

Asset Acquisitions and Disposals::Acquisition of Interest in Vietnam Dairy Products Joint Stock Company

Issuer & Securities

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Jardine Cycle & Carriage Limited

(Incorporated in the Republic of Singapore)

Company Registration No. 196900092R

ANNOUNCEMENT

ACQUISITION OF INTEREST IN VINAMILK

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Jardine Cycle & Carriage Limited (“**JC&C**” or the “**Company**”) wishes to announce that Platinum Victory Pte. Ltd., a wholly-owned subsidiary of the Company, has agreed to acquire an aggregate interest in 80,285,671 shares of par value VND10,000 each (“**Vinamilk Shares**”) in the capital of Vietnam Dairy Products Joint Stock Company (“**Vinamilk**”), representing approximately 5.53 per cent. of the issued share capital of Vinamilk (the “**Relevant Interest**”), through the market and its successful participation in an auction by the State Capital Investment Commission of Vietnam (“**SCIC**”) on 10 November 2017. SCIC is the largest shareholder of Vinamilk.

The aggregate consideration for the Relevant Interest is approximately US\$616.6 million in cash, which will be funded by the JC&C group’s internal resources and external borrowings.

2. INFORMATION ON VINAMILK

2.1 **Vinamilk.** Vinamilk is a joint stock company incorporated in Vietnam and listed on the Ho Chi Minh Stock Exchange (“**HOSE**”). Vinamilk was previously known as Vietnam Milk Company and changed its name to Vietnam Dairy Products Joint Stock Company in November 2003. Founded in 1976 and headquartered in Ho Chi Minh City, Vietnam, Vinamilk is a leading dairy producer in Vietnam with a market share of approximately 58 per cent.

Listed on HOSE since 2006, Vinamilk is currently the largest listed company in Vietnam by market capitalisation (approximately US\$10.9 billion, as of 10 November 2017). It currently operates 13 dairy factories, owns 10 cow farms and has one of the strongest distribution networks in Vietnam with more than 240,000 retailers as exclusive distributors. Vinamilk has a presence in more than 43 countries and territories outside Vietnam.

2.2 **Asset Value.** The market value of the Relevant Interest, calculated based on the volume weighted average price (“**VWAP**”) of approximately VND170,533 per Vinamilk Share for all trades done on 10 November 2017 (being the last market day on which the Vinamilk Shares were traded on HOSE preceding the date of this Announcement), is approximately US\$602.7 million (based on an exchange rate of US\$1.00 : VND22,715).

2.3 **Net Profit.** Based on the latest unaudited consolidated financial statements of Vinamilk and its subsidiaries (the “**Vinamilk Group**”) for the nine months ended 30 September 2017, the profit before income tax, minority interests and exceptional items for the Vinamilk Group was approximately US\$446.4 million (based on an exchange rate of US\$1.00 : VND22,721).

3. RATIONALE

The taking of this Relevant Interest in Vinamilk is in line with the JC&C group's strategy of investing in market leading companies in Southeast Asia. In particular, it increases JC&C's exposure to the Vietnamese economy, and consideration will be given from time to time to making further such investments.

4. DISCLOSEABLE TRANSACTION

The relevant figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") in respect of the acquisition of the Relevant Interest are as follows:

Rule 1006	Bases	Relevant Interest (US\$ million)	JC&C Group (US\$ million)	Relative Figures (%)
(b)	Net profits attributable to the Relevant Interest, compared with the JC&C group's net profits for the nine months ended 30 September 2017 ("3Q 2017") ⁽¹⁾	14.2	1,690.6	0.8
(c)	Aggregate consideration payable for the Relevant Interest, compared with JC&C's market capitalisation ⁽²⁾⁽³⁾	616.6	11,396.8	5.4

Notes:

- (1) The net profits attributable to the Relevant Interest refer to the share of dividends from the Relevant Interest for 3Q 2017 based on the unaudited consolidated financial statements of Vinamilk for 3Q 2017 (based on an exchange rate of US\$1.00 : VND22,721) and have been compared with the JC&C group's net profits before tax, minority interests and exceptional items for 3Q 2017 based on the unaudited consolidated financial statements of the JC&C group for 3Q 2017.
- (2) JC&C's market capitalisation is based on 395.2 million issued ordinary shares in the capital of JC&C (excluding treasury shares) (the "JC&C Shares") as at 10 November 2017, at a VWAP of S\$39.23 per JC&C Share on 10 November 2017, being the last market day on which JC&C Shares were traded on the SGX-ST prior to the date of this Announcement.
- (3) Based on an exchange rate of US\$1.00 : S\$1.3604.

As the relative figure under Rule 1006(c) above exceeds 5 per cent. but does not exceed 20 per cent., the acquisition of the Relevant Interest constitutes a discloseable transaction as defined in Chapter 10 of the SGX-ST Listing Manual.

5. FINANCIAL EFFECTS

- 5.1 **Bases and Assumptions.** The pro forma financial effects of the acquisition of the Relevant Interest set out below are for illustrative purposes only, and are neither indicative of the actual financial effects of the acquisition of the Relevant Interest on the consolidated net tangible assets ("NTA") per JC&C Share, the earnings per JC&C Share ("EPS") and/or the share

capital of JC&C, nor represent the future financial position and/or results of the JC&C group immediately following the acquisition of the Relevant Interest. The pro forma financial effects of the acquisition of the Relevant Interest set out below have been prepared based on the audited consolidated financial statements of the JC&C group and the Vinamilk Group for the financial year ended 31 December 2016 (“FY2016”), and on the following bases and assumptions:

- (i) the pro forma financial effects assume the share of dividends for the Relevant Interest that would have been received from Vinamilk in respect of FY2016, and the impact of interest expense had the acquisition of the Relevant Interest been funded by external borrowings; and
- (ii) an exchange rate of US\$1.00 : VND22,373 has been used for translating the dividends from Vinamilk for FY2016.

5.2 **NTA.** For illustrative purposes only and assuming that the Relevant Interest was acquired on 31 December 2016, being the end of FY2016, the pro forma financial effects of the acquisition of the Relevant Interest on the consolidated NTA per JC&C Share are set out below:

	Before the Acquisition of the Relevant Interest	After the Acquisition of the Relevant Interest
NTA (US\$ million)	4,978.6	4,978.6
Number of JC&C Shares (million)	395.2	395.2
NTA per JC&C Share (US\$)	12.60	12.60

5.3 **Earnings.** For illustrative purposes only and assuming that the Relevant Interest was acquired on 1 January 2016, being the beginning of FY2016, the pro forma financial effects of the acquisition of the Relevant Interest on the EPS are set out below:

	Before the Acquisition of the Relevant Interest	After the Acquisition of the Relevant Interest
Profit after tax, minority interests and exceptional items (US\$ million)	701.7	710.9
EPS – Basic (US cents)	178	180
EPS – Diluted (US cents)	178	180

5.4 **Share Capital.** The acquisition of the Relevant Interest will not have any impact on the issued share capital of JC&C.

5.5 **Rule 704(17)(b).** Pursuant to Rule 704(17)(b), the aggregate cost of the JC&C group's quoted investments before and after the acquisition of the Relevant Interest is as follows:

	Before the Acquisition of the Relevant Interest	After the Acquisition of the Relevant Interest ⁽²⁾
(i) Aggregate cost of the JC&C group's quoted investments (US\$ million)	-	616.6
Aggregate cost of the JC&C group's quoted investments as a percentage of the latest audited consolidated NTA as at 31 December 2016 ⁽¹⁾ (%)	-	12.4
(ii) Total market value of the JC&C group's quoted investments (US\$ million)	-	602.7
(iii) Amount of any provision for diminution in value of quoted investments (US\$ million)	-	-

Notes:

(1) The audited consolidated NTA of the JC&C group as at 31 December 2016 was US\$4,978.6 million.

(2) All the figures in this table have been calculated on the assumption that settlement of the acquisition of all the Vinamilk Shares comprising the Relevant Interest took place on 10 November 2017.

6. FURTHER INFORMATION

6.1 **Directors' Service Contracts.** No person is proposed to be appointed as a director of JC&C in connection with the acquisition of the Relevant Interest. Accordingly, no service contract is proposed to be entered into between JC&C and any such person.

6.2 **Interests of Directors and Controlling Shareholders of the Company.** None of the Directors or the controlling shareholders of the Company has any interest, direct or indirect, in the acquisition of the Relevant Interest (save through their shareholding interests, if any, in JC&C).

By Order of the Board

Jeffery Tan Eng Heong
Company Secretary
Singapore, 13 November 2017