



Jardine Cycle & Carriage

JARDINE CYCLE & CARRIAGE LIMITED

(Co. Reg. No.: 196900092R)

(Incorporated in the Republic of Singapore)

Registered office: 239 Alexandra Road, Singapore 159930

To: The Shareholders of Jardine Cycle & Carriage Limited
("Shareholders")

9th April 2014

Dear Sir/Madam

We refer to items 7B and 7C of the Notice of the 45th Annual General Meeting of the Company ("45th AGM") which are Ordinary Resolutions to be proposed at the 45th AGM for the renewals of the Company's share purchase mandate ("**Resolution 7B**") and the Company's general mandate for interested person transactions ("**Resolution 7C**") respectively. The purpose of this letter is to provide Shareholders with information relating to these Resolutions.

1. RENEWAL OF THE SHARE PURCHASE MANDATE

1.1 **Background.** At the 44th Annual General Meeting of the Company held on 26th April 2013 (the "**44th AGM**"), Shareholders had (*inter alia*) approved the renewal of a mandate authorising the Directors to exercise all powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") on the terms of such mandate (the "**Share Purchase Mandate**"). The authority contained in the Share Purchase Mandate was expressed to continue in force until the next Annual General Meeting of the Company and, as such, will be expiring on 30th April 2014, being the date of the forthcoming 45th AGM. Although the Company has not undertaken any purchases or acquisitions of its Shares pursuant to the authority conferred by the Share Purchase Mandate approved by Shareholders at the 44th AGM, it is proposed nonetheless that such authority be renewed at the 45th AGM.

1.2 **Rationale and benefit.** The renewal of the Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases or acquisitions provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. Share purchases or acquisitions will also allow the Directors greater flexibility over the Company's share capital structure with a view to enhancing the earnings and/or net asset value per Share.

1.3 **Authority and limits.** The authority and limits placed on the Share Purchase Mandate for which renewal is sought are summarised below.

(a) **Maximum number of Shares**

Only issued Shares may be purchased or otherwise acquired by the Company pursuant to the authority conferred by the Share Purchase Mandate.

The total number of issued Shares that may be purchased or acquired must not exceed that number representing 10% of the issued Shares as at the date on which the renewal of the Share Purchase Mandate is approved at the 45th AGM (the "**Approval Date**"), excluding any Shares that are held as treasury shares. Under the Companies Act, Cap. 50 of Singapore (the "**Companies Act**") any Shares which are held as treasury shares shall be disregarded for the purposes of computing the 10% limit.

As at 11th March 2014 (the “**Latest Practicable Date**”), the share capital of the Company comprised 355,712,660 issued Shares (all of which are fully paid) and none of which were held as treasury shares. No Shares are reserved for issue by the Company for any particular purpose as at the Latest Practicable Date.

Purely for illustrative purposes, on the basis of 355,712,660 issued Shares as at the Latest Practicable Date, and assuming that (i) no further Shares are issued; (ii) no Shares are purchased or acquired pursuant to the subsisting Share Purchase Mandate; and (iii) none of the Shares are held as treasury shares on or prior to the 45th AGM, then not more than 35,571,266 Shares (representing 10% of the issued Shares as at that date) may be purchased or acquired by the Company pursuant to the renewed Share Purchase Mandate.

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date up to the earlier of:

- (i) the date (being a date after the Approval Date) on which the next Annual General Meeting of the Company is held or required by law to be held; or
- (ii) the date (being a date after the Approval Date) on which the authority contained in the Share Purchase Mandate is revoked or varied.

(c) Manner of purchase

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

- (i) market purchases (“**Market Purchases**”); and/or
- (ii) off-market purchases in accordance with an equal access scheme (“**Off-Market Purchases**”).

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisition of Shares from Shareholders. The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the listing rules of the SGX-ST and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must, however, satisfy all the following conditions:

- (I) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their issued Shares;
- (II) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (III) the terms of all the offers are the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual of the SGX-ST (“**Listing Manual**”) provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed Share purchases;
- (4) the consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) or other applicable takeover rules;
- (5) whether the Share purchases, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (6) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) **Maximum purchase price**

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price,

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded, preceding the day of the Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period;

“**Highest Last Dealt Price**” means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

“**day of the making of the offer**” means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“**Market Day**” means a day on which the SGX-ST is open for trading in securities.

1.4 **Status of purchased or acquired Shares.** Under current law, the Shares purchased or acquired by the Company shall be deemed cancelled immediately upon purchase or acquisition, and all rights and privileges attached to the Shares shall expire on cancellation, unless such Shares are held by the Company as treasury shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

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

(a) **Maximum holdings**

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

(b) **Voting and other rights**

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

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

(c) **Disposal and cancellation**

Where Shares purchased or acquired by the Company are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "usage"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares of the usage.

1.6 **Source of funds.** In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with its Articles of Association and applicable laws in Singapore. The Companies Act permits the Company to purchase or acquire its own Shares out of capital as well as out of its profits. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares.

1.7 **Financial effects.** The financial effects on the Company and its subsidiaries (collectively, the “Group”) and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. The financial effects on the Group and the Company based on the audited financial statements of the Group and the Company for the financial year ended 31st December 2013 are based on the assumptions set out below.

(a) ***Purchase or acquisition out of profits and/or capital***

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company’s profits and/or capital so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

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

(b) ***Maximum Price paid for Shares purchased or acquired***

Based on 355,712,660 issued Shares as at the Latest Practicable Date (of which none were treasury shares), the exercise in full of the Share Purchase Mandate will result in the purchase or acquisition of 35,571,266 Shares.

Assuming that the Company purchases or acquires the 35,571,266 Shares at the Maximum Price, the maximum amount of funds required is approximately:

- (i) in the case of Market Purchases, S\$1,491.5 million (approximately US\$1,177.6 million) based on S\$41.93 for each Share (being 105% of the Average Closing Price of a Share immediately preceding the Latest Practicable Date); and
- (ii) in the case of an Off-Market Purchase, S\$1,728.4 million (approximately US\$1,364.6 million) based on S\$48.59 for each Share (being 120% of the Highest Last Dealt Price of a Share immediately preceding the Latest Practicable Date).

Purely for illustrative purposes, on the basis of the assumptions set out above, and based on the audited financial statements of the Group and the Company for the financial year ended 31st December 2013, and assuming that (i) purchases of Shares are made to the extent as aforesaid; (ii) such purchases of Shares are financed solely by borrowings; (iii) no further Shares are issued between 1st January 2013 and the Latest Practicable Date; (iv) the Share Purchase Mandate had been effective on 1st January 2013; and (v) the Company had purchased the 35,571,266 Shares on 1st January 2013, the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group and the Company for the financial year ended 31st December 2013 would be as set out in Appendix A of this letter.

As illustrated in the table in Appendix A, a Market Purchase of the 35,571,266 Shares will have the effect of reducing the working capital and the net asset value (“NAV”) of the Group, and an Off-Market Purchase of the 35,571,266 Shares will have the effect of reducing the working capital and the NAV of the Group. In the case of the Market Purchase, the consolidated NAV per Share as at 31st December 2013 would decrease from US\$11.98 to US\$9.58, and the consolidated basic earnings per Share of the Group for the financial year ended 31st December 2013 would increase from US¢257.24 to US¢281.08 per Share, after taking into account interest cost incurred. In the case of the Off-Market Purchase, the consolidated NAV per Share as at 31st December 2013 would decrease from US\$11.98 to US\$8.99, and the consolidated basic earnings per Share of the Group for the financial year ended 31st December 2013 would increase from US¢257.24 to US¢280.32 per Share, after taking into account interest cost incurred. The said disclosed financial effects remain the same irrespective of whether the purchase of the Shares is effected out of capital or profits or whether the purchased Shares are held in treasury or are cancelled.

SHAREHOLDERS SHOULD NOTE THAT THE FOREGOING FINANCIAL EFFECTS ARE FOR ILLUSTRATIVE PURPOSES ONLY. In particular, Shareholders should note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NAV and/or earnings per Share as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interests of the Company, and that purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. In addition, the Company may cancel or hold in treasury all or part of the Shares it purchased or acquired. Further, the Directors would emphasise that they do not propose to carry out Share purchases or acquisitions to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

- 1.8 **Taxation.** Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.
- 1.9 **Listing status of the Shares.** The Listing Manual provides that a listed company shall ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares, and convertible equity securities) in a class that is listed is at all times held by public shareholders. As there is a public float of approximately 20.82% in the issued Shares as at the Latest Practicable Date, the Company is of the view that there is, as of that date, a sufficient number of the Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting adversely the listing status of the Shares on the SGX-ST. Additionally, the Company will consider investor interests when maintaining a liquid market in its securities, and will ensure that there is a sufficient float for an orderly market in its securities when purchasing its Shares.
- 1.10 **Listing rules.** Any purchase or acquisition by the Company of its Shares pursuant to the Share Purchase Mandate will be reported by the Company in accordance with prevailing reporting requirements of the SGX-ST.

The Listing Manual restricts a listed company from purchasing shares by way of market purchases at a price per share which is more than 5% above the “average closing price”, being the average of the closing market prices of the shares over the last 5 Market Days on which transactions in the shares were recorded, before the day on which the purchases were made, as deemed to be adjusted for any corporate action that occurs after the relevant 5-day period. The Maximum Price for a Share in relation to Market Purchases referred to in Paragraph 1.3 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20% above the highest last dealt price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board of Directors (the “**Board**”) until such price sensitive information has been publicly announced. In particular, in line with the Company’s internal guide on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during a “restricted period” of one month immediately preceding the announcement of the Company’s full year and half-year results, and two weeks immediately preceding the announcement of the Company’s first and third quarter results, respectively.

1.11 **Take-over implications.** The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code (“**R14-Appendix**”). These take-over implications are summarised below.

(a) ***Obligation to make a take-over offer***

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

(b) ***Persons acting in concert***

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

Unless the contrary is established, the following persons (*inter alia*) will be presumed to be acting in concert: (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, ownership or control of at least 20% but not more than 50% of the equity share capital of a company will be regarded as the test of associated company status.

(c) ***Effect of Rule 14 and R14-Appendix***

Under R14-Appendix, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-Over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company’s voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

In relation to Directors and persons acting in concert with them, R14-Appendix provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase or acquisition of Shares by the Company the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, their voting rights are increased by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

As at the Latest Practicable Date, Jardine Strategic Holdings Limited ("**JSHL**") (a member of the Jardine Matheson group of companies) and certain of its related corporations were collectively interested in 260,714,540 Shares, representing 73.29% of the total issued Shares as at that date.

Under the Take-over Code, unless the contrary is established, the Directors of the Company (including any alternate Director) who are also directors of JSHL or its related corporations and/or are its or their nominees on the Board would be presumed to be persons acting in concert with JSHL. Additionally, as JSHL and the Directors (including any alternate Director) presumed to be acting in concert with it collectively already hold more than 50% of the issued Shares, purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate will not result in the Directors (or any of them) and/or JSHL incurring an obligation to make a mandatory take-over offer under Rule 14 read with R14-Appendix of the Take-over Code.

2. RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

- 2.1 **Background.** At the 44th AGM, Shareholders had also approved the renewal of a general mandate for interested person transactions for the purposes of Chapter 9 of the Listing Manual (the "**IPT Mandate**"). The terms of the IPT Mandate were set out in Appendix B of the Company's Letter to Shareholders dated 5th April 2013. The IPT Mandate enables the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual to enter in the ordinary course of business into any of the mandated transactions with the specified classes of interested persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions.
- 2.2 **Annual renewal of the IPT Mandate.** Under Chapter 9 of the Listing Manual, the IPT Mandate is subject to annual renewal. The IPT Mandate approved at the 44th AGM was expressed to continue in force until the next Annual General Meeting of the Company, being the 45th AGM, which is to be held on 30th April 2014. Accordingly, it is proposed that the IPT Mandate be renewed at the 45th AGM, to take effect until the conclusion of the next Annual General Meeting of the Company.
- 2.3 **Particulars of the IPT Mandate to be renewed.** The nature of the interested person transactions and the classes of interested persons in respect of which the IPT Mandate is sought to be renewed remain unchanged. Particulars of the IPT Mandate, including the rationale for the IPT Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of Interested Persons, are set out in Appendix B of this letter.
- 2.4 **Audit Committee's confirmation.** The Audit Committee of the Company confirms that:
- (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 44th AGM; and
 - (b) the methods or procedures referred to in (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

- 2.5 **Chapter 9 of the Listing Manual.** General information on the listing rules relating to interested person transactions, including the meanings of terms such as “associate”, “approved exchange”, “entity at risk”, “interested person”, “same interested person” and “interested person transaction” used in Chapter 9 of the Listing Manual, is set out in Appendix C of this letter.

3. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS

- 3.1 **Interests in Shares.** The interests of the Directors and substantial shareholders of the Company in the issued share capital of the Company can be found on pages 36 to 37 and page 129 of the Company’s Annual Report 2013.
- 3.2 **Abstention from voting.** Messrs Benjamin Keswick, Anthony Nightingale, Boon Yoon Chiang, Mark Greenberg and Michael Kok (each a non-executive Director) hold directorships in companies in the Jardine Matheson Group. Messrs Alexander Newbigging and Chiew Sin Cheok, the Company’s incumbent Group Managing Director and Group Finance Director respectively, are on secondment from a company in the Jardine Matheson Group. They will abstain from voting their shareholdings (if any) in the Company on Resolution 7C relating to the renewal of the IPT Mandate at the 45th AGM.

The foregoing Directors will also not accept appointment as proxies to vote on Resolution 7C at the 45th AGM for any Shareholders who are regarded as being interested in the subject matter of Resolution 7C. They may, however, act as proxies to vote at the 45th AGM for independent Shareholders provided that the appointor (being the independent Shareholder) shall have given specific voting instructions to the proxy on the voting of the appointor’s Shares in relation to Resolution 7C.

As JSHL and its associates are interested persons in relation to the renewal of the IPT Mandate, they will abstain from voting their shareholdings (if any) in the Company on Resolution 7C relating to the renewal of the IPT Mandate at the 45th AGM.

4. RECOMMENDATIONS

- 4.1 **Renewal of the Share Purchase Mandate.** The Directors are of the view, for the reasons set out in Paragraph 1.2 above, that the renewal of the Share Purchase Mandate is in the interests of the Company. They accordingly recommend that Shareholders vote in favour of Resolution 7B relating to the renewal of the Share Purchase Mandate at the 45th AGM.
- 4.2 **Renewal of the IPT Mandate.** The Directors who are considered independent for the purposes of the renewal of the IPT Mandate are Messrs Cheah Kim Teck, Hassan Abas, Chang See Hiang and James Watkins, Tan Sri Azlan Zainol and Mrs Lim Hwee Hua. They are of the opinion that the entry into of the Interested Person Transactions (as described in paragraph 5 of Appendix B) between the JC&C Group (as described in paragraph 1 of Appendix B) and the Interested Persons (as described in paragraph 4 of Appendix B) in the ordinary course of business will enhance the efficiency of the JC&C Group and is in the best interests of the Company. For the reasons set out in paragraphs 1, 3 and 5 of Appendix B, they recommend that Shareholders vote in favour of Resolution 7C for the renewal of the IPT Mandate at the 45th AGM.

5. RESPONSIBILITY STATEMENT

- 5.1 **Directors’ responsibility.** The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the proposals to renew the Share Purchase Mandate and the IPT Mandate at the 45th AGM (collectively, the “**Proposals**”), and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading. Where information in this letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this letter in its proper form and context.

5.2 **Disclaimer.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this letter. Shareholders who are in any doubt as to the action they should take should consult their stockbrokers or other professional advisers immediately.

Yours faithfully
JARDINE CYCLE & CARRIAGE LIMITED

Benjamin Keswick
Chairman
9th April 2014

**ILLUSTRATION OF FINANCIAL EFFECTS
FROM MARKET PURCHASE AND OFF-MARKET PURCHASE OF SHARES**

	Market Purchase				Off-Market Purchase			
	Group		Company		Group		Company	
	Before share purchase	After share purchase						
	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m
As at 31st December 2013								
NAV	4,261.1	3,068.3	1,572.5	379.7	4,261.1	2,878.9	1,572.5	190.3
Total equity	9,883.0	8,690.2	1,572.5	379.7	9,883.0	8,500.8	1,572.5	190.3
Current assets	7,544.2	7,544.2	55.6	55.6	7,544.2	7,544.2	55.6	55.6
Current liabilities	6,100.9	7,293.7	53.0	1,245.8	6,100.9	7,483.1	53.0	1,435.2
Working capital	1,443.3	250.5	2.6	(1,190.2)	1,443.3	61.1	2.6	(1,379.6)
Net debt	3,764.5	4,957.3	20.1	1,212.9	3,764.5	5,146.7	20.1	1,402.3
No. of issued Shares ('000)	355,712	320,141	355,712	320,141	355,712	320,141	355,712	320,141
Weighted average no. of issued Shares ('000)	355,712	320,141	355,712	320,141	355,712	320,141	355,712	320,141
Financial Ratios								
NAV per Share (US\$)	11.98	9.58	4.42	1.19	11.98	8.99	4.42	0.59
Gearing (Net debt / Total equity)	38%	57%	1%	319%	38%	61%	1%	737%
Current ratio	1.2	1.0	1.0	0.0	1.2	1.0	1.0	0.0
Basic earnings per Share (US¢)	257.24	281.08	125.94	135.19	257.24	280.32	125.94	134.44

Notes:

- The disclosed financial effects remain the same irrespective of whether:
 - the purchase of the Shares is effected out of capital or profits; or
 - the purchased Shares are held in treasury or cancelled.
- NAV equals shareholders' funds. NAV per Share is calculated based on the number of Shares issued.
- Current ratio equals current assets divided by current liabilities.
- The exchange rate of US\$1 = S\$1.2656 was used for translating assets and liabilities at the balance sheet date and US\$1 = S\$1.2539 was used for translating the results for the year.

THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTION

1. Introduction

Due to the diverse business interests and activities of the Company's interested persons, it is envisaged that in the ordinary course of their businesses, transactions between the JC&C Group (as defined below) and the Company's interested persons are likely to occur with some degree of frequency, and may arise at any time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the JC&C Group to the Company's interested persons or the obtaining of goods and services from them for day-to-day operational needs.

Rationale for the IPT Mandate

In view of the time-sensitive and recurrent nature of commercial transactions, the obtaining of a general mandate (the "**IPT Mandate**") pursuant to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") will enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (together, the "**JC&C Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions set out in Paragraph 5 below (the "**Interested Person Transactions**"), with the classes of the Company's interested persons specified in Paragraph 4 below (the "**Interested Persons**"), provided that such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders.

Scope of the IPT Mandate

The IPT Mandate covers a wide range of transactions arising in the normal course of the business operations of the JC&C Group, in particular, those relating to the Company's principal activities of investment holding and provision of management services, as well as those of its subsidiaries and associated companies which include the distribution and retailing of motor vehicles.

The following transactions are excluded from the IPT Mandate:

- (a) any transaction by a company in the JC&C Group with an Interested Person that is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such a transaction; and
- (b) any transaction by Cycle & Carriage Bintang Berhad ("**CCB**") (a subsidiary of the Company that is listed on Bursa Malaysia), or its subsidiaries or associated companies which are considered "entities at risk" of CCB, with a counter-party who is an Interested Person, as Bursa Malaysia, on which CCB is listed, is regarded by the SGX-ST as an "approved exchange" for the purposes of Rule 904(1) of Chapter 9 of the Listing Manual.

Transactions by the JC&C Group with Interested Persons that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

2. Validity period

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

3. **Benefit to Shareholders**

The obtaining of the IPT Mandate (and its subsequent renewal on an annual basis) will enhance the ability of the JC&C Group to pursue business opportunities that are time-sensitive in nature, and will eliminate the need (pursuant to the materiality thresholds imposed under Chapter 9 of the Listing Manual) for the Company to announce such transactions, or, to announce and convene separate general meetings as and when potential transactions with the specified classes of Interested Persons arise to seek Shareholders' prior approval for the entry by the relevant company in the JC&C Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled toward attaining other corporate objectives.

4. **Classes of Interested Persons**

The IPT Mandate will apply to the Interested Person Transactions (described in Paragraph 5 below) that are carried out with the following classes of Interested Persons:

- (a) Jardine Strategic Holdings Limited (“**JSHL**”); and
- (b) any company which, at the time of the relevant transaction, is an associate of JSHL.

JSHL is a member of the Jardine Matheson group of companies (the “**Jardine Matheson Group**”). Purely for the purposes of illustration, the associates of JSHL would include Jardine Strategic Singapore Pte Ltd, JSH Asian Holdings Ltd, JMH Investments Limited and Jardine Matheson Holdings Limited and their respective related corporations, as well as any company in which they or any of them taken together (directly or indirectly) have an equity interest of 30% or more.

5. **Categories of Interested Person Transactions**

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

(a) Vehicle-based Transactions

This category of transactions arises from the vehicle-based businesses of the JC&C Group (“**Vehicle-based Transactions**”). Transactions coming within this category comprise:

- (i) the marketing, sale and purchase of vehicle stocks, spares, parts, and related accessories;
- (ii) the provision of rental and/or leasing of vehicles;
- (iii) the provision of maintenance and after sales service for vehicles, and the repair, modification and upgrading of vehicles and related components and equipment;
- (iv) the purchase of vehicle freight services;
- (v) the purchase of vehicle insurance;
- (vi) the provision and/or receipt of commissions, rebates and other trade-related or marketing incentives to or by counter-parties such as dealers, distributors, principals and finance houses or other financial institutions; and
- (vii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (vi) above.

The JC&C Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The JC&C Group would also benefit from having access to competitive quotes from Interested Persons.

(b) Property-based Transactions

This category of transactions pertains to the property development and property investment activities of the JC&C Group (“**Property-based Transactions**”), and consists of transactions relating to:

- (i) the leasing and/or rental of properties;
- (ii) the award of contracts to main contractors and nominated sub-contractors and consultants for projects;
- (iii) the appointment of consultants in relation to property development and property investment;
- (iv) the provision or obtaining of project management services;
- (v) the provision or obtaining of property-linked services (such as property and rental valuation services, building maintenance services, estate management services, security services and property management and marketing services); and
- (vi) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (v) above.

The JC&C Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The JC&C Group would also benefit from having access to competitive quotes from Interested Persons.

(c) General Transactions

This category of transactions comprises general business transactions for services and products arising in the day-to-day operations of various companies in the JC&C Group (“**General Transactions**”). The transactions within this category comprise:

- (i) the provision or obtaining of consultancy and advisory services (including in the areas of feasibility studies, market research and analysis);
- (ii) the obtaining of insurance brokerage services;
- (iii) the provision or obtaining of hotel services (including room rentals and the related sale and purchase of food and beverages);
- (iv) the obtaining of office equipment, furniture and fittings;
- (v) the obtaining of renovation services;
- (vi) the provision or obtaining of information technology products and accessories, and information technology services (including repair, maintenance and technical services); and
- (vii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (vi) above.

The JC&C Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The JC&C Group would also benefit from having access to competitive quotes from Interested Persons. The JC&C Group may also derive operational and financial leverage through savings in terms of economies of scale, such as bulk discounts accorded to the Jardine Matheson Group on a group basis.

(d) Management Support Transactions

This category (“**Management Support Transactions**”) relates to corporate management, administration and support services that the JC&C Group may, from time to time, receive from, or provide to, its Interested Persons. Such services, which encompass (i) the receipt of strategic management consultancy from Interested Persons, as well as (ii) the provision and/or receipt of general support to/from Interested Persons, relate to the areas of corporate finance, taxation, investment review and management, risk review and management, strategic business evaluation, treasury and accounting advisory services, corporate planning and business development, management information systems, information technology management and development, information technology systems, human resource and executive compensation, legal and corporate secretarial/administration, accountancy, payroll, internal audit, corporate communications and investor relations.

As a principal subsidiary within the Interested Persons’ group of companies, the Company is able to tap into, and draw from, their management and corporate expertise on an international basis for the provision by Interested Persons to the Company of support of a strategic nature having a bearing on the JC&C Group’s long-term profitability and development. The JC&C Group may also, from time to time, procure and/or provide support of a general nature relating to its day-to-day operations. By having access to, and (where applicable) providing, such management, administration and support, the JC&C Group will derive operational and financial leverage in its dealings with third parties as well as benefit from the global network of its Interested Persons. Through such support and services, the JC&C Group would also enjoy sharing of resources and economies of scale, and eliminate duplication of efforts.

(e) Corporate Finance and Treasury Transactions

This category of transactions comprises various corporate finance and treasury related activities (“**Corporate Finance and Treasury Transactions**”) of the JC&C Group. It includes the obtaining of project financing or other financial assistance and services from Interested Persons, as well as transactions that are undertaken by the JC&C Group in connection with the management of its finances, investments and funding requirements. Within this category of transactions are:

- (i) the placement of funds or deposits with any Interested Person;
- (ii) the borrowing of funds from any Interested Person;
- (iii) the entry into with any Interested Person of foreign exchange, swap and option transactions for hedging purposes; and
- (iv) the subscription of debt securities issued by any Interested Person and the issue of debt securities to any Interested Person, and the buying from, or selling to, any Interested Person of debt securities.

The JC&C Group can benefit from competitive rates or quotes offered by Interested Persons by leveraging on the financial strength and credit standing of the Interested Persons in an expeditious manner.

6. Review procedures for Interested Person Transactions

The Company has in place an internal control system to ensure that transactions with Interested Persons are made on normal commercial terms, supported by independent valuation where appropriate, and consistent with the JC&C Group’s usual policies and practices.

(a) The internal control system includes the following guidelines:

- (i) In relation to Vehicle-based Transactions, Property-based Transactions, and General Transactions, any transaction proposed to be carried out with an Interested Person for the obtaining or provision of the services or products described shall be made at the prevailing rates/prices of the service or product provider which (in relation to services or products to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to third parties, or (in relation to services or products to be obtained from an Interested Person) are no less favourable than those extended by the Interested Person to third parties, on the service or product provider's usual commercial terms or otherwise in accordance (where applicable) with industry norms.

For the above purposes, market rates will be reviewed where applicable. As a basis for comparison to determine whether the price and terms offered to the Interested Person are no more favourable than those extended to third parties, at least two recent contracts for the same or substantially the same types of transactions entered into by the JC&C Group with third parties will be used. As a basis of comparison to determine whether the terms offered by the Interested Person are fair and reasonable (taking into account, where relevant, factors such as pricing, delivery schedule, rebates or discounts accorded for bulk purchases), quotes will be obtained wherever possible from at least two third party suppliers, for the same or substantially similar quantities and quality of products and/or services. Where it is impractical or not possible for such contracts or (as the case may be) quotes to be obtained:

- (aa) in relation to the sale of goods or services to the Interested Person, the terms of supply will be determined in accordance with the JC&C Group's usual business practice and consistent with the margins obtained by the JC&C Group in its business operations; and
- (bb) in relation to the purchase of goods or services from the Interested Person, the terms of supply will be compared to those for the same or substantially the same types of transactions entered into between the Interested Persons and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Interested Person to its customers for such services or products and be based on the commercial merits of the transaction.

(ii) In relation to Management Support Transactions:

- (aa) the JC&C Group will satisfy itself that the fees payable to an Interested Person for any such transaction shall be on arm's length and commercial terms, in accordance with either: (A) a formula for cost recovery agreed with such Interested Person; or (B) a rate of charge agreed with such Interested Person not exceeding 0.5 per centum of the profit attributable to the shareholders of the Company based on its audited financial statements for the financial year in respect of which the transaction occurred^(Note). The fee for any such transaction shall be determined by the JC&C Group with the Interested Person before the transaction is entered into. The JC&C Group will also satisfy itself that, having regard to the nature of the services to be provided by the Interested Person, the formula for cost recovery (for services of a general nature) or the rate of charge (for services of a strategic nature) (as the case may be) to be applied to the particular transaction with the Interested Person is in line with that applied by the Interested Person to its other strategic business units for the same or substantially the same management, administration and/or support services; and

(Note) Based on the audited consolidated financial statements of the Group for the financial year ended 31st December 2013, the profit attributable to the shareholders of the Company was US\$915.0 million.

- (bb) the JC&C Group will satisfy itself that fees receivable from an Interested Person for services of a general nature shall be on arm's length and commercial terms, and are not prejudicial to the Shareholders or disadvantageous to the JC&C Group. As a test of reasonableness, the rate of charge for determining the fees payable by the Interested Person for the services to be provided by the JC&C Group will be on a cost recovery basis.
 - (iii) In relation to Corporate Finance and Treasury Transactions, any transaction proposed to be carried out with an Interested Person for the obtaining or provision of the services described shall be made on terms no less favourable than those offered by the Interested Person to third parties on the Interested Person's usual commercial terms, and on terms no less favourable than those offered by third parties for the same or substantially similar type of services or otherwise in accordance (where applicable) with industry norms.
- (b) The following review and approval procedures will be implemented for Vehicle-based Transactions, Property-based Transactions and General Transactions:
 - (i) Transactions equal to or exceeding S\$100,000 each in value but below S\$5.0 million each in value, will be reviewed and approved by the Group Managing Director for the time being of the Company ("**Group Managing Director**") or, in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose, and tabled for review by the Audit Committee on a quarterly basis.
 - (ii) Transactions equal to or exceeding S\$5.0 million each in value will be reviewed and approved by the Audit Committee.
 - (iii) The Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and the Audit Committee may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.
- (c) In relation to Management Support Transactions, the following procedures will be implemented to supplement the internal control system:
 - (i) Any Management Support Transaction, the value of which, singly, or on aggregation with other Management Support Transactions with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) is below S\$5.0 million will be reviewed and approved by the Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and tabled for inspection by the Audit Committee on a quarterly basis. The Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) shall review the transaction in question, including the value thereof, on the basis of the benefits and cost effectiveness of the transaction.
 - (ii) Where the value of any Management Support Transaction, singly, or on aggregation with other Management Support Transactions with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) is equal to or exceeds S\$5.0 million, such Management Support Transaction and each subsequent Management Support Transaction with that Interested Person will be reviewed and approved by the Audit Committee.
 - (iii) For purposes of determining the aggregate value in (i) and (ii) above, the values of all Management Support Transactions with the same Interested Person shall not be offset and shall be aggregated, irrespective of whether any one or more of such transaction(s) is/are for services provided by the JC&C Group to the Interested Person, or any one or more of such transaction(s) is/are for services receivable by the JC&C Group from that Interested Person.

(d) In relation to Corporate Finance and Treasury Transactions, the following procedures will be implemented to supplement the internal control system:

(i) Placements

In relation to the placement of funds with any Interested Person by the JC&C Group of its funds, the Company will require that quotations shall be obtained from such Interested Person and at least two banks for rates of deposits with such banks of an equivalent amount, and for the equivalent period, of the funds to be placed by the JC&C Group. The JC&C Group will only place funds with such Interested Person provided that the terms quoted are no less favourable to the JC&C Group than the terms quoted by such banks.

(ii) Borrowings

In relation to the borrowing of funds from any Interested Person by the JC&C Group, the Company will require that quotations shall be obtained from such Interested Person and at least two banks for loans from such banks of an equivalent amount, and for the equivalent period, of the funds to be borrowed by the JC&C Group. The JC&C Group will only borrow funds from such Interested Person provided that the terms quoted are no less favourable to the JC&C Group than the terms quoted by such banks.

(iii) Foreign exchange, swaps and options

In relation to the entry into of foreign exchange, swap and option transactions by the JC&C Group with any Interested Person, the Company will require that rate quotations shall be obtained from such Interested Person and at least two banks. The JC&C Group will only enter into the foreign exchange, swap or option transactions with such Interested Person provided that the rates quoted are no less favourable to the JC&C Group than the rates quoted by such banks.

(iv) Debt securities

In relation to the subscription of debt securities issued by, or the purchase of debt securities from, Interested Persons, the JC&C Group will only enter into the subscription or purchase of such debt securities issued provided that the price(s) at which the JC&C Group subscribes for or purchases such debt securities will not be higher than the price(s) at which such debt securities are subscribed for or purchased by third parties.

In relation to the issue or sale to Interested Persons of debt securities, the JC&C Group will only issue or sell such debt securities to Interested Persons provided that the price(s) at which the JC&C Group issues or sells such debt securities will not be lower than the price(s) at which such debt securities are issued or sold by the JC&C Group to third parties.

In addition, the Company will monitor Corporate Finance and Treasury Transactions entered into by the JC&C Group as follows:

Borrowings from and debt securities issued or sold to Interested Persons

Where the interest expense on any borrowing from, or any debt securities to be issued or sold to, an Interested Person when aggregated with the interest expense incurred by the JC&C Group on previous borrowings from, and debt securities issued or sold to, the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) is equal to or exceeds S\$5.0 million, such (and each subsequent) borrowing from that Interested Person, or issue or sale of debt securities to, that Interested Person shall require the prior approval of the Audit Committee.

Borrowings from, or issue or sale of debt securities to, the same Interested Person in respect of which the interest expense thereon in aggregate does not exceed the limit set out above will be reviewed and approved by the Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and shall be tabled to the Audit Committee for review on a quarterly basis.

Placements with and debt securities subscribed or purchased from Interested Persons

Where the value (including the applicable interest income) of any funds to be placed with, or any debt securities to be subscribed which are issued by/purchased from, an Interested Person when aggregated with the value (including the applicable interest income) of previous funds placed with, and debt securities subscribed/purchased from, the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) by the JC&C Group exceeds S\$100.0 million, such (and each subsequent) placement of funds with, or subscription of debt securities issued by, or purchase of debt securities from, the same Interested Person shall require the prior approval of the Audit Committee.

Placements of funds with, or subscription of debt securities issued by, or purchase of debt securities from, the same Interested Person where the value (including the applicable interest income thereof) does not in aggregate exceed the limit set out above will be reviewed and approved by the Group Managing Director (or, in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and shall be tabled to the Audit Committee for review on a quarterly basis.

Foreign exchange, swaps and options entered into with Interested Persons

Where the principal amount of any foreign exchange, swap or option transaction to be entered into with an Interested Person when aggregated with the principal amount of previous foreign exchange, swap and option transactions entered into by the JC&C Group with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) exceeds S\$100.0 million, such (and each subsequent) foreign exchange, swap or option transaction to be entered into with the same Interested Person shall require the prior approval of the Audit Committee.

Entry into of foreign exchange, swap or option transactions with the same Interested Person where the principal amount thereof does not in aggregate exceed the limit set out above will be reviewed and approved by the Group Managing Director (or, in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and shall be tabled to the Audit Committee for review on a quarterly basis.

- (e) The following will apply to the review and approval process for all categories of Interested Person Transactions:
 - (i) If the Group Managing Director has an interest in the transaction or is a nominee for the time being of the Interested Person, the review and approval process shall be undertaken by the senior executive of the Company designated by the Audit Committee from time to time for such purpose.
 - (ii) If the Group Managing Director and such senior executive has an interest in the transaction or are nominees for the time being of the Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) designated by the Chairman of the Audit Committee from time to time for such purpose.
 - (iii) If a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.
- (f) The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the IPT Mandate.

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

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

7. Disclosures

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will: (a) disclose in the Company's Annual Report the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the Annual Reports for subsequent financial years that the IPT Mandate continues in force); and (b) announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

Chapter 9 of the Listing Manual of the SGX-ST governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be “at risk”, with the listed company’s interested persons.

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

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

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

For the purposes of Chapter 9 of the Listing Manual:

- an “**entity at risk**” means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(Note) Based on the audited consolidated financial statements of the Group for the financial year ended 31st December 2013, the NTA of the Group was US\$3,860.0 million. Accordingly, in relation to the Company, for the purpose of Chapter 9 of the Listing Manual, in the current financial year and until the audited consolidated financial statements of the Group are published for the financial year ended 31st December 2014, 5% of the Company’s latest audited consolidated NTA would be US\$193.0 million.

- an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;
- an “**interested person transaction**” means a transaction between an entity at risk and an interested person;
- a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly; and
- in interpreting the term “**same interested person**” for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905 and 906 of Chapter 9 of the Listing Manual, the following applies:
 - (i) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and
 - (ii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

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