



**Attachment to SGX Announcement  
dated 21 April 2021**

**ANNUAL GENERAL MEETING TO BE HELD ON 27 APRIL 2021  
- RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED TODAY**

Jardine Cycle & Carriage Limited (“**JC&C**”) would like to thank shareholders and the Securities Investors Association of Singapore (SIAS) for submitting their questions in advance of our 52nd Annual General Meeting to be held by electronic means at 11.30 a.m. on 27 April 2021 (the “**AGM**”).

Please see below for our responses to substantial questions which are relevant to the resolutions being tabled for approval at the AGM. Questions which overlap or are related to the same theme are addressed in the same response.

We are providing answers to questions received to date so that shareholders will have some time to consider the answers before they submit their votes via the proxy forms.

**Q1. As shown in the corporate profile, the group is the investment holding company of the Jardine Matheson Group in Southeast Asia. It seeks to create value by investing in diversified market-leading businesses based on the themes of urbanisation and the emerging consumer. Its main interests include 50.1% interest in Astra, a diversified group in Indonesia; 26.6% in Truong Hai Auto Corporation; 29.8% in Refrigeration Electrical Engineering Corporation (“**REE**”); 10.6% in Vinamilk; 25.5% in Siam City Cement; and the group’s motor businesses under Jardine International Motors.**

**(i) Given that Astra is listed and has its own board and stakeholders, can management elaborate further on the level of influence and control the group has over Astra? What is the ability of the group to set the strategic direction and the pace of growth of Astra?**

*In the conversation with the group managing director, Mr Ben Birks touched briefly on how the group “provides input” to the strategic direction of the portfolio companies through board and management representation.*

Jardine Cycle & Carriage together with Jardine Matheson has a good representation on the Astra Board of Commissioners and its Executive Committee, which is the strategy unit. The representation provides us the ability to influence and steer strategic direction in a collaborative manner with Astra, where appropriate. This extends to all major decisions and developments. We believe that Astra has a strong management team with a proven track record to lead and execute strategic plans for the company, to enhance shareholder value.

**(ii) Similarly, for its large minority investments (such as Truong Hai, REE, Vinamilk, Siam City Cement), what are the opportunities for the group to value-add to these investees? How does the group ensure that the investees are aligned with the group on strategic matters?**

Our approach is to proactively review our portfolio on an ongoing basis. We add value to our companies in the following areas:

We are represented on the board of directors of all of these companies. We support future growth through the allocation of capital. The larger Jardine Matheson Group network also provides our portfolio companies with access to financial contacts, stakeholders and other business partners, as well as a capable talent pool. We work to guide and strengthen governance practices across the portfolio. We also support our portfolio companies to digitally transform their business and operations to ensure that they are future-ready.

**(iii) Does the group encourage and promote collaborations between its investments so as to reap greater synergies?**

As part of the larger Jardine Matheson Group, which has an extensive network of relationships and competencies, there are many opportunities to promote collaborations across businesses.

Besides business introductions and partnerships as well as access to banking relationships, we also proactively collaborate with our portfolio companies on developing their people, organisational design, learning and development, as well as digital and governance strategies.

**(iv) In view of the group's large exposure to automotive, how is the group positioning itself as the industry pivots to electric vehicles ("EVs")? What are the opportunities and threats related to EVs to the group's automotive business?**

**The automotive industry is moving from traditional combustion engine vehicles to electric vehicles. JC&C has substantial automotive businesses within the ASEAN region. What is the company approach and how is it going to ensure its business is still relevant in the new era?**

The EV trend is actively reviewed by all the automotive businesses across the Group. The pace of adoption and strategies implemented will vary in the respective countries.

Broadly, our plan is to work closely with our OEM partners on the rollout plan of their electrification programme. We are confident that their products will remain competitive.

In Singapore, Mercedes-Benz has recently launched its EQS and EQC, the fully electric luxury sedan and compact luxury SUV. Our other marques in Singapore with EVs include KIA and Maxus which cater to customers in the mass and light commercial vehicle markets. In Indonesia, Astra is already testing electric motorcycles.

The pace of electrification will also depend on factors such as the country's infrastructure and government policies.

**Q2. In the company's response to shareholders' questions for the AGM that was held on 22 May 2020, the company reiterated that the intention to carry out a rights issue to reduce the holding company's debt level remains.**

**As shown in Note 26 (page 134 – Borrowings), the holding company has borrowings of US\$1.569 billion, up from \$1.529 billion a year ago. Equity attributable to owners of the company amount to US\$6.74 billion (page 64).**

- (i) Can the board elaborate further on the optimal capital structure of the company?**
- (ii) What are the major foreseeable uses of cash by the company?**
- (iii) Can the board provide shareholders with greater clarity on the necessity and the timeline of the rights issue, if a rights issue is still required?**

The Group's balance sheet strategy is not to hold significant long-term debt for a prolonged period at the holding company level. As at year-end 2020, the Company's net debt position was US\$1.5 billion and we are comfortable with this level presently.

In the longer term, we will continue to keep all financing options under review - including the possibility of a rights issue. This is in line with our objective of deleveraging the balance sheet in a financially prudent manner.

**Q3. The Board currently comprises ten directors, including seven independent directors. The biographies of the directors can be found on pages 23 to 26. As noted in the corporate governance report, the Board disclosed that it carried out a review in 2020 on three of the independent directors who had each served on the Board beyond an aggregate of nine years from their date of first appointment. They were Hassan Abas, Anthony Nightingale and Vimala Menon.**

- (i) How effective was the nominating committee ("NC") at assessing the independence of the non-executive directors? The NC comprises Mrs Lim Hwee Hua (Chairperson), Vimala Menon, Dr Marty Natalegawa and Benjamin Keswick. Hassan Abas was a member of the NC until his retirement from the board on 22nd May 2020.**

**In addition, Mrs Lim Hwee Hua who was first appointed on 29th July 2011 has also reached the nine-year limit. As such, in FY2021, the following non-executive directors would have served on the board beyond an aggregate of nine years from their date of first appointment:**

- Mrs Lim Hwee Hua (first appointed on 29th July 2011)**
- Vimala Menon (first served as a board member of Jardine Cycle & Carriage Limited in 1994 to 2003, reappointed in April 2017)**
- Anthony Nightingale (first appointed in February 1993)**

**The company will adopt the two-tier vote at the upcoming AGM for Mrs Lim Hwee Hua to continue as an independent director.**

**In addition, the company has disclosed that Vimala Menon has plans to step off the board by the end of 2021 and that Anthony Nightingale will continue as a non-independent director in 2022.**

The NC rigorously reviews the independence of long-serving non-executive and independent directors, with extra considerations as set out in our corporate governance report. The review is in accordance with the requirements of Guideline 2.4 of the Code of Corporate Governance 2012 which continues to apply prior to 1st January 2022. Each such long-serving director abstains from participating in the review of his or her own independence. Despite there being no circumstances to question the independence of these long serving directors, the progressive refreshment of the Board has been a matter of priority to add diversity, expertise and new perspectives. As a result, Mr Hassan Abas retired from the Board in May 2020, Vimala Menon will retire at the end of 2021 and Anthony Nightingale will continue as a non-independent director in 2022. Only Mrs Lim Hwee Hua will be put up for a two-tier vote at the upcoming AGM for her to continue as

an independent director. New independent directors will continue to be appointed to the Board from time to time, as part of the plan to progressively refresh the Board.

**(ii) Has the NC carried out the review of the independence of the long tenured directors in 2021?**

Yes, this review is carried out annually at the start of each financial year. For the current financial year ending 31st December 2021, the review has been conducted and the independent status of the directors (including those with long tenure) are as reflected in their profiles in the Annual Report 2020. However, there is no elaboration on this 2021 review in the corporate governance section of the Annual Report 2020, as the section is reporting on the activities of the Board for the prior financial year, being the year ended 31st December 2020.

**(iii) Can the NC help shareholders understand the rationale of the proposed re-designation of Mr Anthony Nightingale as a non-independent non-executive director in 2022?**

**(iv) Has the NC considered a two-tier vote for Mr Anthony Nightingale to remain as an independent director if it assessed Mr Anthony Nightingale to be independent following its rigorous review?**

The Board has been and will be progressively refreshed with newer independent directors. The Company supports having a strong element of independence on the Board, with independent directors comprising the majority. There is also a focus on maintaining and enhancing the diversity of its Board membership, which contributes to the quality of the Board's decision-making and deliberations. Mr Anthony Nightingale will become a non-independent director by the automatic operation of the '9-year rule' under SGX Listing Rule 210(5)(d), which takes effect on 1st January 2022. This change in the independent director regime is an objective test based strictly on a director's length of tenure on the board. By 31st December 2021, Mr Nightingale would have served as a director for almost 29 years. The Company is pleased that Mr Nightingale remains a director as the Board is of the view that he has extensive experience managing multi-regional listed companies and has in-depth knowledge of the underlying businesses of the Group. His insights continue to be valuable to the Board.

**Q4. With the adoption of EVs by Mercedes-Benz being slow, will the Board consider distributing another more EV centric brand such as NIO?**

Mercedes-Benz has recently launched its EQS and EQC, the fully electric luxury sedan and compact luxury SUV in Singapore. Our other marques in Singapore with EVs include KIA and Maxus which cater to customers in the mass market and light commercial vehicle markets.

We continue to work closely with our OEMs in our various markets on the EV product pipeline and launch.

**Q5. The Group's cash level at the company level is low after the earlier round of buying of Vinamilk shares. Is the board comfortable with the current balance sheet?**

The company's cash level is adequate to meet its operating requirements. The company also has strong banking relationships which allow it to raise additional funding, if required.

**Q6. Does the management have a line of sight for a recovered FY2019 level of financial performance for coming FY2021?**

Overall, JC&C's performance has gradually improved in recent quarters, following the easing of lockdown measures across the region. However, trading conditions remained challenging while the pandemic is still ongoing across the region. JC&C expects that the pandemic and related containment measures will continue to affect its performance for some time.

**Q7. Does the management or Board have a plan to grow the Indonesian business by 8-10% CAGR over the next 3 years once from FY2021 new base?**

Indonesia is one of our priority markets in Southeast Asia and our ambition remains to contribute positively to the growth and development of the region. The growth plan for Astra includes looking at ways to develop digital solutions to strengthen the customer interactions for its automotive and financial services operations, building up its toll roads business, as well as exploring a diversification strategy for its mining division which has now included gold.

**Q8. What is the FY2021/2022 aspiration for the Malaysian market?**

We expect the Malaysian market to remain challenging with subdued consumer sentiment and the impact of COVID-19 will continue to affect the operating environment.

The Jardine Matheson Group enjoys a long-standing relationship with Daimler AG across several countries. JC&C remains committed to Cycle & Carriage Bintang in Malaysia as its majority shareholder.

**Q9. What is the expected recovery time frame for the sales of automobile business in Indonesia and other relevant countries?**

The pace of recovery will vary across different countries. With containment measures including vaccination programmes being underway, we have seen improvements in the automotive sales in Indonesia, Vietnam and Singapore. However, we expect demand to take some time to return to pre-COVID-19 levels.

**Q10. Please update and elaborate on any existing and new initiatives to collaborate with the dominant ride hailing companies in Indonesia.**

Through Astra, we have a significant investment in Gojek, which saw the launch of Gofleet in 2019. Gofleet is a mobility solution partnership between these two leading players in Indonesia's automotive market. This all-inclusive solution offers vehicle rental, maintenance and insurance protection services, as well as vehicle monetisation through advertising, for drivers of door-to-door online transportation services in Indonesia.

We are keenly aware of the evolution of the digital interaction with our customers, and a substantial transformation programme focused on addressing this trend is underway at Astra. We are confident that more projects will start to come online over time.

**Q11. Given the US\$1.5 billion debt at the holding level, what can we expect from a capital allocation perspective of the Group? Are investments in Vietnam on hold?**

The Group's balance sheet strategy is not to hold significant long-term debt for a prolonged period at the holding company level. For the time being, this debt level remains comfortable.

In the longer term, we will continue to keep all financing options under review - including the possibility of a rights issue. This is in line with our objective of deleveraging the balance sheet in a financially prudent manner.

We are committed to supporting the growth of our existing investments in Vietnam. Our investments in the country are in market leaders in their respective fields who generate quality earnings and support our investment themes of urbanisation and the growing consuming class. We are positive on the long-term outlook of Vietnam and are actively looking at opportunities to invest more in the country, whether it is within our existing businesses or in new businesses.

**Q12. Given the takeover offer of Cycle & Carriage Bintang Berhad, can we expect further investments in Malaysia? Do you believe the offer will succeed?**

We expect the Malaysian market to remain challenging with subdued consumer sentiment and the impact of COVID-19 will continue to affect the operating environment.

The Jardine Matheson Group enjoys a long-standing relationship with Daimler AG across several countries. The offer reflects our commitment to Cycle & Carriage Bintang in Malaysia as its majority shareholder. We will not speculate on the outcome of the offer.

**Q13. Within Astra:**

- (i) What is the board's view on the coal exposure of United Tractors (Tuah Turangga Agung)? Is there a strategic plan not only to steer away from thermal coal, but to reduce the overall exposure given the environmental impact?**

Yes, it is United Tractors' strategy to explore a diversification strategy for its mining division to include other minerals and is now active in gold, through its ownership of the Martabe goldmine.

- (ii) What is the strategic target that JC&C has in mind for the automotive distribution activities in Indonesia? Although car penetration in Indonesia per capita is low, the growth is stagnant around 1 million vehicles per year for the last ten years.**

- (iii) Is competition becoming tougher in Indonesia? Local production/content is needed to profit from subsidies. How well is Astra positioned to profit from these government incentives?**

- (iv) Car producers in Indonesia has started to talk about hybrid vehicles. How is Astra positioned in this segment? Does the Indonesian government have targets for electrification of the automobile sector (e.g. charging infrastructure, incentives for buyers, etc.)?**

- (v) From a government policy perspective, is B30 biodiesel a done deal in Indonesia? Are the engines of Toyota and your other brands ready/adjustable?**

We are confident that Astra is well positioned to tap the growth of the automotive sector in Indonesia, and stay competitive and remain a leading player in the market.

We note the low car penetration growth rates in Indonesia despite the overall positive macroeconomic factors. This is influenced by many factors including infrastructure, consumer sentiment as well as household spending. That said, we are of the view that the long-term fundamentals for car penetration remain good.

In 2020, Indonesia's wholesale car market declined by 48%. Gaikindo is projecting about 40% growth in 2021, which is beneficial for Astra. However, we note that consumer sentiment in Indonesia will remain subdued with the ongoing pandemic.

The EV trend is actively reviewed by both JC&C and Astra. We continue to work closely with our OEM partners on the rollout plan of their electrification programme. We are confident that their products will remain competitive, and Astra is already testing electric motorcycles. However, the pace of electrification will also depend on factors such as infrastructure and government policies.

We are closely monitoring the developments and government regulations around the B30 biodiesel programme and will work with our OEMs accordingly to ensure the necessary compliance and implementation.

- (vi) **What are the Board's view on the investment opportunities within Astra? Upstreaming cash to Jardine Cycle & Carriage in order to reduce debt and further increase the portfolio towards e.g. Vietnam? Commentators often suggest that Astra lacks investment opportunities. What is your view?**

Astra remains important to the Group, and it is in itself, a diversified business, covering a wide range of industries. In each of these businesses, Astra is actively exploring growth opportunities to strengthen its position. We are confident of Astra's ability to successfully execute its strategic plans to support its long-term growth.

- Q14. Going forward, do shareholders need to go and check SGX or JC&C website for AGM matters themselves? In the past, CDP would forward corporate matters that require shareholders' attention by post. There may be shareholders who are unaware that they need to go to company website and check for corporate update. This also depends on how easy to navigate around company website if the website is up-to-date.**

All arrangements regarding the virtual AGM this year have been made pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This includes making available the AGM Notice, Proxy Form and other AGM-related documents solely by electronic means via SGX and JC&C websites, and no printed copies are mailed to shareholders. These COVID-19 alternative arrangements were recently extended by the Ministry of Law ("MinLaw") beyond 30th June 2021 and will last until such temporary legislative relief measures are revoked or amended by MinLaw. That being said, information regarding our AGM and matters for shareholders' attention have been and will always be made available via SGX and JC&C websites which are the Company's primary official mode of communication with shareholders. The websites contain the latest information regarding the Company and are updated regularly and on a timely basis.

- Q15. Is there intention to raise the level of shareholdings in Vinamilk further?**

We take a long-term view of our investments. In the case of Vinamilk, we remain supportive and will continually review our stake. If a further holding in Vinamilk were to become available, we would review the opportunity in accordance with our broader capital allocation strategy.

- Q16. Astra made an investment in a gold mine earlier but recently there was no mention of it in the latest results update. How has this been doing? is there any strategic value to go into gold mining?**

It was reported in JC&C's 2020 Financial Statements and Dividend Announcement on 26th February 2021, that Agincourt Resources saw 22% lower gold sales at 320,000 oz. The investment in the gold mine is part of United Tractors' long-term diversification strategy.

**Q17. Have you review your investment in Toyota Motors Corporation and if your balance sheet is cash-tight, maybe management can consider divesting some non-core investments?**

Toyota Motors Corporation (“TMC”) is an important business partner of Astra. The stake in TMC reflects our support for both Astra and one of its primary OEMs. TMC is a high-quality company and we have been receiving steady dividend income from this investment.