and to order that a fresh valuation be done is a vindication of F&N's position that the US$246 million at which MEHL wanted F&N to sell its shares to MEHL, which is only approximately 7.5 times the earnings of MBL[1], was grossly inadequate and that F&N was correct in refusing to complete the sale at that price. F&N believed and continues to believe that MEHL's price of US$246 million did not take into account, among other things, MBL's leadership position in the Myanmar beer market, and at a time when MBL's profit is growing at a phenomenal rate of nearly 50% over the last year," said Mr Huang Hong Peng, Chief Executive Officer, Beer.

F&N is presently reviewing the decision and all its options.

In the meantime, F&N and its shareholder, Thai Beverage Plc Limited ("**ThaiBev**") will study ways to enable it to maintain its presence in the Myanmar market, which still has great growth potential and remains of keen interest to the Group.

"F&N ventured into Myanmar in 1995, at a time when many investors shied away from this country. We backed our belief in Myanmar and our partner with major investments, not only in assets but also in its people. Today, MBL is one of the largest, most profitable and highest tax-paying companies in Myanmar, with senior management consisting of Myanmar nationals whom

[1]Based on attributable profit for the trailing twelve-month period ending 30 June 2014

F&N has groomed over the years. In addition, the Group has also taken an active role in the support of the local community through projects like Operation Smile, various vaccination and blood donation programs and scholarships.

We are disappointed that this dispute has arisen, at a time when Myanmar is opening its market, and is on the cusp of the introduction of international beer competitors," said Mr Huang.

More broadly, as part of the Group's initiative to provide sharper focus on the food & beverage businesses, over the last 18 months, F&N Directors, together with the senior management team, undertook a strategic review of the businesses. The review was aimed at increasing the size and scale of the Group by leveraging strengths of ThaiBev and F&N. To achieve the objectives, the Directors have set out a 6-year roadmap, named Vision 2020, for the Group.

Under the Vision 2020 roadmap, F&N will play an integral role in ThaiBev's vision of becoming a stable and sustainable player in ASEAN countries. The roadmap centres on the Group building a solid platform for overseas expansion, focusing on Southeast Asia, via a two-pronged approach:

- **Strengthening market positions in Singapore, Malaysia and Thailand**: Leveraging both F&N and ThaiBev's distribution and bottling systems, one of the largest and most extensive in Southeast Asia, F&N aims to be leaders in these markets.
- **Overseas expansion**: Using its operations in Singapore, Malaysia and Thailand as the platform, F&N intends to replicate its successful business models in other ASEAN countries, in particular Vietnam, Myanmar and Indonesia in the next three years. The Group aims to establish itself as a major food & beverage player in key markets outside of Singapore, Malaysia and Thailand. It shall continue to identify innovative approaches to existing and new partnerships that enable the Group to stay at the forefront of consumer trends in the food & beverage industry.

"The goals of both F&N and ThaiBev are aligned, with great enhancement to F&N's position as one of ASEAN countries' leading F&B companies," said Mr Huang.

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