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Announcement Details

ASSET ACQUISITIONS AND DISPOSALS::PROPOSED DILUTION & POTENTIAL DISPOSAL OF INTEREST IN SHENZHEN 4PX INFORMATION & TECHNOLOGY CO., LTD

Asset Acquisitions and Disposals

Date & Time of Broadcast

20-Jan-2023 06:59:20

Status

New

Announcement Sub Title

Proposed Dilution & Potential Disposal of Interest in Shenzhen 4PX Information & Technology Co., Ltd

Announcement Reference

SG2301200THRN6B6

Submitted By (Co./ Ind. Name)

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Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the attachment.

Attachments

[SGXAnn.pdf](#)

Total size = 143K MB

SINGAPORE POST LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 199201623M

ANNOUNCEMENT

PROPOSED DILUTION AND POTENTIAL DISPOSAL OF INTEREST IN SHENZHEN 4PX INFORMATION AND TECHNOLOGY CO., LIMITED

1. Introduction

Singapore Post Limited (“**SingPost**” or the “**Company**” and, together with its subsidiaries, the “**SingPost Group**”) wishes to announce that Shenzhen 4PX Information and Technology Co., Limited (深圳市递四方信息科技有限公司) (“**4PX**”), a company in which SingPost through its subsidiary, Quantum Solutions International Pte. Ltd. (“**QSI**”), holds a 19.75% equity interest, has on 19 January 2023 entered into various agreements with its existing shareholder, Zhejiang Cainiao Supply Chain Management Co., Limited (“**Cainiao**”).

2. Proposed Dilution of SingPost’s Interest in 4PX

Pursuant to the various agreements entered into between 4PX and Cainiao, 4PX will issue new shares in the capital of 4PX to Cainiao as full and final settlement of all outstanding amounts under an existing RMB400 million loan (approximately S\$78.6 million¹) extended by Cainiao to 4PX in 2018 (the “**Existing Cainiao Shareholder Loan**”) (the “**Loan Capitalisation**”).

The Loan Capitalisation is subject to and conditional upon certain regulatory approvals being obtained. On completion of the Loan Capitalisation, the number of 4PX shares held by QSI will remain unchanged, and QSI’s equity interest in 4PX will be reduced from 19.75% to 17.61% (the “**Post-Loan Capitalisation Diluted Shareholding Interest**”).

3. QSI 4PX Options

- 3.1 **QSI 4PX Options.** In connection with the Loan Capitalisation, QSI, Cainiao and the other shareholders of 4PX have agreed to amend certain terms of the existing shareholders’ agreement entered into between them in connection with their investment in 4PX (the “**4PX Shareholders’ Agreement**”). Such amendments include, *inter alia*, a revision of the terms of a put option granted by Cainiao to QSI in 2018 for QSI to sell any part of QSI’s equity interest in 4PX exceeding 10% (i.e., approximately 7.6% of QSI’s equity interest in 4PX) to Cainiao (the “**7.6% Option**”) and the grant of a new put option by Cainiao to QSI for QSI to sell the remaining 10% of its equity interest in 4PX to Cainiao, post-capitalisation of the Existing Cainiao Shareholder Loan (the “**10% Option**”, and together with the 7.6% Option, the “**QSI 4PX Options**”).

Pursuant to the revised 4PX Shareholders’ Agreement, the terms of the QSI 4PX Options are as follows:

- (i) **7.6% Option:** QSI may exercise the 7.6% Option at its discretion subject to and conditional upon completion of the Loan Capitalisation. The cash consideration

¹ Unless otherwise stated, the S\$ equivalent of the RMB figures in this announcement has been arrived at based on an exchange rate of RMB1.00 : S\$0.1965.

payable by Cainiao for the 7.6% equity interest in 4PX shall be approximately RMB251.3 million (approximately S\$49.4 million), determined based on a total valuation of 4PX at RMB3.3 billion. QSI has further agreed to grant Cainiao a corresponding call option to acquire QSI's 7.6% equity interest in 4PX on the same terms.

- (ii) **10% Option:** In addition to the 7.6% Option, Cainiao has also granted to QSI the 10% Option which may be exercised by QSI at its discretion subject to and conditional upon completion of the Loan Capitalisation. The consideration payable by Cainiao for the 10% equity interest in 4PX shall be approximately RMB264.0 million (approximately S\$51.9 million), determined based on a total valuation of 4PX at RMB2.64 billion (approximately S\$518.8 million). Cainiao may elect to pay the consideration payable on exercise of the 10% Option either in cash or by procuring a transfer of shares held by its related companies in QSI to SingPost, subject to compliance with applicable laws and regulations. QSI has also agreed to grant Cainiao a corresponding call option to acquire QSI's 10% equity interest in 4PX on the same terms.

The QSI 4PX Options may be exercised together or individually within six months from the completion of the Loan Capitalisation. If all the QSI 4PX Options are exercised, QSI will dispose of its entire equity interest in 4PX (the **"Proposed Disposal"**) and the SingPost Group will no longer hold any interest in 4PX. An appropriate announcement will be made by SingPost in the event of any exercise of the QSI 4PX Options.

The consideration payable for the exercise of the QSI 4PX Options was determined based on a willing-buyer, willing-seller basis, taking into account the financial performance of 4PX, and will be paid by Cainiao to QSI on completion of the transfer of the relevant equity interest in 4PX pursuant to the exercise of the QSI 4PX Options.

- 3.2 **4PX Financial Information.** Based on the unaudited consolidated financial statements of the SingPost Group for the six months ended 30 September 2022, the book value attributable to QSI's 19.75% equity interest in 4PX is S\$85.3 million. 4PX is not an associated company of the SingPost Group, the SingPost Group does not equity account for any of the profits or losses of 4PX, and the investment in 4PX has been classified as an equity investment measured at Fair Value Through Other Comprehensive Income. Assuming that all the QSI 4PX Options are exercised and QSI disposes of its entire Post-Loan Capitalisation Diluted Shareholding Interest pursuant to the Proposed Disposal, the cumulative gain that will be transferred to retained earnings is approximately S\$16.6 million.

4. Rationale and Use of Proceeds

The Proposed Disposal provides an opportunity for the Company to realise and unlock value in its equity interest in 4PX held through QSI. The Company will review and determine the use of the proceeds from the Proposed Disposal in the event it decides to exercise the QSI 4PX Options or if Cainiao decides to exercise its call options on QSI's equity interests in 4PX.

5. Pro Forma Financial Effects

- 5.1 **Bases and Assumptions.** The pro forma financial effects of the Proposed Disposal pursuant to the exercise of the QSI 4PX Options have been prepared based on:

- (i) the audited consolidated financial statements for the SingPost Group for the financial year ended 31 March 2022; and
- (ii) the audited financial statements of 4PX for the financial year ended 31 December 2021,

and are purely for illustrative purposes only and do not reflect the future actual financial position of the SingPost Group following completion of the Proposed Disposal.

The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

- (a) the Proposed Disposal had been effected on 31 March 2022, being the end of the most recently completed financial year of the SingPost Group and of which the statement of financial position of the SingPost Group has been publicly announced, for illustrating the financial effects on the consolidated NTA of the SingPost Group;
- (b) the Proposed Disposal had been effected on 1 April 2021, being the beginning of the most recently completed financial year of the SingPost Group and of which the profit and loss of the SingPost Group has been publicly announced, for illustrating the financial effects on the consolidated earnings of the SingPost Group; and
- (c) the Proposed Disposal is based on the consideration being received in cash.

5.2 **NTA.** For illustrative purposes only, assuming that the Proposed Disposal had been completed on 31 March 2022, the pro forma financial effects on the net tangible assets ("**NTA**") of the SingPost Group are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net assets (S\$ million)	1,142.1	1,153.0
Less : intangibles (S\$ million)	(529.4)	(529.4)
NTA (S\$ million)	612.7	623.5
Number of issued SingPost Shares (excluding treasury shares) as at 31 March 2022 (million)	2,249.6	2,249.6
NTA per SingPost Share (S\$ cents)	27.2	27.7

5.3 **EPS.** For illustrative purposes only and assuming that the Proposed Disposal had been completed on 1 April 2021, the pro forma financial effects on the earnings of the SingPost Group are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to ordinary shareholders (S\$ million) ⁽¹⁾	69.5	69.5
Weighted average number of issued SingPost Shares for the financial year ended on 31 March 2022 (million)	2,249.6	2,249.6
Basic earnings per SingPost Share (S\$ cents)	3.09	3.09

Note:

(1) Figures are arrived after deducting net profit attributable to perpetual securities.

As set out in paragraph 3.2 of this announcement above, the cumulative gain pursuant to the Proposed Disposal is approximately S\$16.6 million and will be transferred to retained earnings (and not through net profit, as the SingPost Group does not equity account for any of the profits or losses of 4PX).

6. Relative Figures under Rule 1006 of the Listing Manual

6.1 **Rule 1006 Relative Figures.** The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) in respect of the Proposed Disposal pursuant to the exercise of the QSI 4PX Options are as follows:

Rule 1006	Bases	Proposed Disposal S\$'million	SingPost Group S\$'million	Relative Figures %
(a)	Book value ⁽¹⁾ attributable to QSI's equity interest in 4PX to be disposed of pursuant to the exercise of the QSI 4PX Options, compared with the SingPost Group's net asset value ⁽²⁾	85.3	1,339.2	6.4%
(b)	Net profit/loss attributable to QSI's equity interest in 4PX to be disposed of pursuant to the exercise of the QSI 4PX Options, compared with the SingPost Group's net profit ⁽³⁾	Not meaningful ⁽⁴⁾	6.9	-

Rule 1006	Bases	Proposed Disposal S\$'million	SingPost Group S\$'million	Relative Figures %
(c)	Aggregate consideration to be received for QSI's equity interest in 4PX to be disposed of pursuant to the exercise of the QSI 4PX Options, compared with SingPost's market capitalisation ⁽⁵⁾	101.3	1,189.3	8.5%

Notes:

- (1) For purposes of calculating the relative figure under Rule 1006(a) of the Listing Manual, the book value attributable to QSI's equity interest in 4PX is used as the SingPost Group's investment in 4PX has been classified as an equity investment measured at Fair Value Through Other Comprehensive Income and the latest unaudited financial statements for 4PX are not available to SingPost.
- (2) Based on the unaudited net asset value of the SingPost Group for the six months ended 30 September 2022.
- (3) Based on the unaudited consolidated net profit of the SingPost Group for the six months ended 30 September 2022.
- (4) 4PX is not an associated company of the SingPost Group, and the SingPost Group does not equity account for any of the profits or losses of 4PX. The latest unaudited financial statements for 4PX are not available to SingPost.
- (5) SingPost's market capitalisation is based upon 2,249,740,048 SingPost Shares (excluding treasury shares) as at 16 January 2023 at a volume weighted average price of S\$0.5286 per SingPost Share.

6.2 **Discloseable Transaction.** As the relative figures under Rule 1006(a) and (c) of the Listing Manual exceeds 5% but does not exceed 20%, the Proposed Disposal pursuant to the exercise of the QSI 4PX Options constitutes a discloseable transaction as defined in Chapter 10 of the Listing Manual.

7. Further Information

7.1 **Directors' Service Contracts.** No person is proposed to be appointed as a Director of SingPost in connection with the various transactions described above. Accordingly, no service contract is proposed to be entered into between SingPost and any such person.

7.2 **Interests of Directors and Controlling Shareholders.** Alibaba Group Holding Limited is the holding company of each of Cainiao and Alibaba Investment Limited. Alibaba Investment Limited owns approximately 14.5% of SingPost and 34% of QSI. Save as disclosed in this announcement, other than by virtue of being a Director of SingPost or their shareholding interest in SingPost, none of the Directors or controlling shareholders of SingPost has any interest, direct or indirect, in the various transactions described above.

Issued by Singapore Post Limited on 20 January 2023.