

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold all your ordinary shares in Fraser & Neave Holdings Bhd. ("F&N" or "Company"), you should at once send this Circular together with the accompanying Proxy Form to the agent through whom the sale was contracted for transmission to the purchaser.

Notice of the forthcoming Annual General Meeting to be held at the Junior Ballroom, Level 2, Hotel Nikko Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 23 January 2003 at 2.30 pm together with the Proxy Form are enclosed together with the Annual Report of the Company for the financial year ended 30 September 2002. The full text of the ordinary resolutions to be passed in respect of the Proposed Shareholders' Mandates are set out in this Circular.

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote for him. The Proxy Form should be lodged at the registered office of the Company at 95, Jalan Yew, Off Jalan Sungai Besi, 55100 Kuala Lumpur not later than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.

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FRASER & NEAVE HOLDINGS BHD.

(Company No.: 004205-V)

(Incorporated in the Federation of Malaya under the Company Ordinances, 1940 to 1946)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**THE PROPOSED SHAREHOLDERS' MANDATES FOR RECURRENT
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING
NATURE WHICH ARE NECESSARY FOR DAY-TO-DAY OPERATIONS**

| | | |
|---|---|--------------------------------------|
| Last date and time for lodging the Proxy Form | : | Tuesday, 21 January 2003 at 2.30 pm |
| Date and time of the Annual General Meeting | : | Thursday, 23 January 2003 at 2.30 pm |

This Circular is dated 31 December 2002

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular:-

| | | |
|---------------------------|---|---|
| "Act" | : | Companies Act, 1965 |
| "AGM" | : | Annual General Meeting |
| "APB(S)" | : | Asia Pacific Breweries (Singapore) Pte. Ltd., a subsidiary of F&N Ltd., in which F&N Ltd. has an effective interest of 37.9% |
| "APB(T)" | : | Thai Asia Pacific Brewery Co. Ltd., a company in which a subsidiary of F&N Ltd. has a 35% interest in. Pursuant to the KLSE Listing Requirements, APB(T) is deemed a person connected to F&N Ltd. |
| "Board" | : | The Board of Directors of F&N |
| "Bottler's Agreement" | : | The Bottler's Agreement dated 27 July 1999 entered into between F&NCCBeverages, F&NCC(M) and TCCC |
| "Distributor's Agreement" | : | The Distributor's Agreement dated 27 July 1999 entered into between F&NCC(M), F&NCCBeverages and TCCC |
| "EGM" | : | Extraordinary General Meeting |
| "F&NCCBeverages" | : | F&NCC Beverages Sdn. Bhd., a 90%-owned subsidiary of F&N |
| "F&NCC(M)" | : | F&N Coca-Cola (Malaysia) Sdn. Bhd., a 90%-owned subsidiary of F&N |
| "F&NCC Pte. Ltd." | : | F&N Coca-Cola Pte. Ltd., which is ultimately fully-owned by TCCC based on TCCC's annual report for its financial year ended 31 December 2001 |
| "F&NDairies" | : | F&N Dairies (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of F&N |
| "F&NFoods" | : | F&N Foods Sdn. Bhd., a wholly-owned subsidiary of F&N |
| "F&NFoods(S)" | : | F&N Foods Pte. Ltd., a wholly-owned subsidiary of F&N Ltd. |
| "F&N(M)" | : | Fraser & Neave (Malaya) Sdn. Bhd., a wholly-owned subsidiary of F&N |
| "F&N" or "Company" | : | Fraser & Neave Holdings Bhd. |
| "F&N Group" or "Group" | : | F&N and its subsidiaries collectively |
| "F&N Ltd." | : | Fraser and Neave Limited, the holding company of F&N, holding approximately 60.64% of the issued and paid-up share capital in F&N as at 16 December 2002 |
| "F&N(Singapore)" | : | Fraser & Neave (Singapore) Pte. Ltd., a wholly-owned subsidiary of F&N Ltd. |
| "F&NUnited" | : | F&N United Limited, a subsidiary of F&N Ltd. in which F&N Ltd. has an effective interest of 37.9% |
| "GAB" | : | Guinness Anchor Berhad, a subsidiary of GAPL Pte. Ltd., in which a subsidiary of F&N Ltd. has a 50% interest in GAPL Pte. Ltd.. Pursuant to the KLSE Listing Requirements, GAB is deemed a person connected to F&N Ltd. |
| "HatayBrewery" | : | Hatay Brewery Ltd., a subsidiary of F&N Ltd. in which F&N Ltd. has an effective interest of 22.8% |
| "HainanBrewery" | : | Hainan Asia Pacific Brewery Company Ltd., a subsidiary of F&N Ltd. in which F&N Ltd. has an effective interest of 37.9% |

DEFINITIONS (*Cont'd*)

| | | |
|--|---|---|
| "Interflavine" | : | Interflavine Pte. Ltd., a wholly-owned subsidiary of F&N Ltd. |
| "KLGM" | : | Kuala Lumpur Glass Manufacturers Company Sdn. Bhd., a wholly-owned subsidiary of F&N |
| "KLSE" or "Exchange" | : | Kuala Lumpur Stock Exchange |
| "Listing Requirements" | : | Listing Requirements of KLSE |
| "Mandated Related Parties" | : | The related parties involved in the Recurrent Transactions and the Proposed Shareholders' Mandates |
| "MianyangTianhua" | : | Mianyang Tianhua Packaging Co., a company in which TuopaiHoldings has an equity interest of 40% |
| "MGP" | : | Malaya Glass Products Sdn. Bhd., a wholly-owned subsidiary of F&N |
| "M&A" | : | Memorandum and Articles of Association of F&N |
| "MVGL" | : | Malaya Vietnam Glass Limited, a 70%-owned subsidiary of MGP |
| "MyanmarBrewery" | : | Myanmar Brewery Ltd., a subsidiary of F&N Ltd. in which F&N Ltd. has an effective interest of 55% |
| "PremierMilk" | : | Premier Milk (Malaya) Sdn. Bhd., a 75%-owned subsidiary of F&N |
| "Proposed Mandate Relating to F&N Ltd." | : | Proposed shareholders' mandate for the Recurrent Transactions involving the subsidiaries of F&N Ltd. |
| "Proposed Mandate Relating to SaigonBeer" | : | Proposed shareholders' mandate for Recurrent Transactions involving SaigonBeer |
| "Proposed Mandate Relating to TCCC" | : | Proposed shareholders' mandate for the Recurrent Transactions involving the companies associated with TCCC |
| "Proposed Mandate Relating to Tuopai Holdings" | : | Proposed shareholders' mandate for the Recurrent Transactions involving TuopaiHoldings and companies associated with Tuopai Holdings |
| "Proposed Shareholders' Mandates" | : | The Proposed Mandate Relating to F&N Ltd., the Proposed Mandate Relating to TCCC, the Proposed Mandate Relating to SaigonBeer and the Proposed Mandate Relating to Tuopai Holdings, collectively |
| "Recurrent Transactions" | : | Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations entered into by all or any of the Group companies with the Mandated Related Parties, which are the subject of the Proposed Shareholders' Mandates |
| "SaigonBeer" | : | Saigon Beer Company, the joint venture party with MGP which owns 30% of MVGL |
| "ShanghaiBrewery" | : | Shanghai Asia Pacific Brewery Co Ltd., a subsidiary of F&N Ltd. in which F&N Ltd. has an effective interest of 30.8% |
| "Shares" | : | Ordinary shares of RM1.00 each in F&N |
| "SichuanMalaya" | : | Sichuan Malaya Glass Co. Ltd., a 60%-owned subsidiary of MGP |

DEFINITIONS (*Cont'd*)

| | | |
|------------------|---|--|
| "SPHoldings" | : | SP Holdings Ltd., a subsidiary of F&N Ltd., in which F&N Ltd. has an effective interest of 28.6% |
| "TCCC" | : | The Coca-Cola Company, a company organised and existing under the laws of the State of Delaware, United States of America with principal offices at One Coca-Cola Plaza, NW in the city of Atlanta, State Of Georgia, United States of America |
| "TMLA" | : | Trademark Licence Agreement dated 29 November 1990 entered into between F&N Ltd. and Lion (Malaya) Sdn. Bhd. (now known as F&NCC(M)) |
| "TuopaiHoldings" | : | Sichuan Tuopai Holdings Co. Ltd., a company established under the laws of The People's Republic of China, which holds 45.98% equity interest in TuopaiLiquor |
| "TuopaiLiquor" | : | Tuopai Yeast Liquor Co. Ltd., the joint venture partner of MGP in SichuanMalaya which holds 40% equity interest in SichuanMalaya |
| "VietnamBrewery" | : | Vietnam Brewery Ltd., a subsidiary of F&N Ltd. in which F&N Ltd. has an effective interest of 22.7% |

Currencies:-

| | | |
|--------------|---|---------------------------------------|
| "RM and sen" | : | Ringgit Malaysia and sen respectively |
| "RMB" | : | Chinese Renminbi |
| "SGD" | : | Singapore Dollar |

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FRASER & NEAVE HOLDINGS BHD.

(Company No.: 004205-V)

(Incorporated in the Federation of Malaya under the Companies Ordinances, 1940 to 1946)

Registered Office:-

95, Jalan Yew
Off Jalan Sungai Besi
55100 Kuala Lumpur

31 December 2002

Board of Directors:-

Y.A.M. Tengku Syarif Bendahara Perlis Syed Badarudin
Jamalullail ibni Almarhum Tuanku Syed Putra Jamalullail (*Chairman*)
Cheong Fook Seng, Anthony
Y.Bhg. Datuk Fong Weng Phak
Dr. Han Cheng Fong
Lee Kong Yip
Leslie Oswin Struys
Y.Bhg. Tan Sri Dato' Dr. Lin See-Yan
Dr. Radzuan bin A. Rahman
Tan Ang Meng
Zaida Khalida binti Shaari
Tan Wee Tee (Alternate director to Dr. Han Cheng Fong)

To the Shareholders of Fraser & Neave Holdings Bhd.

Dear Sir/Madam,

- **PROPOSED SHAREHOLDERS' MANDATES FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WHICH ARE NECESSARY FOR DAY-TO-DAY OPERATIONS**

1. INTRODUCTION

At an Extraordinary General Meeting held on 23 January 2002, the shareholders of the Company had approved (among others) the shareholders' mandates for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations, and ratification of any such transactions previously entered into.

As such mandates would in accordance with the Listing Requirements expire at the conclusion of the forthcoming Annual General Meeting of the Company, the Company announced on 8 November 2002 that it proposes to seek shareholders' mandates for the Group for the Recurrent Transactions.

The purpose of this Circular is to provide the shareholders of F&N with details of the Proposed Shareholders' Mandates and to seek your approval on the resolutions to be tabled as Special Business at the forthcoming AGM of the Company.

AS A SHAREHOLDER OF F&N, YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED SHAREHOLDERS' MANDATES AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATES

2.1 Paragraph 10.09, Part E of Chapter 10 of the Listing Requirements

Under paragraph 10.09, Part E of Chapter 10 of the Listing Requirements, where there are related party transactions of a revenue or trading nature which are necessary for its day-to-day operations, the Company may seek a shareholders' mandate in respect of such transactions subject to the following:-

- (a) The transactions are in the ordinary course of business, on terms not more favourable to the related party than those generally available to the public;
- (b) The shareholders' mandate is subject to annual renewal and disclosure is made in the annual report in respect of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;
- (c) The interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder and the interested person, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with the interested director or interested major shareholder abstain from voting on the resolution approving the transactions; and
- (d) The issuance of a Circular to shareholders.

2.2 The Companies Within the Group in which the Proposed Shareholders' Mandates are Applicable

The principal activities of the Company are investment holding and provision of management services whilst its main subsidiaries are principally involved in the manufacture and sale of soft drinks, dairy products and glass containers.

Due to the diversity and size of the Group, the Group in the ordinary course of business, enters into transactions with classes of related party set out in Section 2.3 below.

The Proposed Shareholders' Mandates will apply to the following subsidiaries of F&N: -

| Subsidiaries | Effective equity interest % | Principal Activities |
|-----------------------------|------------------------------------|--|
| Softdrinks Operation | | |
| F&NCC(M) | 90 | Distribution, sale and marketing of soft drinks |
| F&NCCBeverages | 90 | Manufacture and sale of soft drinks |
| Dairies Operation | | |
| F&NDairies | 100 | Trading in dairy products |
| F&NFoods | 100 | Manufacture and sale of dairy products |
| PremierMilk | 75 | Manufacture and sale of dairy products |
| Glass Operation | | |
| MGP | 100 | Manufacture and sale of glass containers and related products |
| MVGL | 70 | Manufacture and sale of glass containers and related products |
| KLGM | 100 | Manufacture and sale of glass containers and related products |
| SichuanMalaya | 60 | Manufacture and sale of glass containers and related products. |

The other subsidiaries of F&N to which the Proposed Shareholders' Mandates will not apply are set out as follows:-

| Subsidiaries | Effective equity interest % | Principal Activities |
|-----------------------|------------------------------------|---|
| F&N(M) | 100 | Management services and property investment holding |
| Four Eights Sdn. Bhd. | 100 | Dormant |
| Wimanis Sdn. Bhd. | 100 | Dormant |

2.3 The Mandated Related Parties in which the Proposed Shareholders' Mandates are Applicable

The Mandated Related Parties in which the Proposed Shareholders' Mandates are applicable are as follows:-

| The Mandated Related Parties | Country of Incorporation | Relationship |
|-------------------------------------|---------------------------------|---|
| F&N Ltd. | Singapore | <p>F&N Ltd. is the holding company of F&N. The subsidiaries of F&N Ltd. include F&N(Singapore), F&NFoods(S), Interflavine, F&NUnited, MyanmarBrewery, APB(S), VietnamBrewery, SPHoldings, HatayBrewery, HainanBrewery and ShanghaiBrewery. APB(T) and GAB are deemed persons connected with F&N Ltd.. All the abovementioned companies of F&N Ltd. have Recurrent Transactions with the F&N Group.</p> <p>The principal activities of F&N Ltd., its subsidiaries, associated companies and joint ventures are the production and sale of soft drinks, beer, stout, dairy products and glass containers, the development of and investment in property and printing, publishing and provision of education services. F&N Ltd. also provides management and administrative services to its subsidiaries, joint ventures and associated companies. (Source : F&N Ltd.'s Annual Report for the financial year ended 30 September 2001)</p> |
| TCCC | United States of America | <p>TCCC ultimately owns F&NCC Pte. Ltd.. F&NCC Pte. Ltd. owns 10% of both F&NCC(M) and F&NCCBeverages. F&NCC(M) and F&NCCBeverages have recurrent transactions with each other. In addition, F&NCCBeverages has recurrent transactions with designated suppliers approved by TCCC. F&NCC Pte. Ltd. also has Recurrent Transactions with F&NCCBeverages.</p> <p>TCCC and its subsidiaries ("TCCC Group") manufacture, market and distribute non-alcoholic beverage concentrates and syrups. The TCCC Group manufactures beverage concentrates and syrups and, in certain instances, finished beverages, which it sells to bottling and canning operations, authorised fountain wholesalers and some fountain retailers. The TCCC Group also markets and distributes juice and juice-drink products. In addition, the TCCC Group also has ownership interest in numerous bottling and canning operations. (Source : TCCC's Annual Report for the financial year ended 31 December 2001)</p> |

| The Mandated Related Parties | Country of Incorporation | Relationship |
|-------------------------------------|---------------------------------|---|
| SaigonBeer | Vietnam | SaigonBeer is the joint venture party with MGP which owns 30% of MVGL. SaigonBeer has Recurrent Transactions with F&N Group. SaigonBeer's principal activities are the manufacture and sale of beverages to the local and export markets. In addition, SaigonBeer is an investment holding company with subsidiaries involved in transportation, mineral water and beer and has joint-ventures in can manufacture, glass and beer. (Source:SaigonBeer Company Brochure) |
| TuopaiHoldings | The People's Republic of China | TuopaiHoldings owns 45.98% of TuopaiLiquor. TuopaiLiquor is the joint venture party with MGP which owns 40% of SichuanMalaya. TuopaiHoldings also holds 40% of MianyangTianhua. SichuanMalaya has Recurrent Transactions with TuopaiHoldings, TuopaiLiquor and MianyangTianhua. Tuopai Holdings' principal activity is the production of liquor. |

Set out below are the companies that are associated with the Mandated Related Parties which have dealings with the companies within the F&N Group:-

| Companies associated with the Mandated Related Parties | Country of Incorporation | Relationship |
|---|---------------------------------|---|
| F&N(Singapore) | Singapore | Subsidiary of F&N Ltd. |
| F&NFoods(S) | Singapore | Subsidiary of F&N Ltd. |
| Interflavine | Singapore | Subsidiary of F&N Ltd. |
| F&NUnited | Thailand | Subsidiary of F&N Ltd. |
| MyanmarBrewery | Myanmar | Subsidiary of F&N Ltd. |
| APB(S) | Singapore | Subsidiary of F&N Ltd. |
| VietnamBrewery | Vietnam | Subsidiary of F&N Ltd. |
| SPHoldings | Papua New Guinea | Subsidiary of F&N Ltd. |
| HatayBrewery | Vietnam | Subsidiary of F&N Ltd. |
| HainanBrewery | The People's Republic of China | Subsidiary of F&N Ltd. |
| ShanghaiBrewery | The People's Republic of China | Subsidiary of F&N Ltd. |
| APB(T) | Thailand | A company deemed connected with F&N Ltd. |
| GAB | Malaysia | A company deemed connected with F&N Ltd. |
| F&NCC Pte. Ltd. | Singapore | A company which is ultimately owned by TCCC. F&NCC Pte. Ltd. owns 10% of both F&NCC(M) and F&NCCBeverages |
| TuopaiLiquor | The People's Republic of China | A company in which TuopaiHoldings has an equity interest of 45.98% |
| MianyangTianhua | The People's Republic of China | A company in which TuopaiHoldings has an equity interest of 40% |

The companies associated with the Mandated Related Parties include the designated suppliers of concentrates (as stated in Section 2.4.1 (A) part (i) and Section 2.4.2 part (i) of this Circular) and raw materials (as stated in Section 2.4.1 (B) part (i) of this Circular) to the F&N Group which may be connected with F&N Ltd., TCCC and/or their directors.

2.4 Nature of Recurrent Transactions Contemplated under the Proposed Shareholders' Mandates

The Recurrent Transactions of a revenue or trading nature which will be covered by the Proposed Shareholders' Mandates and the benefits to be derived from them are the general transactions by the Group relating to the provision of, or obtaining from, the related party, products and services in the normal course of business of the Group. The Proposed Shareholders' Mandates are intended to facilitate transactions in the normal course of business of the Group which are transacted from time to time with the Mandated Related Parties, provided that they are consistent with the Group's normal business practices and policies and are on terms which are not more favourable to the related party than those extended to the other customers of the F&N Group.

The Proposed Shareholders' Mandates comprise the following four (4) separate mandates:-

- (i) The Proposed Mandate Relating to F&N Ltd.;
- (ii) The Proposed Mandate Relating to TCCC;
- (iii) The Proposed Mandate Relating to SaigonBeer; and
- (iv) The Proposed Mandate Relating to TuopaiHoldings.

The details of the shareholders' mandates in paragraphs (i), (ii), (iii) and (iv) above are set out in Sections 2.4.1, 2.4.2, 2.4.3 and 2.4.4 of this Circular respectively.

2.4.1 The Proposed Mandate Relating to F&N Ltd.

The Proposed Mandate Relating to F&N Ltd. sets forth the shareholders mandate relating to the Recurrent Transactions between the F&N Group and subsidiaries of, and/or companies associated with F&N Ltd. ('F&N Ltd. Group'). The Recurrent Transactions involving F&N Ltd. encompass the following three (3) operations of the Group:-

- (i) Soft Drinks Operation;
- (ii) Dairies Operation; and
- (iii) Glass Operation.

A. Soft Drinks Operation

The activities of the Group's soft drinks operation are carried out by F&NCCBeverages and F&NCC(M).

The principal activity of F&NCCBeverages is the manufacture and bottling of soft drinks and non-alcoholic beverages that are licensed by F&N Ltd. and TCCC under the TMLA and the Bottler's Agreement respectively. Licensed brands include "F&N", "Seasons", "100 Plus", "Coca-Cola", "Sprite" and "Aquarius". As part of the licensing arrangements, certain concentrates are required to be purchased from suppliers approved by the brandowners.

F&NCC(M) is one of the major customers of F&NCCBeverages. F&NCC(M) is principally engaged in the distribution and sales of products under the brands described above licensed by F&N Ltd. and TCCC as provided under the TMLA and the Distributor's Agreement respectively. As part of F&NCC(M)'s activities, F&NCC(M) is required by the brandowners to carry out marketing of the products under the brands. Certain of such

costs are incurred on behalf of the brand owners and accordingly reimbursed.

F&N Ltd. holds 60.74% equity interest in F&N. F&N in turn holds 90% equity interest in both F&NCCBeverages and F&NCC(M). F&NCC Pte. Ltd. holds the remaining 10% equity interest in F&NCCBeverages and F&NCC(M). Based on the annual report of TCCC for the financial year ended 31 December 2001, TCCC fully owns F&NCC Pte. Ltd.. Both F&N Ltd. and TCCC are by definition major shareholders in F&NCCBeverages and F&NCC(M).

The Recurrent Transactions involving TCCC are set out in Section 2.4.2 of this Circular.

The Recurrent Transactions in relation to the soft drinks operation of F&N Group, involving the subsidiaries of F&N Ltd. are set out as follows:-

| Parties transacted with | Companies within the Group | Actual transaction value during previous financial year RM'000 | Estimated annual aggregate value RM'000 | Nature of transactions by companies within the Group |
|-------------------------|----------------------------|--|---|--|
| Interflavine | F&NCCBeverages | 76,627 | 130,609 | Purchase of concentrates by F&NCCBeverages from Interflavine |
| Interflavine | F&NCCBeverages | 33 | 35 | Purchase of ingredients by Interflavine from F&NCCBeverages |
| F&NFoods(S) | F&NCCBeverages | 5,652 | 5,934 | Sale of finished products by F&NCCBeverages to F&NFoods(S) |
| F&N(Singapore) | F&NCC(M) | 9,023 | 9,779 | Payment of royalties on F&N products by F&NCC(M) to F&N(Singapore) |
| F&N(Singapore) | F&NCCBeverages | 48 | 238 | Payment of rental by F&N(Singapore) to F&NCCBeverages |

Note :-

The estimated annual aggregate value for the financial year ending 30 September 2003 was arrived at based on (among others) the actual transaction value during the previous financial year ended 30 September 2002, prevailing market rates, expected level of operations and information available at the point of estimation. Due to the nature of the transaction, the actual value of the transaction may vary from the estimated value disclosed above.

The details of the above Recurrent Transactions are set out as follows:-

(i) Purchase of Concentrates

In order to manufacture and bottle the F&N products under the brands licensed under the TMLA, F&NCCBeverages purchases concentrates for the manufacture and bottling of the F&N products from Interflavine or such other supplier(s) as approved by F&N Ltd.. As the concentrates have to be purchased from Interflavine or supplier(s) approved by the brandowner, the terms and prices of such purchases are as determined by the brandowner in consultation with F&N. F&NCCBeverages in turn sells ingredients to Interflavine, the terms and prices of which are as determined by F&N in consultation with Interflavine.

(ii) Sale of Finished Products

F&NCCBeverages sells finished products to F&NFoods(S). The prices are negotiated on a willing buyer-willing seller basis and are payable pursuant to normal terms of trade.

(iii) Payment of Royalty

F&NCC(M) pays royalty to F&N(Singapore) for the use of the trademarks and devices under the TMLA. These include twenty five (25) "F&N" trademarks registered in Malaysia. The royalty is fixed at 2% of the net sales value of the products under the TMLA and is payable pursuant to normal terms of trade.

(iv) Payment of rental

F&NCCBeverages receives rental from F&N(Singapore). The rental rate for the premises is negotiated by both parties and determined on normal commercial terms. The premises which is 3 years old and measures about 3,942 square feet is located at 1, Jalan Bukit Belimbing 26/38, Section 26, 40400 Shah Alam, Selangor Darul Ehsan. Payment of rental for the premises is on a monthly basis. The tenure of the rental agreement however is under discussion.

B. Dairies Operation

The activities of the dairies operation of the Group are carried out by F&NFoods, PremierMilk and F&NDairies.

F&NFoods is principally engaged in the manufacture and sale of pasteurised and sterilised products and ice cream. The licensed brands manufactured and sold by F&NFoods include "Magnolia", "Meadow Gold", "Farmhouse" and "Nutrisoy". As part of the licensing arrangements, certain ingredients are to be purchased from suppliers authorised and approved by the brandowners.

PremierMilk is principally engaged in the manufacture of condensed milk, evaporated milk and other related products for F&NDairies and contract packs for third parties.

F&NDairies is the principal customer of F&NFoods and PremierMilk. Its principal activities are the distribution and sales of the products under the licensed brands. As part of its activities, F&NDairies is required by the brandowners to carry out marketing programs in respect of such products. Certain costs such as marketing costs are incurred on behalf of the brandowners and accordingly reimbursed.

F&N Ltd. holds 60.74% equity interest in F&N. F&N in turn, wholly owns F&NFoods and F&NDairies. F&N also holds 75% equity interest in PremierMilk.

The Recurrent Transactions in relation to the dairies operation of F&N Group, involving the subsidiaries of F&N Ltd. are set out as follows:-

| Parties transacted with | Companies within the Group | Actual transaction value during previous financial year RM'000 | Estimated annual aggregate value RM'000 | Nature of transactions by companies within the Group |
|--------------------------------|-----------------------------------|---|--|---|
| Interflavine | PremierMilk and F&NFoods | 8,686 | 9,986 | Purchase of raw materials by PremierMilk and F&NFoods from Interflavine |

| | | | | |
|----------------|----------------------------|--------|--------|--|
| F&NUnited | F&NDairies | 10,619 | 15,562 | Purchase of finished products by F&NDairies from F&NUnited |
| F&NFoods(S) | F&NFoods, and PremierMilk | 46,674 | 19,302 | Purchase of finished products by F&NFoods(S) from F&NFoods and PremierMilk |
| F&NFoods(S) | F&NDairies | 1,208 | 1,488 | Payment of royalties by F&NDairies to F&NFoods(S) for use of trademarks, tradenames and brand names |
| F&NFoods(S) | F&NDairies and PremierMilk | 1,192 | 1,586 | Payment by F&NDairies, and PremierMilk to F&NFoods(S) for corporate service fees |
| F&NFoods(S) | PremierMilk | 265 | 278 | Payment by PremierMilk to F&NFoods(S) for corporate research and development and technical services |
| F&N(Singapore) | F&NDairies | 7,233 | 7,744 | Payment of royalties by F&NDairies to F&N(Singapore) for use of trademarks, tradenames and brand names of F&N Ltd. |

Note :-

The estimated annual aggregate value for the financial year ending 30 September 2003 was arrived at based on (among others) the actual transaction value during the previous financial year ended 30 September 2002, prevailing market rates, expected level of operations and information available at the point of estimation. Due to the nature of the transaction, the actual value of the transaction may vary from the estimated value disclosed above.

The details of the above Recurrent Transactions are set out as follows:-

(i) Purchase of Raw Materials

PremierMilk and F&NFoods purchase raw materials from Interflavine or such other supplier(s) approved by F&N Ltd. for the manufacture of dairy and juice products. As the raw materials have to be purchased from suppliers approved by the brandowner, the terms and prices of such purchases are as determined by the brandowner in consultation with F&N.

The purchases of raw materials from Interflavine or such supplier(s) approved by F&N Ltd. are essential for the ongoing businesses of F&NFoods, PremierMilk and the Group.

(ii) Purchase and Sale of Finished Products

(a) F&NDairies purchases ice cream products, namely, novelty items, sticks and cones from F&NUnited for distribution and sale so as to increase and add variety to its product line and give F&NDairies a competitive edge in its ice cream business. The prices are negotiated on a willing buyer-willing seller basis and are made under normal trade terms.

- (b) F&NFoods(S) purchases pasteurised and sterilised products such as milk and juices from F&NFoods as well as condensed milk and evaporated milk from PremierMilk. The prices are negotiated on a willing buyer-willing seller basis and are payable pursuant to normal terms of trade.

(iii) Payment of Corporate Fees

F&NDairies and PremierMilk pay F&NFoods(S) corporate service fees for services rendered toward corporate marketing and among others, project evaluations. The fees are negotiated on arms' length basis, with normal payment terms.

PremierMilk pays F&N(Singapore) corporate service fees for corporate research, development and technical services. The fees are negotiated on arms' length basis, with normal payment terms.

The receipt of services above will facilitate transactions that arise in the normal course of operations of the Group to proceed in a more effective manner. The services will enable the Group to produce better quality products or as the case may be, improve on marketing strategies.

(iv) Payment for Use of Trademarks, Tradenames and Brand Names

- (a) F&NDairies pays royalty to F&N(Singapore) for the use of all trademarks, tradenames and brand names of F&N Ltd. such as "Super M" save and except for the "Magnolia" and "Magnovite" brands and other trademarks such as "Tiger Lolly" and "Eskimo" as set out in the Distribution Agreement dated 1 November 1994 made between F&NFoods(S) and F&NDairies. The royalty is fixed at 2% of the net sales value of the products under the Distribution Agreement made between F&N Ltd. and F&NDairies dated 30 September 1993 and is payable quarterly.

- (b) F&NDairies pays royalty to F&NFoods(S) for the use of the trademarks, tradenames and brand names as set out in the Distribution Agreement dated 1 November 1994 made between F&NFoods(S) and F&NDairies, including the "Magnolia" and "Magnovite" trademarks. The royalty is fixed at 2.25% of the gross sale value of the products on a negotiated basis under the said distribution agreement and is payable quarterly.

The licences to use the trademarks, tradenames and brand names of F&N Ltd. are essential for the ongoing businesses of F&NDairies and the Group.

C. Glass Operation

The activities of the glass operation of the group are carried out by MGP and KLGM within Malaysia and MVGL and SichuanMalaya outside Malaysia. The principal activities of these entities are the manufacture and sale of glass containers and related products.

The following are Recurrent Transactions in relation to the glass operation of F&N Group, which involves certain subsidiaries of F&N Ltd.:-

| Parties transacted with | Companies within the Group | Actual transaction value during previous financial year RM'000 | Estimated annual aggregate value RM'000 | Nature of transactions by companies within the Group |
|--------------------------------|-----------------------------------|---|--|---|
| APB(S) | MGP | 17,481 | 23,000 | Sale of finished products by MGP to APB(S) |
| APB(S) | MGP | 34 | 34 | Purchase of raw materials (cullets) by MGP from APB(S) |
| APB(T) | MGP and MVGL | nil | 4,000 | Sale of finished products by MGP and MVGL to APB(T) |
| MyanmarBrewery | MGP | 3,876 | 10,000 | Sale of finished products by MGP to MyanmarBrewery |
| VietnamBrewery | MGP | 427 | 900 | Sale of finished products by MGP to VietnamBrewery |
| VietnamBrewery | MVGL | 1,559 | 4,100 | Sale of finished products by MVGL to VietnamBrewery and purchase of raw materials (cullets) by MVGL from VietnamBrewery |
| SPHoldings | MGP | 7,136 | 16,000 | Sale of finished products by MGP to SPHoldings |
| HatayBrewery | MVGL | nil | 800 | Sale of finished products by MVGL to HatayBrewery |
| HainanBrewery | SichuanMalaya | nil | 4,000 | Sale of finished products by SichuanMalaya to HainanBrewery |
| ShanghaiBrewery | SichuanMalaya | nil | 4,000 | Sale of finished products by SichuanMalaya to ShanghaiBrewery |

| | | | | |
|-----|-----|--------|--------|---|
| GAB | MGP | 13,058 | 15,440 | Sale of finished products by MGP to GAB and purchase of raw materials (cullets) by MGP from GAB |
|-----|-----|--------|--------|---|

Note :-

The estimated annual aggregate value for the financial year ending 30 September 2003 was arrived at based on (among others) the actual transaction value during the previous financial year ended 30 September 2002, prevailing market rates, expected level of operations and information available at the point of estimation. Due to the nature of the transaction, the actual value of the transaction may vary from the estimated value disclosed above.

MGP sells glass containers and related products to APB(S), APB(T), MyanmarBrewery, VietnamBrewery, SPHoldings and GAB. MVGL similarly sells glass containers and related products to APB(T), VietnamBrewery and HatayBrewery. SichuanMalaya as well sells glass bottles to HainanBrewery and Shanghai Brewery. In addition, MVGL purchases cullets from VietnamBrewery while MGP purchases cullets from APB(S) and GAB. Prices for such sales and purchases are negotiated and made under normal trade terms.

The Proposed Mandate Relating to F&N Ltd. will allow the Group to transact with the subsidiaries of F&N Ltd. in an expeditious manner to meet the business and operational needs of the Group.

2.4.2 The Proposed Mandate Relating to TCCC

The Proposed Mandate Relating to TCCC sets forth the shareholders' mandate relating to the Recurrent Transactions within the Group's soft drinks operation, involving companies associated with TCCC and are set out as follows:-

| Parties transacted with | Companies within the Group | Actual transaction value during previous financial year RM'000 | Estimated annual aggregate value RM'000 | Nature of transactions by companies within the Group |
|---------------------------------------|-----------------------------|--|---|---|
| Designated suppliers approved by TCCC | F&NCCBeverages | 62,344 | 106,263 | Purchase of concentrates by F&NCCBeverages from the designated suppliers approved by TCCC |
| * | F&NCCBeverages and F&NCC(M) | 6,311 | 6,774 | Rental payment for office space by F&NCC(M) to F&NCCBeverages |
| * | F&NCCBeverages and F&NCC(M) | 466,791 | 562,451 | Sale of finished products to F&NCC(M) by F&NCCBeverages |
| * | F&NCCBeverages and F&NCC(M) | 2,719 | 2,300 | Payment of interest by F&NCCBeverages to F&NCC(M) in respect of current account balances at the end of each month |
| F&NCC Pte. Ltd. | F&NCCBeverages | 2,221 | 2,332 | Sale of finished products by F&NCCBeverages to F&NCC Pte. Ltd. |

Note: -

* Relates to transactions between F&NCCBeverages and F&NCC(M).

The estimated annual aggregate value for the financial year ending 30 September 2003 was arrived at based on (among others) the actual transaction value during the previous financial year ended 30 September 2002, prevailing market rates, expected level of operations and information available at the point of estimation. Due to the nature of the transaction, the actual value of the transaction may vary from the estimated value disclosed above.

The details of the above Recurrent Transactions are set out as follows:-

(i) Purchase of Concentrates

F&NCCBeverages purchases concentrates from designated suppliers approved by TCCC, for the manufacture and bottling of products under the brands licensed under the Bottler's Agreement. These designated suppliers approved by TCCC may be connected with TCCC and/or its Directors. As the concentrates have to be purchased from suppliers approved by the brandowner, the terms and prices of such purchases are as determined by the brandowner in consultation with F&N.

(ii) Rental of Office Space

F&NCCBeverages receives rental from F&NCC(M). The rental of premises is for F&NCC(M)'s office and warehousing use and the rental rate is negotiated by both parties and determined on normal commercial terms. The premises which varies in age from 3 to 7 years and measures about 182,937 square feet is located at 1, Jalan Bukit Belimbing 26/38, Section 26, 40400 Shah Alam, Selangor Darul Ehsan. Payment of rental for the tenancy arrangement is on a monthly basis.

(iii) Payment of Interest

F&NCCBeverages pays interest to F&NCC(M) in respect of current account balances at the end of each month. The interest payable is at prevailing market rates.

(iv) Sale and Purchase of Finished Products

(a) As part of its normal activities, F&NCCBeverages also sells finished products to F&NCC(M) for distribution and sale in the market. The prices are based on a margin above production cost and are payable under normal trade terms.

(b) F&NCCBeverages sells certain of its finished products to F&NCC Pte. Ltd. The prices are negotiated on a willing buyer-willing seller basis and are payable pursuant to normal terms of trade.

The Proposed Mandate Relating to TCCC will allow the Group to transact with companies associated with TCCC in an expeditious manner to meet the business and operational needs of the Group.

2.4.3 The Proposed Mandate Relating to SaigonBeer

The Proposed Mandate Relating to SaigonBeer sets forth the Recurrent Transactions within the Group's glass operation, involving SaigonBeer which are set out as follows:-

| Parties transacted with | Companies within the Group | Actual transaction value during previous financial year RM'000 | Estimated annual aggregate value RM'000 | Nature of transactions by companies within the Group |
|-------------------------|----------------------------|--|---|--|
| SaigonBeer | MVGL | 4,300 | 10,300 | Sale of finished products by MVGL to SaigonBeer Purchase of raw materials (cullets) by MVGL from SaigonBeer |
| SaigonBeer | MGP | 5,860 | 10,000 | Sale of finished products by MGP to SaigonBeer |

Note :-

The estimated annual aggregate value for the financial year ending 30 September 2003 was arrived at based on (among others) the actual transaction value during the previous financial year ended 30 September 2002, prevailing market rates, expected level of operations and information available at the point of estimation. Due to the nature of the transaction, the actual value of the transaction may vary from the estimated value disclosed above.

MVGL sells finished products to SaigonBeer and purchases broken bottles from SaigonBeer. MGP also sells finished products to SaigonBeer. In addition, as SaigonBeer is a state-owned company of the Vietnamese Government, MGP and MVGL may also have Recurrent Transactions with other state-owned companies of the Vietnamese Government that may be deemed associated with SaigonBeer. The prices are negotiated on a willing buyer-willing seller basis and are payable pursuant to normal terms of trade.

The Recurrent Transactions have met and are intended to continue to meet the business needs of MVGL and MGP.

2.4.4 The Proposed Mandate Relating to TuopaiHoldings

The Proposed Mandate Relating to TuopaiHoldings sets forth the Recurrent Transactions with SichuanMalaya which are set out as follows:-

| Parties transacted with | Companies within the Group | Actual transaction value during previous financial year RM'000 | Estimated annual aggregate value RM'000 | Nature of transactions by companies within the Group |
|-------------------------|----------------------------|---|--|--|
| TuopaiHoldings | SichuanMalaya | nil | 350 | Payment of rental for the lease of factory building and land by SichuanMalaya to TuopaiHoldings |
| TuopaiLiquor | SichuanMalaya | nil | 141,000 | Sale of finished products by SichuanMalaya to TuopaiLiquor. Payment for raw and packing materials and transportation charges by SichuanMalaya to TuopaiLiquor |
| TuopaiLiquor | SichuanMalaya | nil | 4,600 | Payment of rental for the lease of factory building and land by SichuanMalaya to TuopaiLiquor |
| MianyangTianhua | SichuanMalaya | nil | 6,000 | Purchase of packing materials by SichuanMalaya from MianyangTianhua |

Note :-

The estimated annual aggregate value for the financial year ending 30 September 2003 was arrived at based on (among others) the actual transaction value during the previous financial year ended 30 September 2002, prevailing market rates, expected level of operations and information available at the point of estimation. Due to the nature of the transaction, the actual value of the transaction may vary from the estimated value disclosed above.

SichuanMalaya leases buildings and landed properties on which it operates from TuopaiHoldings and TuopaiLiquor for its glass manufacture and related activities. The rental rate is determined on prevailing market rates negotiated on a willing buyer-willing seller basis. The premises which is leased from TuopaiHoldings is 19 years old measuring about 22,678 sq meters in size and is located at No. 47, Wen Hua Street, Tai He Town, Shehong County, Sichuan Province. The rental agreement is for a 10 year tenure where rental is payable yearly. The premises leased from

TuopaiLiquor, on the other hand, is located at No. 149, Zhong Street, Liushu Town, Shehong County, Sichuan Province for a 30 year tenure where rental is payable yearly. The building is about 76,038 sq meters in size and is undergoing construction.

TuopaiLiquor purchases glass containers and related products from SichuanMalaya on prices which are negotiated and made under normal trade terms. SichuanMalaya purchases packing materials from MianyangTianhua. Such purchases are also negotiated and made under normal trade terms. SichuanMalaya purchases raw and packing materials from TuopaiLiquor and also pays to them transportation charges.

The Recurrent Transaction has met and is intended to continue to meet the business needs of SichuanMalaya.

2.5 Review and Disclosure Procedures on the Recurrent Transactions

The Group has established various procedures to ensure that the Recurrent Transactions are undertaken at arms' length basis and on normal commercial terms, which are consistent with the Group's normal business practices and policies, on terms not more favourable to the related party than those extended to the other customers of the F&N Group and not to the detriment of the minority shareholders.

In this respect, the Group will implement the following review and disclosure procedures with regards to the Recurrent Transactions:-

- (i) The subsidiaries of F&N will be notified of the Mandated Related Parties and will be required prior to entering into such transactions to ensure that all the Recurrent Transactions are consistent with the Group's normal business practices and policies which are not more favourable to the related party than those extended to the other customers of the F&N Group;
- (ii) The annual internal audit plan shall incorporate a review of the Recurrent Transactions entered into pursuant to the shareholders' mandate(s) to ensure that relevant approvals have been obtained and that the internal control and procedures in respect of the Recurrent Transactions have been adhered to;
- (iii) The Board and the Audit Committee shall review the internal audit reports which are normally conducted at least once a year to ascertain that the guidelines and procedures established to monitor recurrent related party transactions have been complied with;
- (iv) Records will be maintained by the Company to capture all the Recurrent Transactions which are entered pursuant to the shareholders' mandate(s);
- (v) The Board and the Audit Committee shall have overall responsibility for the determination of the review procedures, including addition of new review procedures where applicable. The Board and the Audit Committee may also appoint individuals and committees within the Company to examine the Recurrent Transactions, as they deem appropriate. If a member of the Board or the Audit Committee has an interest, he or she will abstain from any deliberation and decision-making by the Board or the Audit Committee in respect of the said transaction; and
- (vi) Disclosure will be made in the annual report of the aggregate value of Recurrent Transactions conducted pursuant to the shareholders' mandate(s) during the financial year.

2.6 Audit Committee Statement

The Audit Committee of the Company is of the view that the procedures mentioned in Section 2.5 above should be sufficient to ensure that the recurrent related party transactions are not more favourable to related parties than those extended to the other customers of the F&N Group and that the review procedures are sufficient to ensure that the transactions are not to the detriment of the minority shareholders.

3. RATIONALE FOR AND THE BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATES

The Recurrent Transactions that are set out in this Circular are mainly for the Group's day-to-day operations. The related parties as defined under the Listing Requirements are F&N Ltd. and its subsidiaries referred to in Section 2.4.1, TCCC (through companies associated with it) referred to in Section 2.4.2, SaigonBeer referred to in Section 2.4.3 and TuopaiHoldings referred to in Section 2.4.4.

F&N benefits from the Recurrent Transactions involving F&N Ltd. through the synergies that are derived from the combined larger operations of F&N and F&N Ltd.. Additionally, F&N benefits from the manufacture, distribution and sale of products pursuant to the TMLA with F&N Ltd. and the Bottler's Agreement and Distributor's Agreement with TCCC. The shareholdings of SaigonBeer in MVGL help towards providing a market for the Group's glass products. Similarly, the effective interest of TuopaiHoldings in SichuanMalaya throughTuopaiLiquor also assists in the operations of the Group's glass products.

The Proposed Shareholders' Mandate(s) are intended to facilitate transactions in the normal course of business of the Group which are transacted from time to time with the Mandated Related Parties, provided that they are consistent with the Group's normal business practices and policies and are on terms which are not more favourable to the related party than those extended to the other customers of the F&N Group.

The Proposed Shareholders' Mandate(s) (if approved at this forthcoming AGM of the Company) shall continue to be in force until the next AGM following the forthcoming AGM and shall be renewable at each annual general meeting of the Company thereafter. Disclosure will be made in the annual report of the Company of the aggregate value of Recurrent Transactions conducted pursuant to the shareholders' mandate(s) during each financial year.

The obtaining of the shareholders' mandates and the renewal thereof on an annual basis would eliminate the need to announce and/or convene separate general meetings from time to time to seek shareholders' approval as and when Recurrent Transactions percentage ratio is equal or exceeds five (5) percent as prescribed in Chapter 10 of the Listing Requirements, thereby reducing substantially the expenses and administrative time in convening such meetings. This will not only allow the F&N Group to pursue business opportunities which are time sensitive in nature but enable resources and time to be channelled towards achieving other objectives.

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATES

The Proposed Shareholders' Mandates are not expected to have any effect on the issued and paid-up capital, the shareholdings of the substantial shareholders, consolidated net tangible assets and consolidated earnings of F&N.

5. CONDITIONS OF THE PROPOSED SHAREHOLDERS' MANDATES

The Proposed Shareholders' Mandates are subject to approvals being obtained from the shareholders of the Company at the forthcoming AGM.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, and to the best of the knowledge of the Directors of F&N, none of the Directors and/or major shareholders of F&N or any persons connected to the Directors and/or major shareholders of F&N has any interest, direct and/or indirect, in the Proposed Shareholders' Mandates:-

- (i) F&N Ltd. is the holding company of F&N. The subsidiaries of F&N Ltd. include F&N(Singapore), F&NFoods(S), Interflavine, F&NUnited, MyanmarBrewery, APB(S), VietnamBrewery, SPHoldings, HatayBrewery, HainanBrewery and ShanghaiBrewery. APB(T) and GAB are deemed companies connected with F&N Ltd.. All the abovementioned companies of F&N Ltd. have Recurrent Transactions with the F&N Group. Details of the nominee directors of F&N Ltd. on the Board of F&N are set out below.

- (ii) TCCC ultimately owns F&NCC Pte. Ltd.. F&NCC Pte. Ltd. owns 10% of both F&NCC(M) and F&NCCBeverages. F&NCC(M) and F&NCCBeverages have recurrent transactions with each other. F&NCCBeverages likewise has recurrent transactions with designated suppliers approved by TCCC. F&NCC Pte. Ltd. also has Recurrent Transactions with F&NCCBeverages. TCCC has a nominee Director on the Board of Directors of F&NCCBeverages and F&NCC(M). However, it does not have any nominee Director on the Board of F&N. TCCC is not a major shareholder of F&N.
- (iii) SaigonBeer owns 30% equity interest in MVGL and has Recurrent Transactions with MVGL and MGP. SaigonBeer has two (2) nominee Directors on the Board of Directors of MVGL. However, it does not have any nominee Directors on the Board of Directors of F&N and it is not a major shareholder of F&N.
- (iv) TuopaiHoldings owns 40% of MianyangTianhua and 45.98% of TuopaiLiquor of which the latter (TuopaiLiquor) in turn holds 40% of SichuanMalaya. SichuanMalaya has Recurrent Transactions with TuopaiHoldings, MianyangTianhua and TuopaiLiquor. TuopaiLiquor has three (3) nominee Directors on the Board of Directors of SichuanMalaya. However, it does not have any nominee Directors on the Board of Directors of F&N and it is not a major shareholder of F&N.

Pursuant to the Listing Requirements, F&N Ltd. is required to abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to F&N Ltd. at the forthcoming AGM. Persons connected to F&N Ltd., if any, who hold Shares in F&N, are also required under the Listing Requirements to abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to F&N Ltd. at the forthcoming AGM.

Where TCCC holds Shares in F&N, TCCC is required under the Listing Requirements to abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to TCCC at the forthcoming AGM. Persons connected to TCCC, if any, who hold Shares in F&N, are also required under the Listing Requirements to abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to TCCC at the forthcoming AGM.

Where SaigonBeer holds Shares in F&N, SaigonBeer is required under the Listing Requirements to abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to SaigonBeer at the forthcoming AGM. Persons connected to SaigonBeer, if any who hold Shares in F&N, are also required under the Listing Requirements to abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to SaigonBeer at the forthcoming AGM.

Where TuopaiHoldings holds Shares in F&N, TuopaiHoldings is required under the Listing Requirements to abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to TuopaiHoldings at the forthcoming AGM. Persons connected to TuopaiHoldings, if any who hold Shares in F&N, are also required under the Listing Requirements to abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to TuopaiHoldings at the forthcoming AGM.

Dr. Han Cheng Fong, Anthony Cheong Fook Seng, Tan Wee Tee (alternate director to Dr. Han Cheng Fong), Y.Bhg. Datuk Fong Weng Phak and Lee Kong Yip are nominee Directors of F&N Ltd. appointed to the Board of F&N. Pursuant to the KLSE Listing Requirements, these Directors are deemed interested in the Proposed Mandate Relating to F&N Ltd. Accordingly they are required to abstain and continue to abstain from deliberating and voting at the relevant board meetings of F&N on the Proposed Mandate Relating to F&N Ltd. Where the abovementioned Directors hold Shares in F&N, they are also required to abstain from voting in respect of their direct and/or indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to F&N Ltd at the forthcoming AGM. Persons connected to these Directors, if any, who hold Shares in F&N, are likewise required under the Listing Requirements to abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to F&N Ltd at the forthcoming AGM.

Leslie Oswin Struys and Tan Ang Meng hold shares in F&N Ltd.. In addition, Tan Ang Meng holds shares in Asia Pacific Breweries Ltd., a subsidiary of F&N Ltd.. Pursuant to the KLSE Listing Requirements, these Directors are deemed interested in the Proposed Mandate Relating to F&N Ltd.. Accordingly, they are required to abstain from voting, in respect of their direct and/or indirect

shareholdings on the resolution pertaining to the Proposed Mandate Relating to F&N Ltd. at the forthcoming AGM. Persons connected to them, if any, who hold Shares in F&N, are likewise required under the Listing Requirements to abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to F&N Ltd at the forthcoming AGM.

I.A. MacLean and Tan Yam Pin retired from the Board of Directors of F&N and F&N Ltd on 30 September 2002. Pursuant to the KLSE Listing Requirements, they are deemed interested in the Proposed Mandate Relating to F&N Ltd. If they hold shares in F&N, they are required under the Listing Requirements to abstain from voting, in respect of their direct and/or indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to F&N Ltd at the forthcoming AGM. Persons connected to them, if any, who hold Shares in F&N, are likewise required under the Listing Requirements to abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate Relating to F&N Ltd at the forthcoming AGM.

The shareholdings of the Directors of F&N in the Company as at 16 December 2002 based on the Register of Directors' Shareholdings are as follows:-

| Name | <-----Shareholdings-----> | | | |
|---|---------------------------|------|------------------------|---|
| | <-----Direct-----> | | <-----Indirect-----> | |
| | No. of Shares held | % | No. of Shares held | % |
| Y.A.M. Tengku Syarif Bendahara Perlis Syed Badarudin Jamalullail ibni Almarhum Tuanku Syed Putra Jamalullail | ^{*i} 2,862,000 | 0.78 | ^{**ii} 75,000 | * |
| Cheong Fook Seng, Anthony | - | - | - | - |
| Y.Bhg. Datuk Fong Weng Phak | - | - | - | - |
| Dr. Han Cheng Fong | - | - | - | - |
| Lee Kong Yip | - | - | - | - |
| Leslie Oswin Struys | 20,000 | * | - | - |
| Y.Bhg. Tan Sri Dato' Dr. Lin See-Yan | - | - | - | - |
| Dr. Radzuan bin A. Rahman | - | - | - | - |
| Tan Ang Meng | - | - | - | - |
| Zaida Khalida Binti Shaari | - | - | - | - |
| Tan Wee Tee (Alternate director to Dr Han Cheng Fong) | - | - | - | - |

Notes:-

- * *Negligible*
- *i *Of which 1,961,500 Shares are held through nominee companies*
- *ii *Indirectly held through his sister, Sharifah Endah binti Syed Putra Jamalullail*

7. AGM

An AGM, the notice of which is enclosed in the Annual Report of F&N for the financial year ended 30 September 2002 accompanying this Circular and particulars of the Proposed Shareholders' Mandates which are set out in this Circular, will be held at the Junior Ballroom, Level 2, Hotel Nikko Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur on 23 January 2003 at 2.30 pm, for the purpose of considering and, if thought fit, passing the resolutions to give effect to the Proposed Shareholders' Mandates with or without modifications.

If you are unable to attend and vote at the AGM in person, please complete the Form of Proxy attached to the Annual Report of F&N and forward it to the Company's Registered Office at 95, Jalan Yew, Off Jalan Sungai Besi, 55100 Kuala Lumpur, so as to arrive not later than forty-eight (48) hours before the time set for the holding of the AGM or any adjournment thereof. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM if you should so decide later.

8. DIRECTORS' RECOMMENDATION

The Directors of F&N, after careful consideration of the Proposed Shareholders' Mandates, are of the opinion that the Proposed Shareholders' Mandates are in the best interests of F&N.

Your Directors, save for Dr. Han Cheng Fong, Anthony Cheong Fook Seng, Tan Wee Tee (alternate director to Anthony Cheong Fook Seng), Y.Bhg. Datuk Fong Weng Phak, Lee Kong Yip, Leslie Oswin Struys and Tan Ang Meng with regard to the Proposed Mandate Relating to F&N Ltd. recommend that you vote in favour of the resolutions pertaining to the Proposed Shareholders' Mandates contained therein to be tabled at the forthcoming AGM.

9. FURTHER INFORMATION

Shareholders are requested to refer to the appendices for further information.

Yours faithfully,
For and on behalf of the Board of
FRASER & NEAVE HOLDINGS BHD.

Y.A.M. Tengku Syarif Bendahara Perlis Syed Badarudin
Jamalullail ibni Almarhum Tuanku Syed Putra Jamalullail
Chairman

ADDITIONAL INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of F&N who collectively and individually accept full responsibility for the accuracy of the information contained in this Circular (except for information on F&N Ltd. group, other than in relation to the F&N Group, of which the Board is relying on information provided by F&N Ltd.) and confirm that, after making all enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or incorrect.

2. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the F&N Group during the past two (2) years immediately preceding the date of the Circular:-

- (i) Joint Venture Agreement/Articles of Association of SichuanMalaya dated 8 August 2001 was signed between MGP and Tuopai Yeast Liquor Co. Ltd. Sichuan. The document sets out among others, the name, registered capital, purpose, scope and business management of SichuanMalaya.
- (ii) Acquisition Agreement between SichuanMalaya and TuopaiHoldings dated 2 October 2002 for the purchase by SichuanMalaya from TuopaiHoldings fixed assets which include furnaces for the manufacture of glass container for a purchase price not exceeding USD2.6 million.
- (iii) Lease Contract between SichuanMalaya and TuopaiHoldings dated 2 October 2002 for the lease of land and building by SichuanMalaya for its glassworks manufacturing activities from TuopaiHoldings for a period of 5 years effective from 1 October 2002 and expiring on 30 September 2007 at a total rental of RMB626,600 a year.

3. MATERIAL LITIGATION

The F&N Group is not engaged in any material litigation, claim or arbitration either as a plaintiff or defendant and the Directors of the Company do not have knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of the Company and/or its subsidiaries.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Registered Office of F&N at 95, Jalan Yew, Off Jalan Sungai Besi, 55100 Kuala Lumpur during normal business hours between Mondays and Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming AGM:-

- (i) Memorandum and Articles of Association of F&N;
- (ii) The audited consolidated accounts of F&N for the past two (2) financial years ended 30 September 2002;
- (iii) The material contracts referred to in paragraph 2 above.



FRASER & NEAVE HOLDINGS BHD.

(Company No.: 004205-V)

(Incorporated in the Federation of Malaya under the Companies Ordinances, 1940 to 1946)

EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 41st Annual General Meeting of Fraser & Neave Holdings Bhd. will be held at the Junior Ballroom, Level 2, Hotel Nikko Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 23 January 2003 at 2.30 pm to consider and, if thought fit, pass the following ordinary resolutions with or without modifications pursuant to the agenda of the Special Business as detailed in the Annual Report of the Company for the financial year ended 30 September 2002:

Ordinary Resolution 6 : Proposed Shareholders' Mandate for Recurrent Related Party Transactions relating to Fraser and Neave Limited

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries ('F&N Group') to enter into any of the category of recurrent transactions of a revenue or trading nature falling within the types of transactions set out in Section 2.4.1 of the Circular dated 31 December 2002 with any of the persons falling within the classes of persons set out in the said Section of the Circular, provided that such transactions are necessary for the day-to-day operations and they are carried out in the ordinary course of business on normal commercial terms which are consistent with the F&N Group's normal business practices and policies, and on terms not more favourable to the related party than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders.

AND THAT such approval shall be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company ("AGM"), at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by the Company in a general meeting,

whichever is the earlier **AND THAT** the Directors of the Company and each of them be authorised to do all such acts and things (including, without limitation, to execute all such documents) as they or he may consider necessary, expedient or in the interests of the Company to give effect to this resolution."

Ordinary Resolution 7 : Proposed Shareholders' Mandate for Recurrent Related Party Transactions Relating to Companies Associated with The Coca-Cola Company

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the category of recurrent transactions of a revenue or trading nature falling within the types of transactions set out in Section 2.4.2 of the Circular dated 31 December 2002 with any of the persons falling within the classes of persons set out in the said Section of the Circular, provided that such transactions are necessary for the day-to-day operations and they are carried out in the ordinary course of business on normal commercial terms which are consistent with the F&N Group's normal business practices and policies, and on terms not more favourable to the related party than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders.

AND THAT such approval shall be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company ("AGM"), at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by the Company in a general meeting,

whichever is the earlier **AND THAT** the Directors of the Company and each of them be authorised to do all such acts and things (including, without limitation, to execute all such documents) as they or he may consider necessary, expedient or in the interests of the Company to give effect to this resolution."

Ordinary Resolution 8 : Proposed Shareholders' Mandate for Recurrent Related Party Transactions Relating to Saigon Beer Company

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the category of recurrent transactions of a revenue or trading nature falling within the types of transactions set out in Section 2.4.3 of the Circular dated 31 December 2002 with any of the persons falling within the classes of persons set out in the said Section of the Circular, provided that such transactions are necessary for the day-to-day operations and they are carried out in the ordinary course of business on normal commercial terms which are consistent with the F&N Group's normal business practices and policies, and on terms not more favourable to the related party than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders.

AND THAT such approval shall be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company ("AGM"), at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by the Company in a general meeting,

whichever is the earlier **AND THAT** the Directors of the Company and each of them be authorised to do all such acts and things (including, without limitation, to execute all such documents) as they or he may consider necessary, expedient or in the interests of the Company to give effect to this resolution."

Ordinary Resolution 9 : Proposed Shareholders' Mandate for Recurrent Related Party Transactions Relating to Sichuan Tuopai Holdings Co. Ltd.

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the category of recurrent transactions of a revenue or trading nature falling within the types of transactions set out in Section 2.4.4 of the Circular dated 31 December 2002 with any of the persons falling within the classes of persons set out in the said Section of the Circular, provided that such transactions are necessary for the day-to-day operations and they are carried out in the ordinary course of business on normal commercial terms which are consistent with the F&N Group's normal business practices and policies, and on terms not more favourable to the related party than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders.

AND THAT such approval shall be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company ("AGM"), at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by the Company in a general meeting,

whichever is the earlier **AND THAT** the Directors of the Company and each of them be authorised to do all such acts and things (including, without limitation, to execute all such documents) as they or he may consider necessary, expedient or in the interests of the Company to give effect to this resolution."

By Order of the Board

LEE CHEOW FUI, TONY
Secretary
Kuala Lumpur
31 December 2002

EXPLANATORY NOTE ON SPECIAL BUSINESS

The proposed Ordinary Resolutions 6 to 9, if passed, will enable the Company and/or its subsidiaries ('F&N Group') to enter into recurrent transactions with the related parties set out in Sections 2.4.1 to 2.4.4 of the Circular dated 31 December 2002 which are of a revenue or trading nature and necessary for the Group's day-to-day operations, provided that such transactions are carried out in the ordinary course of business on normal commercial terms which are consistent with the F&N Group's normal business practices and policies and on terms not more favourable to the related party than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders, without having to announce and/or convene separate general meetings from time to time to seek shareholders' approval as and when the recurrent transactions' percentage ratios are equal to or exceed five (5) percent as prescribed in Chapter 10 of the Listing Requirements of the Kuala Lumpur Stock Exchange.