

# Jardine Cycle & Carriage Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 196900092R)

## PROPOSED DISTRIBUTION *IN SPECIE* BY WAY OF DIVIDEND RELATING TO 242,824,655 ORDINARY STOCK UNITS OF S\$1.00 OF MCL LAND LIMITED, REPRESENTING APPROXIMATELY 65.6 PER CENT. OF THE ISSUED SHARE CAPITAL OF MCL LAND LIMITED, HELD BY THE COMPANY TO ITS SHAREHOLDERS

### 1. Introduction

- 1.1 The Board of Directors of Jardine Cycle & Carriage Limited (the “**Company**”) is pleased to announce a proposed distribution *in specie* by way of dividend (the “**Dividend**”) of 242,824,655 ordinary stock units of par value S\$1.00 each (“**MCL Land Stock Units**”) in the capital of MCL Land Limited (“**MCL Land**”), representing approximately 65.6 per cent. of the issued share capital of MCL Land. These stock units comprise all the MCL Land Stock Units currently held by the Company, representing approximately 65.6 per cent. of the issued share capital of MCL Land.
- 1.2 The Dividend to all the shareholders of the Company (“**Shareholders**”) will be effected by way of a dividend *in specie*, free of encumbrances and together with all rights attaching thereto on and from the date the Dividend is effected.
- 1.3 Following completion of the Dividend, the Company will no longer hold any MCL Land Stock Units.
- 1.4 MCL Land is a public limited company which is listed on the main board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). MCL Land has an issued share capital comprising 369,985,977 ordinary stock units of S\$1.00 each.
- 1.5 Shareholders should also note that an announcement has been made on 1 December 2005 (the “**Offer Announcement**”) by UBS AG, acting through its business group, UBS Investment Bank (“**UBS**”), for and on behalf of HKL (Morpheus) Pte. Ltd. (the “**Offeror**”), a wholly-owned subsidiary of Hongkong Land Holdings Limited (“**Hongkong Land**”) that subject to the fulfilment of the Pre-Condition (as defined in paragraph 6.1 below), the Offeror intends to make a voluntary conditional cash offer (the “**Offer**”) for all the MCL Land Stock Units at an offer price of S\$1.75 for each MCL Land Stock Unit.

Further details relating to the Pre-Condition and the Offer are set out in paragraph 6 below.

### 2. Rationale for the Dividend

- 2.1 The Company has over recent years been engaged in the process of disposing of and exiting from its non-core activities and endeavouring to enhance shareholder value by focusing on its core automotive businesses. This was partly achieved through the sale of 78 Shenton Way and the winding-up of its CCL Group Properties’ Malaysian business.

The Dividend is consistent with this strategy and will complete the process of streamlining the Company’s portfolio with a focus on the automotive business through Astra (with its core activity of the production and sale of cars and motor cycles), Singapore Motor Operations, Cycle & Carriage Bintang and Tunas Ridean.

**2.2** Having considered various options, including a sale by the Company of its shareholdings in MCL Land, the Board of Directors of the Company believes that the Dividend represents the most attractive divestment option for both the Company and Shareholders for the following reasons:

- (a) **Shareholder autonomy and optimising value.** Following the distribution of the Dividend, Shareholders who receive the MCL Land Stock Units will be able to decide independently on how they wish to deal with such MCL Land Stock Units. Shareholders will be able to individually and directly participate in the ownership of two separately listed companies without any additional cash outlay and enjoy returns from the MCL Land Stock Units.

A cash sale by the Company of its stockholding in MCL Land and the distribution of the whole of the sale proceeds to Shareholders will, in contrast, not achieve this result. Moreover, a potential sale process may be protracted and disruptive to the ongoing business of MCL Land, with no assurance that a satisfactory outcome could be achieved;

- (b) **Return of shareholder value.** Shareholders holding shares in the capital of the Company ("**Entitled Shareholders**") on a date (the "**Record Date**") to be determined by the Directors (which is expected to be on or around 6 January 2006) will be entitled to the Dividend free of payment. Shareholders would be able to receive any dividends declared and paid out by MCL Land;
- (c) **Utilisation of franking credits.** The Company has sufficient balances in its Section 44 account to frank all dividend payments arising from the Dividend. Entitled Shareholders will receive a tax credit for the corporate tax paid on the Dividend which will be available for the purposes of offsetting their Singapore tax liability; and
- (d) **The Offer.** In view of the Offer Announcement, Shareholders who receive MCL Land Stock Units pursuant to the Dividend will (subject to the fulfilment of the Pre-Condition and the issue by the Offeror of the Formal Announcement (as defined in paragraph 6.1 below)) also have the additional option (apart from retaining their MCL Land Stock Units or otherwise disposing of the same in the market) of monetising their MCL Land Stock Units by tendering the same in acceptance of the Offer.

### **3. Details of the Dividend**

**3.1** It is proposed that MCL Land Stock Units be distributed to Entitled Shareholders in proportion to their shareholding interests in the Company as at the Record Date by way of a dividend *in specie*, free of encumbrances and together with all rights attaching thereto on and from the Record Date, and on the following basis:

- (a) for every 1,000 ordinary shares of S\$1.00 each in the capital of the Company ("**JC&C Shares**") held by Entitled Shareholders on the Record Date, each Entitled Shareholder will receive between a minimum of 720 and a maximum of 721 MCL Land Stock Units, disregarding fractional entitlements, if any, except that MCL Land Stock Units which would otherwise be distributed to Overseas Shareholders (as defined below) pursuant to the Dividend shall be dealt with in the manner described in paragraph 3.5 below; and
- (b) the resultant fractional MCL Land Stock Units, if any, will be aggregated and sold for the benefit of the Company, or otherwise dealt with in such manner

and on such terms and conditions as the Directors in their absolute discretion deem fit.

- 3.2** The final number of MCL Land Stock Units to be received by each Shareholder will depend on the number of JC&C Shares that are in issue as at the Record Date. For illustrative purposes, Entitled Shareholders shall receive MCL Land Stock Units as follows:

<b>Number of JC&amp;C Shares Held</b>	<b>Minimum Number of MCL Land Stock Units<sup>1</sup></b>	<b>Maximum Number of MCL Land Stock Units<sup>2</sup></b>
1,000	720	721
10,000	7,203	7,214
100,000	72,039	72,144
1,000,000	720,397	721,440

*Notes:*

1. Assuming that all the outstanding options to subscribe for new JC&C Shares granted pursuant to the CCL Executives' Share Option Scheme 2000 and the CCL Senior Executives' Share Option Scheme as at 1 December 2005 are exercised as at the Record Date
2. Assuming that the number of issued JC&C Shares remains unchanged at 336,583,080 JC&C Shares as at the Record Date

An Entitled Shareholder holding 1,000 JC&C Shares and who receives a minimum of 720 MCL Land Stock Units may (subject to the fulfillment of the Pre-Condition and the issue by the Offeror of the Formal Announcement) monetise such MCL Land Stock Units by tendering them towards acceptance of the Offer. Assuming that the Offer becomes unconditional, the Entitled Shareholder will receive an aggregate of S\$1,260 which is equivalent to a cash distribution of S\$1.26 for each JC&C Share held as at the Record Date.

- 3.3** Shareholders will not be required to pay for any MCL Land Stock Units received pursuant to the Dividend. The Company will pay stamp duty, if any, on the transfer of the MCL Land Stock Units to Entitled Shareholders pursuant to the Dividend.
- 3.4** Entitled Shareholders who receive odd lots of MCL Land Stock Units and who wish to trade such odd lots on the SGX-ST should note that odd lots of MCL Land Stock Units can be traded in the Unit Share Market, which allows trading of odd lots with a minimum of one MCL Land Stock Unit.

In addition, Entitled Shareholders who receive odd lots of MCL Land Stock Units should also note that (subject to the fulfillment of the Pre-Condition and the issue by the Offeror of the Formal Announcement) they may tender their odd lots of MCL Land Stock Units towards acceptance of the Offer. If the Offer becomes unconditional, a disposal of these odd lots of MCL Land Stock Units to the Offeror pursuant to the Offer will not result in any brokerage fees or transaction costs being incurred by such Entitled Shareholders.

- 3.5** Where the Directors are of the view that the distribution of MCL Land Stock Units to any Shareholder whose registered address appearing in the Company's Register of Members or (as the case may be) Depository Register is outside Singapore (such Shareholders, hereinafter referred to as an "**Overseas Shareholder**") may infringe any relevant foreign law or necessitate compliance with conditions or requirements which they in their absolute discretion regard as onerous or impracticable by reason

of costs, delay or otherwise, such MCL Land Stock Units shall not be transferred to the relevant Overseas Shareholder, but shall be distributed to such person(s) as the Directors may appoint for the purposes of sale (on such terms and conditions as the Directors deem fit), and the aggregate amount of the proceeds (if any) thereof, after deducting all dealing and other expenses in connection therewith, shall be distributed proportionately to and among all such Overseas Shareholders according to their respective entitlements to MCL Land Stock Units as at the Record Date in full satisfaction of their rights to the MCL Land Stock Units, provided that where the net proceeds which any particular Overseas Shareholder is entitled to is less than S\$10.00, such net proceeds shall be retained for the benefit of the Company or otherwise dealt with in such manner and on such terms and conditions as the Directors deem fit, and no Overseas Shareholder shall have any claim whatsoever (including in respect of any such sale or the timing thereof) against the Company and/or The Central Depository (Pte) Limited in connection therewith.

#### 4. Financial Effects of the Dividend

For illustrative purposes only, the financial effects of the Dividend are shown below based on the audited consolidated financial statements for the financial year ended 31 December 2004. The actual financial effects will be recorded in the consolidated financial statements of the Company and its subsidiaries for the financial year ending 31 December 2006 and will be based on the market price of MCL Land Stock Units as at the close of trading on the Record Date.

##### (a) Earnings

For the purpose of computing earnings per JC&C Share, the distribution of the Dividend is assumed to have been completed on 1 January 2004. The market price of MCL Land Stock Units as at 1 January 2004 is assumed to be equivalent to the offer price of S\$1.75 per MCL Land Stock Unit using the exchange rate of US\$1.00 = S\$1.69 as at 28 November 2005, and the weighted average number of JC&C Shares in issue for the year ended 31 December 2004 was 330.7 million.

(In US\$ million)	Financial Year ended 31 December 2004	After Dividend
Profit attributable to Shareholders for the year ended 31 December 2004	328.7	256.2
Earnings per JC&C Share (US cent)	99.4	77.5
Change (%)		-22

##### (b) NTA and Gearing

For the purpose of computing net tangible asset value (“NTA”) per JC&C Share, the distribution of the Dividend is assumed to have been completed on 31 December 2004. The market price of MCL Land Stock Units as at 31 December 2004 is assumed to be equivalent to the offer price of S\$1.75 per MCL Land Stock Unit using the exchange rate of US\$1.00 = S\$1.69 as at 28 November 2005, and the number of JC&C Shares in issue as at 31 December 2004 was 333.59 million. Gearing is computed based on the net borrowings divided by capital employed.

(In US\$ million)	Financial Year ended 31 December 2004	After Dividend
NTA as at 31 December 2004	1,215.9	888.6
NTA per JC&C Share (US cent)	3.64	2.66
Change (%)		-27

(In US\$ million)	Financial Year ended 31 December 2004	After Dividend
Net debt as at 31 December 2004	203.8	303.9
Capital employed as at 31 December 2004	1,491.7	987.2
Gearing as at 31 December 2004 (%)	14	31
Change (%)		17

## 5. Approvals Required

The Dividend, which will be effected by way of a dividend *in specie*, is conditional upon the approval of Shareholders at an extraordinary general meeting (“**EGM**”) which is expected to be held on or around 29 December 2005.

Shareholders may wish to note that Jardine Strategic Holdings Limited (“**JSH**”) which has an interest in 209,241,093 JC&C Shares, representing approximately 62.2 per cent. of the issued share capital of the Company as at 1 December 2005, has indicated to the Company that it will vote, or procure the voting of, all the JC&C Shares in which it has an interest in favour of the Dividend at the EGM.

## 6. The Offer

### 6.1 The Offer. As referred to in paragraph 1.5 above, the Offer Announcement was issued by UBS, for and on behalf of the Offeror, on 1 December 2005.

As disclosed in the Offer Announcement:

- (a) UBS will, subject to the fulfilment of the Pre-Condition (as defined below), be making a voluntary conditional cash offer, for and on behalf of the Offeror, for all MCL Land Stock Units at an offer price of S\$1.75 for each MCL Land Stock Unit;
- (b) the making of the Offer will be conditional upon the passing of a resolution by the Shareholders at the EGM to approve the Dividend (the “**Pre-Condition**”) and the Offer will not be made unless and until the Pre-Condition is fulfilled;
- (c) if and when the Pre-Condition is fulfilled, UBS, for and on behalf of the Offeror, will immediately announce the firm intention on the part of the Offeror to make the Offer (the “**Formal Announcement**”);

- (d) however, if the Pre-Condition is not fulfilled by 31 January 2006, the Offer will not be made and UBS will issue an announcement confirming that fact as soon as reasonably practicable;
- (e) following the fulfilment of the Pre-Condition, the Offer will be subject to the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of MCL Land Stock Units which will result in the Offeror and its concert parties holding such number of MCL Land Stock Units carrying more than 50 per cent. of the voting rights attributable to the issued share capital of MCL Land.

As at 1 December 2005, Jardine Strategic Singapore Pte Ltd ("**JSS**"), a wholly-owned subsidiary of JSH, holds approximately 62.2 per cent. of the issued share capital of the Company. The Company in turn holds approximately 65.6 per cent. of the issued share capital of MCL Land.

Assuming completion of the Dividend, JSS will receive approximately 151 million MCL Land Stock Units, representing approximately 40.8 per cent. of the issued share capital of MCL Land.

As at 1 December 2005, the Offeror has received an undertaking (the "**Undertaking**") from JSS to accept the Offer in respect of (1) all the MCL Land Stock Units to be received by JSS pursuant to the Dividend, representing approximately 40.8 per cent. of the issued share capital of MCL Land, (2) any MCL Land Stock Units which JSS may acquire on or after 1 December 2005, and (3) any MCL Land Stock Units which may be received by JSS pursuant to the Dividend in respect of JC&C Shares acquired by JSS on or after 1 December 2005.

In the event that (A) the Offer has not yet become unconditional (and regardless of whether or not the Pre-Condition has been fulfilled), (B) any other offer by a third party ("**Competing Offer**") for the MCL Land Stock Units or an enhancement or revision thereof is publicly announced on terms more favourable than the Offer, and (C) the Offeror does not subsequently publicly announce a revision or enhancement of the Offer on terms not less favourable than the Competing Offer by the date falling two Market Days before the closing date of the Competing Offer, the Undertaking will lapse and JSS will be released from all its obligations under the Undertaking. JSS will also be entitled to withdraw all or any of the MCL Land Stock Units tendered towards acceptance of the Offer and will be entitled to accept the Competing Offer for all or any of its MCL Land Stock Units. For the purposes of the Undertaking, "**Market Day**" means a day on which the SGX-ST is open for trading of securities; and

- (f) a formal offer document containing the terms and conditions of the Offer, and enclosing the appropriate form(s) of acceptance of the Offer, will be despatched to MCL Land stockholders not earlier than 14 days and not later than 21 days from the date of the Formal Announcement.

Pursuant to the provisions of the Singapore Code on Takeovers and Mergers, the Offer is expected to be open to stockholders of MCL Land for at least 28 days of the date of the despatch of the offer document relating to the Offer (the “Offer Document”) by the Offeror, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation thereunder.

Shareholders should therefore note that if:

- (i) the Dividend is approved by Shareholders;
- (ii) the Formal Announcement is issued by the Offeror; and
- (iii) the Offer is not otherwise withdrawn by the Offeror with the consent of the SIC,

Shareholders will have the option of tendering their MCL Land Stock Units in acceptance of the Offer. Shareholders who wish to consider such an option should refer to the Offer Announcement and, where applicable, the Formal Announcement, for further details relating to the Offer. Arrangements have been made with the Offeror and MCL Land, respectively, for copies of the following documents to be despatched to Entitled Shareholders who will receive MCL Land Stock Units pursuant to the Dividend after the Record Date:

- (1) the Offer Document; and
- (2) the offeree circular (which would contain, *inter alia*, the advice of the independent financial adviser to MCL Land and the recommendation of the independent directors of MCL Land) to be despatched by MCL Land to its stockholders.

In addition, the Company is also exploring arrangements to enable Entitled Shareholders to elect to tender MCL Land Stock Units which they would otherwise receive pursuant to the Dividend towards the acceptance of the Offer. Entitled Shareholders who make such an election will then receive the offer price from the Offeror in respect of such MCL Land Stock Units in accordance with the terms of the Offer in lieu of receipt of such MCL Land Stock Units. Further details relating to such arrangements would be made available to Shareholders in due course.

## 7. Interests of Substantial Shareholders and Directors

7.1 As at 30 November 2005, the interests of the Directors in the JC&C Shares as recorded in the Register of Directors’ Shareholdings are set out below:

Name of Director	--- Direct Interest ---		--- Indirect Interest ---		Number of JC&C Shares comprised in outstanding options granted by the Company
	No. of Issued JC&C Shares	%	No. of Issued JC&C Shares	%	
Cheah Kim Teck	-	-	11,001	0.003	100,000
Neville Venter	-	-	-	-	80,000

**7.2** As at 30 November 2005, the interests of the substantial Shareholders in the JC&C Shares as recorded in the Register of Substantial Shareholders are as follows:

Name of Substantial Shareholder	---- Direct Interest ----		---- Indirect Interest ----		---- Total Interest ----	
	No. of Issued JC&C Shares	%	No. of Issued JC&C Shares	%	No. of Issued JC&C Shares	%
Jardine Strategic Holdings Limited	-	-	209,241,093	62.2	209,241,093	62.2
Employees Provident Fund Board of Malaysia	24,702,426	7.3	-	-	24,702,426	7.3

*Note:*

Jardine Strategic Holdings Limited (“**JSH**”) is interested in 209,241,093 shares through its wholly-owned subsidiary, JSH Asian Holdings Ltd (“**JAHL**”). JAHL is in turn interested in the said shares through its wholly-owned subsidiaries, Jardine Strategic Singapore Pte Ltd and Jardine Strategic Malaysian Investments Pte Limited (“**JSMI**”). By virtue of Jardine Matheson Holdings Limited’s (“**JMH**”) interests in JSH through its wholly-owned subsidiary, JMHI Investments Limited (“**JMHI**”), JMHI and JMHI are also deemed to be interested in the said shares.

**8. Timing and Despatch of Documents**

A circular (“**Circular**”) containing further details of the Dividend, together with the notice of the EGM, will be despatched to Shareholders in due course.

An indicative timetable setting out the dates on which certain events relating to the Dividend and (subject to the fulfilment of the Pre-Condition and the issue by the Offeror of the Formal Announcement) the Offer are expected to take place is set out in the Appendix hereto.

**9. Further Information**

For further information, please contact:

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**BY ORDER OF THE BOARD**

Ho Yeng Tat  
 Company Secretary  
 Jardine Cycle & Carriage Limited  
 1 December 2005

## APPENDIX

### Indicative Timetable

The following are the indicative dates and times for the Dividend and (subject to the fulfilment of the Pre-Condition) the Offer<sup>1</sup>:

Expected date for despatch of Circular by the Company	:	On or around 12 December 2005
Expected date of EGM	:	On or around 29 December 2005
Expected date of Formal Announcement	:	On or around 29 December 2005
Expected Record Date for the Dividend	:	On or around 6 January 2006
Expected date for despatch of Offer Document by Offeror	:	On or around 12 January 2006
Expected date for settlement of MCL Land Stock Units distributed pursuant to the Dividend	:	On or around 23 January 2006
First closing date of the Offer	:	Not earlier than 9 February 2006 <sup>2</sup>

**Notes:**

- 1 The timetable above is only indicative and the actual dates of the above events will be announced by the Company, or as the case may be, the Offeror, in due course
- 2 Assumes that the Offer Document is posted on 12 January 2006