



**SINGAPORE POST LIMITED**

(Incorporated in the Republic of Singapore)  
Company Registration Number: 199201623M

**LETTER TO SHAREHOLDERS DATED 22 JUNE 2016**

**IN RELATION TO**

- (1) THE PROPOSED RENEWAL OF THE SHAREHOLDERS MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND**
- (2) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.**

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## LETTER TO SHAREHOLDERS

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### SINGAPORE POST LIMITED

(Incorporated in the Republic of Singapore)  
Company Registration Number: 199201623M

**Directors:**

Mr Simon Claude Israel  
(*Chairman and Non-Executive Non-Independent Director*)  
Mr Goh Yeow Tin (*Deputy Chairman and Executive Non-Independent Director*)  
Ms Aliza Knox (*Non-Executive Independent Director*)  
Mr Lim Ho Kee (*Non-Executive Independent Director*)  
Professor Low Teck Seng (*Non-Executive Independent Director*)  
Mr Soo Nam Chow (*Non-Executive Independent Director*)  
Mr Tan Yam Pin (*Non-Executive Independent Director*)  
Mr Zulkifli Bin Baharudin (*Non-Executive Independent Director*)  
Mr Bill Chang York Chye (*Non-Executive Non-Independent Director*)  
Mr Chen Jun (*Non-Executive Non-Independent Director*)  
Mr Michael James Murphy (*Non-Executive Non-Independent Director*)  
Dr Wolfgang Baier (*Executive Non-Independent Director*)

**Registered Office:**

10 Eunos Road 8  
Singapore Post Centre  
Singapore 408600

22 June 2016

To: The Shareholders of  
Singapore Post Limited (the "**Company**")

Dear Sir/Madam

**1. INTRODUCTION****1.1 Background.** We refer to:

- (a) the Notice of the 24th Annual General Meeting of the Company dated 22 June 2016 (the "**Notice**"), accompanying the Annual Report for the financial year ended 31 March 2016, convening the 24th Annual General Meeting of the Company to be held on 14 July 2016 (the "**2016 AGM**");
- (b) Ordinary Resolution No. 11 relating to the proposed renewal of the Shareholders Mandate (as defined in paragraph 2.1 below) for interested person transactions, as proposed in the Notice; and
- (c) Ordinary Resolution No. 12 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 3.1 below), as proposed in the Notice.

**1.2 Letter to Shareholders.** The purpose of this Letter is to provide shareholders of the Company (the "**Shareholders**") with information relating to Ordinary Resolution Nos. 11 and 12, proposed in the Notice (collectively, the "**Proposals**").

**1.3 SGX-ST.** The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

**1.4 Advice to Shareholders.** Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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## LETTER TO SHAREHOLDERS

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### 2. THE PROPOSED RENEWAL OF THE SHAREHOLDERS MANDATE

- 2.1 **Shareholders Mandate.** At the extraordinary general meeting of the Company held on 8 July 2015 (the “**2015 EGM**”), approval of the Shareholders was obtained for the renewal of the mandate to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the listing manual of the SGX-ST (the “**Listing Manual**”)) to enter into certain interested person transactions (the “**Shareholders Mandate**”) with the classes of interested persons as set out in the Shareholders Mandate. Particulars of the Shareholders Mandate are set out in the Appendix to the Circular to Shareholders dated 16 June 2015 (the “**2015 Circular**”).
- 2.2 **Proposed Renewal of the Shareholders Mandate.** At the 2015 EGM, the Shareholders Mandate was expressed to take effect until the conclusion of the next Annual General Meeting of the Company, being the 24th Annual General Meeting which is scheduled to be held on 14 July 2016. Accordingly, the Directors of the Company (the “**Directors**”) propose that the Shareholders Mandate be renewed at the 2016 AGM, to take effect until the 25th Annual General Meeting of the Company. The particulars of the interested person transactions in respect of which the Shareholders Mandate is sought to be renewed remain unchanged.
- 2.3 **Appendix.** The Shareholders Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices and other general information relating to Chapter 9 of the Listing Manual, are set out in the Appendix to this Letter.
- 2.4 **Audit Committee’s Statement.** The Audit Committee (currently comprising Mr Soo Nam Chow, Mr Tan Yam Pin and Mr Zulkifli Bin Baharudin) confirms that:
- (a) the methods or procedures for determining transaction prices under the Shareholders Mandate have not changed since the 2015 EGM; and
  - (b) the methods or procedures referred to in sub-paragraph (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 **Abstention from Voting.** Temasek Holdings (Private) Limited (“**Temasek**”), Singapore Telecommunications Limited (“**Singtel**”) and their respective associates, being interested persons (as described in paragraph 4.1 of the Appendix to this Letter), will abstain from voting their Shares, if any, in respect of Resolution 11, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2016 AGM.

The Directors, being interested persons (as described in paragraph 4.1 of the Appendix to this Letter), will abstain, and will procure their associates to abstain, from voting their Shares, if any, in respect of Resolution 11, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2016 AGM. Each of the Directors and their respective associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of Resolution 11, unless the Shareholder concerned shall have given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Resolution 11.

### 3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

- 3.1 **Share Purchase Mandate.** Shareholders had approved the renewal of the mandate (the “**Share Purchase Mandate**”) to enable the Company to purchase or otherwise acquire ordinary shares of the Company (“**Shares**”) at the 2015 EGM. The authority and limitations on the Share Purchase Mandate were set out in the 2015 Circular and Ordinary Resolution 2 set out in the Notice of the 2015 EGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 2 at the 2015 EGM and will expire on the date of the forthcoming 2016 AGM to be held on 14 July 2016. Accordingly, Shareholders’ approval is being sought for the renewal of the Share Purchase Mandate at the 2016 AGM.

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As at 26 May 2016, being the latest practicable date prior to the printing of this Letter (the “**Latest Practicable Date**”), the Company has not undertaken any purchase or acquisition of its Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2015 EGM.

As at the Latest Practicable Date, 1,658,277 Shares purchased or acquired by the Company are held as treasury shares.

3.2 **Rationale for the Share Purchase Mandate.** The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) In managing the business of the Company and its subsidiaries (the “**Group**”), management strives to increase Shareholders’ value by improving, *inter alia*, the return on equity of the Group. Share purchases are one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash which is in excess of the financial and possible investment needs of the Group to Shareholders. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company’s share capital structure and its dividend policy.
- (c) Repurchased Shares which are held in treasury may be transferred for the purposes of any share schemes implemented by the Company. The use of treasury shares in lieu of issuing Shares would also mitigate the dilution impact on existing Shareholders.

The approval of the renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in paragraph 3.3.1 below, it should be noted that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised, and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company.

3.3 **Authority and Limits of the Share Purchase Mandate.** The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2016 AGM, are substantially the same as were previously approved by Shareholders at the 2015 EGM, and are summarised below:

### 3.3.1 **Maximum Number of Shares**

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the 2016 AGM. Any of the Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 2,163,786,618 Shares in issue as at the Latest Practicable Date and disregarding the 1,658,277 Shares held in treasury as at the Latest Practicable Date, and assuming no further Shares are issued and no Shares are purchased or acquired by the Company, or held as treasury shares, on or prior to the 2016 AGM, not more than 216,212,834 Shares (representing 10% of the Shares in issue as at that date and disregarding the 1,658,277 Shares held in treasury) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

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## LETTER TO SHAREHOLDERS

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### 3.3.2 *Duration of Authority*

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2016 AGM at which the renewal of the Share Purchase Mandate is approved, up to:

- (a) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or
- (c) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

### 3.3.3 *Manner of Purchases or Acquisitions of Shares*

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

- (a) on-market purchases of Shares by the Company effected on the SGX-ST, or on any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose ("**Market Purchases**"); and/or
- (b) off-market purchases of Shares by the Company effected otherwise than on a stock exchange, in accordance with an equal access scheme ("**Off-Market Purchases**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, Chapter 50 (the "**Companies Act**") as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

An Off-Market Purchase 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 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 shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will, pursuant to Rule 885 of the Listing Manual, issue an offer document containing at least the following information:

- (1) terms and conditions of the offer;
- (2) period and procedures for acceptances; and
- (3) information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

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### 3.3.4 **Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.

The maximum price to be paid for the Shares as determined by the Directors (the “**Maximum Price**”) must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, 110% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST or, as the case may be, such stock exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

- 3.4 **Source of Funds.** Under the Companies Act, the Company may purchase or acquire its Shares out of its profits and/or capital so long as the Company is solvent.

The Company intends to use internal and external sources of funds to finance its purchase or acquisition of Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the Group’s working capital requirements, current dividend policy for the financial year ending 31 March 2017 or ability to service its debts would be adversely affected.

- 3.5 **Status of Purchased Shares.** Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

- 3.6 **Treasury Shares.** Under the Companies Act, 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 in force as at the Latest Practicable Date are summarised below:

#### 3.6.1 **Maximum Holdings**

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

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### 3.6.2 ***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 is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

### 3.6.3 ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Singapore Code on Take-overs and Mergers (the "**Takeover Code**")):

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of outstanding shares before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

**3.7 Financial Effects.** The financial effects on 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*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

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.



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## LETTER TO SHAREHOLDERS

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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 31 March 2016, are based on the assumptions set out below:

### 3.7.1 *Maximum Price Paid for Shares Acquired or Purchased*

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 216,212,834 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date and disregarding the Shares held in treasury as at such date) at the maximum price of S\$1.662 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 216,212,834 Shares is S\$359,345,730.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 216,212,834 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date and disregarding the Shares held in treasury as at such date) at the maximum price of S\$1.741 for one Share (being the price equivalent to 10% above the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 216,212,834 Shares is S\$376,426,544.

### 3.7.2 *Illustrative Financial Effects*

For illustrative purposes only and on the basis of the assumptions set out in paragraph 3.7.1 above and the assumptions set out below, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 March 2016 are set out below:

- (a) the purchase or acquisition of 10% of the Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of Market Purchases, made as to 6% out of profits and as to 4% out of capital and cancelled or held in treasury; and in the alternative
- (b) the purchase or acquisition of 10% of the Shares (excluding treasury shares) by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases, made as to 6% out of profits and as to 4% out of capital and cancelled or held in treasury.

#### ***Market Purchases***

**The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 March 2016 and are not necessarily representative of future financial performance.**

**Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire part of or the entire 10% of the issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.**

**Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements, current dividend policy for the financial year ending 31 March 2017 or ability to service its debts would be adversely affected.**

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### **Scenario 1(A)**

*Market Purchases of up to 10% made as to 6% out of profits and as to 4% out of capital and cancelled*

	Group		Company	
	Before share purchase S\$'000	After share purchase S\$'000	Before share purchase S\$'000	After share purchase S\$'000
<u>As at 31 March 2016</u>				
Share capital	448,775	305,037	448,775	305,037
Capital reserves	37	37	–	–
Other reserves	7,221	7,221	34,713	34,713
Revenue reserves	749,647	528,222	780,232	558,807
	1,205,680	840,517	1,263,720	898,557
Treasury shares	(2,116)	(2,116)	(2,116)	(2,116)
Ordinary equity	1,203,564	838,401	1,261,604	896,441
Perpetual securities	346,826	346,826	346,826	346,826
	1,550,390	1,185,227	1,608,430	1,243,267
Net tangible assets (NTA)	978,310	613,146	1,608,203	1,243,039
Current assets	367,605	367,605	258,253	258,253
Current liabilities	500,789	506,607	345,409	351,227
Total borrowings	280,272	639,618	236,044	595,390
Cash and cash equivalents	126,640	126,640	49,626	49,626
Number of shares ('000)	2,162,128	1,945,915	2,162,128	1,945,915
<u>Financial ratios</u>				
Basic earnings per share (cents)	10.86	10.67	12.00	11.82
NTA per share (cents)	45.2	31.5	74.4	63.9
Gross gearing (%)	23.3	76.3	18.7	66.4
Net debt gearing (%)	12.8	61.2	14.8	60.9
Current ratio (%)	73.4	72.6	74.8	73.5

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### **Scenario 1(B)**

*Market Purchases of up to 10% made as to 6% out of profits and as to 4% out of capital and held in treasury*

	Group		Company	
	Before share purchase S\$'000	After share purchase S\$'000	Before share purchase S\$'000	After share purchase S\$'000
<u>As at 31 March 2016</u>				
Share capital	448,775	448,775	448,775	448,775
Capital reserves	37	37	–	–
Other reserves	7,221	7,221	34,713	34,713
Revenue reserves	749,647	743,869	780,232	774,454
	1,205,680	1,199,902	1,263,720	1,257,942
Treasury shares	(2,116)	(358,981)	(2,116)	(358,981)
Ordinary equity	1,203,564	840,921	1,261,604	898,961
Perpetual securities	346,826	346,826	346,826	346,826
	1,550,390	1,187,747	1,608,430	1,245,787
Net tangible assets (NTA)	978,310	615,667	1,608,203	1,245,560
Current assets	367,605	367,605	258,253	258,253
Current liabilities	500,789	506,567	345,409	351,187
Total borrowings	280,272	637,137	236,044	592,909
Cash and cash equivalents	126,640	126,640	49,626	49,626
Number of shares ('000)	2,162,128	1,947,408	2,162,128	1,947,408
<u>Financial ratios</u>				
Basic earnings per share (cents)	10.86	10.67	12.00	11.82
NTA per share (cents)	45.2	31.6	74.4	64.0
Gross gearing (%)	23.3	75.8	18.7	66.0
Net debt gearing (%)	12.8	60.7	14.8	60.4
Current ratio (%)	73.4	72.6	74.8	73.5

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### *Off-Market Purchases*

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 March 2016 and are not necessarily representative of future financial performance.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire part of or the entire 10% of the issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements, current dividend policy for the financial year ending 31 March 2017 or ability to service its debts would be adversely affected.

### *Scenario 2(A)*

*Off-Market Purchases of up to 10% made as to 6% out of profits and as to 4% out of capital and cancelled*

	Group		Company	
	Before share purchase S\$'000	After share purchase S\$'000	Before share purchase S\$'000	After share purchase S\$'000
<u>As at 31 March 2016</u>				
Share capital	448,775	298,204	448,775	298,204
Capital reserves	37	37	–	–
Other reserves	7,221	7,221	34,713	34,713
Revenue reserves	749,647	517,697	780,232	548,282
	1,205,680	823,159	1,263,720	881,199
Treasury shares	(2,116)	(2,116)	(2,116)	(2,116)
Ordinary equity	1,203,564	821,043	1,261,604	879,083
Perpetual securities	346,826	346,826	346,826	346,826
	1,550,390	1,167,869	1,608,430	1,225,909
Net tangible assets (NTA)	978,310	595,789	1,608,203	1,225,682
Current assets	367,605	367,605	258,253	258,253
Current liabilities	500,789	506,883	345,409	351,503
Total borrowings	280,272	656,699	236,044	612,471
Cash and cash equivalents	126,640	126,640	49,626	49,626
Number of shares ('000)	2,162,128	1,945,915	2,162,128	1,945,915
<u>Financial ratios</u>				
Basic earnings per share (cents)	10.86	10.65	12.00	11.80
NTA per share (cents)	45.2	30.6	74.4	63.0
Gross gearing (%)	23.3	80.0	18.7	69.7
Net debt gearing (%)	12.8	64.6	14.8	64.0
Current ratio (%)	73.4	72.5	74.8	73.5

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### **Scenario 2(B)**

*Off-Market Purchases of up to 10% made as to 6% out of profits and as to 4% out of capital and held in treasury*

	Group		Company	
	Before share purchase S\$'000	After share purchase S\$'000	Before share purchase S\$'000	After share purchase S\$'000
<u>As at 31 March 2016</u>				
Share capital	448,775	448,775	448,775	448,775
Capital reserves	37	37	–	–
Other reserves	7,221	7,221	34,713	34,713
Revenue reserves	749,647	743,595	780,232	774,180
	1,205,680	1,199,628	1,263,720	1,257,668
Treasury shares	(2,116)	(375,944)	(2,116)	(375,944)
Ordinary equity	1,203,564	823,684	1,261,604	881,724
Perpetual securities	346,826	346,826	346,826	346,826
	1,550,390	1,170,510	1,608,430	1,228,550
Net tangible assets (NTA)	978,310	598,430	1,608,203	1,228,323
Current assets	367,605	367,605	258,253	258,253
Current liabilities	500,789	506,841	345,409	351,461
Total borrowings	280,272	654,100	236,044	609,872
Cash and cash equivalents	126,640	126,640	49,626	49,626
Number of shares ('000)	2,162,128	1,947,408	2,162,128	1,947,408
<u>Financial ratios</u>				
Basic earnings per share (cents)	10.86	10.65	12.00	11.81
NTA per share (cents)	45.2	30.7	74.4	63.1
Gross gearing (%)	23.3	79.4	18.7	69.2
Net debt gearing (%)	12.8	64.0	14.8	63.5
Current ratio (%)	73.4	72.5	74.8	73.5

**Note:**

The number of Shares which may be held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. As 1,658,277 Shares have been bought back and held as treasury shares as at the Latest Practicable Date, the maximum number of Shares which may be held as treasury shares will be reduced from 216,378,661 Shares to 214,720,384 Shares. The financial effects under Scenarios 1(A) and 2(A) are computed based on 216,212,834 Shares purchased and cancelled. The financial effects under Scenarios 1(B) and 2(B) are computed based on 214,720,384 additional Shares purchased and held as treasury shares.

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3.8 **Listing Status of the Shares.** The Listing Manual requires a listed company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. As at the Latest Practicable Date, Singtel has a direct interest in 494,000,000 Shares representing approximately 22.85% of the issued Shares (excluding the Shares held in treasury) as at that date, Temasek has a deemed interest in 497,377,744 Shares (including the Shares held by Singtel) representing approximately 23.00% of the issued Shares (excluding the Shares held in treasury) as at that date, Alibaba Investment Limited has a direct interest in 220,096,000 Shares representing approximately 10.18% of the issued Shares (excluding the Shares held in treasury) as at that date, and Alibaba Group Holding Limited and SoftBank Corp. each has a deemed interest in 220,096,000 Shares held by Alibaba Investment Limited representing approximately 10.18% of the issued Shares (excluding the Shares held in treasury) as at that date. Approximately 66.41% of the issued Shares (excluding the Shares held in treasury) were held by public Shareholders as at the Latest Practicable Date. If the Company had purchased or acquired Shares from the public up to the full 10% limit pursuant to the proposed Share Purchase Mandate on the Latest Practicable Date, approximately 62.71% of the issued Shares (excluding the Shares held in treasury) would have been held by public Shareholders as at that date.

The Company will ensure that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases and/or Off-Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

3.9 **Shareholding Limits.** The Postal Services Act, Chapter 237A (the “**Postal Services Act**”) currently provides, *inter alia*, that:

- (a) no person shall, whether through a series of transactions over a period of time or otherwise, become a 12% controller or a 30% controller of a designated postal licensee (the “**Prescribed Limits**”); and
- (b) no person shall enter into any other transaction that constitutes a consolidation with a designated postal licensee,

without obtaining the prior written approval of the Info-communications Development Authority of Singapore (“**IDA**”).

For the purposes of this paragraph 3.9:

“**consolidation**” means any transaction that, *inter alia*, results in a party becoming a 30% controller of a designated postal licensee, acquiring the business of a designated postal licensee as a going concern or obtaining effective control over a designated postal licensee;

“**12% controller**”, in relation to a designated postal licensee, means a person, not being a 30% controller, who alone or together with his associates, (i) holds 12% or more of the total number of voting shares in the designated postal licensee; or (ii) is in a position to control 12% or more of the voting power in the designated postal licensee;

“**30% controller**”, in relation to a designated postal licensee, means a person who alone or together with his associates, (i) holds 30% or more of the total number of voting shares in the designated postal licensee; or (ii) is in a position to control 30% or more of the voting power in the designated postal licensee.

“**designated postal licensee**” means a postal licensee (i) which has been declared by the IDA, by notification published in the *Gazette*, to be a designated postal licensee; or (ii) which is within a class of postal licensees which has been declared by the IDA, by notification published in the *Gazette*, to be a designated class of postal licensees. The Company has been gazetted as a designated postal licensee; and

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## LETTER TO SHAREHOLDERS

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“**effective control**” means the ability to cause a designated postal licensee to take, or prevent a designated postal licensee from taking, a decision regarding the management and major operating decisions of the designated postal licensee.

Pursuant to the Postal Services Act, if the IDA is satisfied that a Shareholder and/or his associates have reached or exceeded the Prescribed Limits in contravention of the Postal Services Act or that the holding or acquisition of voting shares, or control of voting power in the Company by such Shareholder and/or his associates is likely to substantially lessen competition or is against the public interest, or in other specified circumstances, the IDA may issue certain directions, including but not limited to requiring such Shareholder and/or his associates to divest all or part of the voting shares which it holds or may have acquired in the Company, or require the Company to restrict the voting rights or dividend rights that the Shareholder holds or has obtained through the acquisition of such voting shares.

As a result of a purchase or acquisition of Shares by the Company, the shareholding percentage of a holder of Shares (whose Shares were not the subject of such purchase or acquisition by the Company) in the Shares of the Company immediately following any purchase or acquisition of Shares by the Company will increase correspondingly.

The Company wishes to draw the attention of Shareholders to the following consequences of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate, if the renewal of the Share Purchase Mandate is approved by Shareholders:

**A purchase or acquisition of Shares by the Company may inadvertently cause a person to reach or exceed the Prescribed Limits (in particular, a person who is currently close to any of the Prescribed Limits). Shareholders who are close to any of the Prescribed Limits and who may exceed any such limits by reason of a purchase or acquisition of Shares by the Company are advised to inform the Company and seek the prior approval of the IDA to reach or exceed the Prescribed Limits, on such terms as may be imposed by the IDA, as a consequence of any purchase or acquisition of Shares by the Company. Shareholders who are in any doubt as to the action that they should take should consult their professional advisers.**

In addition to the above, Section 8 of the Postal Competition Code 2008 issued by the IDA on 2 May 2008 (the “**Postal Competition Code**”), to which the IDA has said it will make consequential changes arising from the finalisation of the Postal Services (Control of Designated Postal Licensees) Regulations 2012, provides some additional guidance. Section 8 (in its present form) states that before entering into any such purchase or acquisition of Shares by the Company, the Company must calculate the percentage of voting shares held by each Shareholder following such purchase or acquisition. If, as a result of such purchase or acquisition:

- (i) any Shareholder who previously held less than 5% of the total number of voting shares in the Company would, after the transaction, hold 5% or more, but less than 12% of the voting shares in the Company, the Company may proceed with such purchase or acquisition and shall file the appropriate notification pursuant to the Postal Competition Code; and
- (ii) any Shareholder will become a 12% controller of, or will enter into a consolidation with the Company, the Company and that Shareholder must seek the approval of the IDA before the Company proceeds with such purchase or acquisition.

**3.10 Take-over Implications.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

### **3.10.1 Obligation to make a Take-over Offer**

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the

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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 an offer under Rule 14 of the Take-over Code.

### 3.10.2 *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 effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of any of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) 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);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of:
  - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
  - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;



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## LETTER TO SHAREHOLDERS

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- (g) partners; and
- (h) the following persons and entities:
  - (i) an individual;
  - (ii) the close relatives of (i);
  - (ii) the related trusts of (i);
  - (iii) any person who is accustomed to act in accordance with the instructions of (i);
  - (iv) companies controlled by any of (i), (ii), (iii) or (iv); and
  - (v) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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.

### 3.10.3 *Effect of Rule 14 and Appendix 2*

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder 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 six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Based on the interests of Substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date as set out in paragraph 4.2 below, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

**Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code 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.**

## LETTER TO SHAREHOLDERS

- 3.11 Reporting Requirements.** Rule 886(1) of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares, and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.
- 3.12 No Purchases During Price Sensitive Developments.** While the Listing Manual does not expressly prohibit any purchase 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 proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealing set out in Rule 1207(19)(c) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of two weeks immediately preceding the announcement of the Company’s results for each of the first three quarters of the financial year, and during the period of one month immediately preceding the announcement of the Company’s annual results.

#### 4. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS

- 4.1 Directors’ Interests.** The interests of the Directors in the Shares, as extracted from the Register of Directors’ Shareholdings, as at the Latest Practicable Date, are set out below:

	Number of Shares			% of Issued Shares <sup>(1)</sup>
	Direct Interest	Deemed Interest	Total Interest	
Simon Claude Israel	–	–	–	–
Goh Yeow Tin	–	–	–	–
Aliza Knox	–	–	–	–
Lim Ho Kee	1,898,350	–	1,898,350	0.09
Professor Low Teck Seng	–	60,000 <sup>(2)</sup>	60,000	n.m. <sup>(3)</sup>
Soo Nam Chow	–	–	–	–
Tan Yam Pin	500,000	–	500,000	0.02
Zulkifli Bin Baharudin	–	–	–	–
Bill Chang York Chye	–	–	–	–
Chen Jun	–	–	–	–
Michael James Murphy	–	–	–	–
Dr Wolfgang Baier	1,224,613	–	1,224,613	0.06

**Notes:**

- (1) The percentage of issued Shares is calculated based on the number of issued Shares as at the Latest Practicable Date, excluding any Shares held in treasury as at that date.
- (2) Deemed interest through spouse.
- (3) “n.m.” means “not meaningful”.

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- 4.2 **Substantial Shareholders' Interests.** The interests of the Substantial Shareholders in the Shares, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date, are set out below:

	Number of Shares			% of Issued Shares <sup>(1)</sup>
	Direct Interest	Deemed Interest	Total Interest	
Temasek Holdings (Private) Limited	–	497,377,744 <sup>(2)</sup>	497,377,744	23.00
Singapore Telecommunications Limited	494,000,000	–	494,000,000	22.85
Alibaba Investment Limited	220,096,000	–	220,096,000	10.18
Alibaba Group Holding Limited	–	220,096,000	220,096,000 <sup>(3)</sup>	10.18
SoftBank Corp.	–	220,096,000	220,096,000 <sup>(4)</sup>	10.18

**Notes:**

- (1) The percentage of issued Shares is calculated based on the number of issued Shares as at the Latest Practicable Date, excluding any Shares held in treasury as at that date.
- (2) Deemed through its subsidiary, Singapore Telecommunications Limited, and its associated company, DBS Group Holdings Ltd.
- (3) Deemed through its subsidiary, Alibaba Investment Limited.
- (4) Deemed through Alibaba Group Holding Limited which is the holding company of Alibaba Investment Limited.

## 5. DIRECTORS' RECOMMENDATIONS

- 5.1 **The Proposed Renewal of the Shareholders Mandate.** All the Directors are interested persons (as described in paragraph 4.1 of the Appendix to this Letter). Accordingly, they have refrained from making any voting recommendation to Shareholders in respect of Resolution 11, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2016 AGM.
- 5.2 **The Proposed Renewal of the Share Purchase Mandate.** The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 12, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2016 AGM.

## 6. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 10 Eunos Road 8, Singapore Post Centre, Singapore 408600, during normal business hours from the date of this Letter up to the date of the 2016 AGM:

- (a) the Constitution of the Company;
- (b) the Annual Report of the Company for the financial year ended 31 March 2016; and
- (c) the 2015 Circular.

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## LETTER TO SHAREHOLDERS

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### 7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making 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, 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.

Yours faithfully  
for and on behalf of  
the Board of Directors of  
**SINGAPORE POST LIMITED**

**Simon Claude Israel**  
Chairman

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## APPENDIX

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### THE SHAREHOLDERS MANDATE

#### 1. Chapter 9 of the Listing Manual

- 1.1 Chapter 9 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) governs transactions by 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. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for that transaction.
- 1.2 Except for 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, immediate announcement and shareholders’ approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company’s latest audited consolidated net tangible assets (“**NTA**”)) are reached or exceeded. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or which exceeds:
- (a) 5% of the listed company’s latest audited consolidated NTA; or
  - (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with 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.
- 1.3 Based on the latest audited consolidated financial statements of Singapore Post Limited (“**SingPost**”) and its subsidiaries (the “**SingPost Group**”) for the financial year ended 31 March 2016, the consolidated NTA of the SingPost Group was S\$978,310,000. In relation to SingPost, for the purposes of Chapter 9, in the current financial year and until such time as the audited consolidated financial statements of the SingPost Group for the financial year ending 31 March 2017 are published, 5% of the latest audited consolidated NTA of the SingPost Group would be S\$48,915,500.
- 1.4 Chapter 9 of the Listing Manual permits a listed company, however, 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 in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company’s interested persons.
- 1.5 Under the Listing Manual:
- (a) 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;
  - (b) (in the case of a 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;

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- (c) a “**controlling shareholder**” means a person who:
  - (i) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
  - (ii) in fact exercises control over a company;
- (d) (in the case of a company) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder means 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 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 controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, means 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;
- (e) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9; and
- (f) an “**interested person transaction**” means a transaction between an entity at risk and an interested person and 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 in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

### 2. Rationale for the Shareholders Mandate and Benefits to Shareholders

- 2.1 It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and SingPost’s interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to SingPost’s interested persons or the obtaining of goods and services from them.
- 2.2 In view of the time-sensitive nature of commercial transactions, the renewal of the Shareholders Mandate pursuant to Chapter 9 of the Listing Manual will enable:
  - (a) SingPost;
  - (b) subsidiaries of SingPost (other than a subsidiary that is listed on the SGX-ST or an approved exchange, if any); and
  - (c) associated companies of SingPost (other than an associated company that is listed on the SGX-ST or an approved exchange, if any) over which the SingPost Group, or the SingPost Group and interested person(s) of SingPost has or have control,

(together, the “**EAR Group**”), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions (“**Interested Person Transactions**”) set out in paragraph 5 below with the specified classes of SingPost’s interested persons (the “**Interested Persons**”) set out in paragraph 4.1 below, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

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- 2.3 The Shareholders Mandate, and its subsequent renewal thereafter on an annual basis, will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for SingPost to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR 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 towards attaining other corporate objectives.
- 2.4 The Shareholders Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.
- 2.5 The EAR Group will benefit from having access to competitive quotes from the different companies in the different industries within the Temasek Group (as defined in paragraph 4.1(a) below) and the Singtel Group (as defined in paragraph 4.1(b) below) in addition to obtaining quotes from, or transacting with, non-Interested Persons.

### 3. The Shareholders Mandate and Validity Period

- 3.1 The Shareholders Mandate covers a wide range of activities undertaken by the SingPost Group. These activities are set out in detail in paragraph 5 below.
- 3.2 The Shareholders Mandate does not cover an Interested Person Transaction which has a value of below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such an Interested Person Transaction.
- 3.3 Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the Shareholders Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.
- 3.4 The renewal of the Shareholders Mandate will take effect from the date of the passing of the Ordinary Resolution relating thereto to be proposed at the Annual General Meeting to be held on 14 July 2016 until the next Annual General Meeting of the Company. Thereafter, it is intended that approval from Shareholders for a subsequent renewal of the Shareholders Mandate will be sought at each subsequent Annual General Meeting of the Company.

### 4. Classes of Interested Persons

- 4.1 The Shareholders Mandate applies to Interested Person Transactions which are carried out with the following classes of Interested Persons:
- (a) Temasek Holdings (Private) Limited and its associates (excluding Singapore Telecommunications Limited ("**Singtel**") and its associates) (the "**Temasek Group**");
  - (b) Singtel and its associates (the "**Singtel Group**"); and
  - (c) Directors, Chief Executive Officer(s) and controlling shareholders of the Company (other than the controlling shareholders described in sub-paragraphs (a) and (b) above) and their respective associates.
- 4.2 Transactions with Interested Persons which do not fall within the ambit of the Shareholders Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

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### 5. Interested Person Transactions

The Interested Person Transactions with the Interested Persons which are covered by the Shareholders Mandate, and the benefits to be derived therefrom, relate to general transactions (“**General Transactions**”) in connection with the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group (but not in respect of the purchase or sale of assets, undertakings or businesses) comprising the following:

- (a) provision of postal services;
- (b) provision of fulfilment, warehousing and logistics services;
- (c) provision of agency services;
- (d) provision and distribution of financial services;
- (e) provision of electronic printing and despatching services;
- (f) provision of data, document and mail management services;
- (g) leasing or rental of premises as lessor and/or lessee;
- (h) provision or procurement of software and licensing services, information services, engineering, repair, servicing and technical services;
- (i) selling of advertisement space;
- (j) provision or procurement of transportation, despatching and conveyance services (including air, sea and land) and freight services;
- (k) procurement of communication and all other forms of utility services and products;
- (l) procurement, lease or rental of vehicles, equipment, parts, components, repair and maintenance services;
- (m) procurement of services for the production of stamps, philatelic products and stationeries;
- (n) procurement of security services;
- (o) procurement of insurance;
- (p) procurement of management and consultancy services;
- (q) provision or obtaining of property management, property security, building maintenance services and consultancy services; and
- (r) provision or obtaining of such products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services referred to in subparagraphs (a) to (q) above.

### 6. Review Procedures for Interested Person Transactions

- 6.1 In general, there are procedures established by the EAR Group to ensure that transactions with Interested Persons are undertaken on normal commercial terms consistent with the EAR Group’s usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.



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In particular, the following review procedures have been implemented:

(a) *Provision of services or the sale of products*

The review procedures are:

- (i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and
- (ii) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

(b) *Obtaining of services or the purchasing of products*

The review procedures are:

- (i) all contracts entered into or transactions with Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to the entry into of the contract or transaction with the Interested Person, as a basis for comparison to determine whether the prices and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the prices and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and
- (ii) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff of the relevant company in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the prices and terms offered by the Interested Person are fair and reasonable.

(c) *Threshold limits*

In addition to the review procedures described above, the EAR Group will also ensure that the Interested Person Transactions are undertaken with Interested Persons on normal commercial terms and are not prejudicial to the Company and its minority Shareholders by categorising the transactions as follows:

- (i) a Category 1 General Transaction is one where the value thereof is equal to or more than 5% of the latest audited consolidated NTA of the SingPost Group; and

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- (ii) a Category 2 General Transaction is one where the value is less than 5% of the latest audited consolidated NTA of the SingPost Group.

Category 1 General Transactions must be reviewed and endorsed by the Audit Committee and approved by the Board or other Board Committees, in accordance with the Company's approval limits, prior to their entry with an Interested Person.

Category 2 General Transactions need not be reviewed and endorsed by the Audit Committee prior to their entry with an Interested Person, but shall be reviewed on a quarterly basis by the Audit Committee.

- 6.2 SingPost will maintain and update the list of companies within the EAR Group and the list of Interested Persons and inform the heads of departments and/or companies within the EAR Group for the purposes of identification of Interested Persons and the recording of all Interested Person Transactions.
- 6.3 SingPost will review the procedures set out above from time to time to ensure that these remain adequate and appropriate.
- 6.4 A register will be maintained by SingPost to record all Interested Person Transactions (and the basis on which they are entered into) which are entered into pursuant to the Shareholders Mandate. The annual internal audit plan of SingPost shall incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the Shareholders Mandate.
- 6.5 The internal auditors of SingPost shall, on a quarterly basis, report to the Audit Committee on Interested Person Transactions, and the basis of such transactions, entered into by the EAR Group.
- 6.6 The Audit Committee shall review the internal audit reports on Interested Person Transactions to ascertain that the Interested Person Transactions are entered into with Interested Persons on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders and that the established review procedures for the Interested Person Transactions have been complied with.
- 6.7 In the event that a member of the Audit Committee, Board or other Board Committees (where applicable) is interested in any Interested Person Transaction, he will abstain from any decision-making in respect of that transaction and the review, endorsement and approval of that transaction will be undertaken by the remaining members of the Audit Committee, Board and/or other Board Committees.

### **7. Audit Committee's Statements**

- 7.1 The Audit Committee (currently comprising Mr Soo Nam Chow, Mr Tan Yam Pin and Mr Zulkifli Bin Baharudin) has reviewed the terms of the Shareholders Mandate, as proposed to be renewed, and is satisfied that the review procedures for Interested Person Transactions, as well as the reviews to be made periodically by the Audit Committee (with internal audit assistance) in relation thereto, are sufficient to ensure that Interested Person Transactions will be made with the relevant class of Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.
- 7.2 If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established guidelines and procedures are not sufficient to ensure that the Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, SingPost will revert to Shareholders for a fresh mandate based on new procedures for transactions with Interested Persons.

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### **8. Disclosure**

- 8.1 SingPost will announce the aggregate value of transactions conducted with Interested Persons pursuant to the Shareholders Mandate for the quarterly financial periods which SingPost is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.
- 8.2 Disclosure will also be made in the annual report of SingPost of the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholders mandate is in force, in accordance with the requirements of the Listing Manual.

