

LENTOR INVESTMENTS PTE. LTD.

(Regn No: 200406607N)

17 August 2004

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To: The Shareholders of Neptune Orient Lines Limited

Dear Shareholder

MANDATORY CONDITIONAL CASH OFFER FOR NEPTUNE ORIENT LINES LIMITED

Introduction

We are pleased to inform you that the offer document dated 17 August 2004 (the “**Offer Document**”) is enclosed with this letter. The Offer Document contains our mandatory conditional cash offer (the “**Offer**”) to acquire all the issued ordinary shares of S\$1.00 each (“**Shares**”) in the share capital of Neptune Orient Lines Limited (“**NOL**”) on the terms and conditions set out in the Offer Document.

In order to make a fully informed decision as to whether or not to accept the Offer, we encourage you to read, in their entirety, both the Offer Document and the circular to be issued by NOL in relation to the Offer. The NOL circular will contain the advice of the independent financial adviser of NOL as well as the recommendation of the independent directors of NOL on the Offer.

The offer price for each Share is S\$2.80 in cash (“Offer Price”).

Rationale for the Offer

In the equity private placement conducted by NOL in November 2003, in which our parent company, Temasek Holdings (Private) Limited (“**Temasek**”) as substantial shareholder was not entitled to participate, Temasek’s shareholding was diluted to below 30 per cent. Temasek, through us and Startree Investments Pte. Ltd., has increased its investment in NOL to beyond 30 per cent., thereby requiring a mandatory offer to be made under the provisions of The Singapore Code on Take-overs and Mergers.

Financial Aspects of the Offer

You should note that as at the date of the announcement of the Offer on 3 August 2004 (the “**Offer Announcement Date**”), the Offer Price exceeded the highest closing price of the Shares in over ten years.

The Offer Price represents, *inter alia*:¹

- a premium of 7.2 per cent. over S\$2.61, the theoretical ex-dividend last transacted price of the Shares on 3 August 2004 (the Offer Announcement Date) and a premium of 18.0 per cent. over S\$2.37, the theoretical ex-dividend last transacted price of the Shares on 2 August 2004 (the day prior to the Offer Announcement Date);
- a premium of 19.5 per cent. over S\$2.34, the theoretical ex-dividend volume weighted average of the prices at which the Shares were transacted over the last one month up to and including the Offer Announcement Date;
- a premium of 35.1 per cent. over S\$2.07, the theoretical ex-dividend volume weighted average of the prices at which the Shares were transacted over the last six months up to and including the Offer Announcement Date;
- a discount of 2.1 per cent. under S\$2.86, the last transacted price of the Shares on 13 August 2004 (the “**Latest Practicable Date**”);

¹ Please refer to Section 11.4 of the Offer Document for further details.

- a premium of 6.9 per cent. over S\$2.62, the volume weighted average of the prices at which the Shares were transacted over the last one month up to and including the Latest Practicable Date; and
- a premium of 28.3 per cent. over S\$2.18, the volume weighted average of the prices at which the Shares were transacted over the last six months up to and including the Latest Practicable Date.

Condition

The Offer is subject to us receiving valid acceptances in respect of such number of Shares, which will result in us and parties acting or deemed to be acting in concert with us, holding such number of Shares carrying more than 50 per cent. of the voting rights attributable to the issued share capital of NOL as at the close of the Offer.

Please refer to Section 3 “Condition of the Offer” on page 2 of the Offer Document for more details on the minimum acceptance condition.

How to Accept the Offer

Procedures on how to accept the Offer are set out in Appendix 2 of the Offer. The closing date of the Offer is **3.30 p.m. (Singapore time) on 15 September 2004 or such later date(s) as we may announce from time to time.**

Payment for the Shares

Payment for the Shares will be made within:

- 21 days after the Offer becomes or is declared unconditional in all respects; or
- 21 days after the receipt of valid acceptances of the Offer,

whichever is later.

If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

Yours faithfully

Margaret Lui-Chan Ann Soo
Director

Phua Kok Kim
Director

The issue of this letter has been approved by all the directors of Lentor Investments Pte. Ltd. (“Lentor”) and Temasek (including those who may have delegated detailed supervision of this letter) who have taken all reasonable care to ensure that the facts stated and all opinions expressed in this letter are fair and accurate and that no material facts have been omitted from this letter, and they jointly and severally accept responsibility accordingly. Where any information has been extracted from published or publicly available sources (including, without limitation, information in relation to the NOL Group), the sole responsibility of the directors of Lentor and Temasek has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this letter.

This letter should be read in conjunction with the full text of the Offer Document.

**If you have any queries about the Offer, please call the hotline at 6889 2652
from 9 a.m. to 5 p.m. on Mondays to Fridays.**