

**SINGAPORE POST LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199201623M)

**STRATEGIC COLLABORATION WITH ALIBABA GROUP HOLDING LIMITED**

- **ISSUANCE AND TRANSFER OF 220,096,000 ORDINARY SHARES IN THE CAPITAL OF SINGAPORE POST LIMITED TO ALIBABA INVESTMENT LIMITED**
- **MEMORANDUM OF UNDERSTANDING IN RELATION TO A STRATEGIC BUSINESS COOPERATION WITH ALIBABA INVESTMENT LIMITED FOR THE CREATION OF AN INTERNATIONAL ECOMMERCE LOGISTICS PLATFORM**

**1. INTRODUCTION**

The Board of Directors ("**Board**") of Singapore Post Limited (the "**Company**") wishes to announce that the Company has on 28 May 2014 entered into an investment agreement (the "**Investment Agreement**") with Alibaba Investment Limited (the "**Investor**"), a wholly-owned subsidiary of Alibaba Group Holding Limited ("**Alibaba Group**"). Subject to and upon the terms of the Investment Agreement, the Company proposes to raise capital by issuing and transferring an aggregate of 220,096,000 ordinary shares in the Company ("**Shares**") to the Investor, which consists of 190,096,000 new Shares (the "**New Shares**") and 30,000,000 existing Shares held in treasury by the Company (the "**Treasury Shares**", and together with the New Shares, "**Investment Shares**"), representing approximately 10.35% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares), at a price of S\$1.42 (the "**Subscription Price**") per Investment Share to raise gross proceeds of approximately S\$312.5 million (the "**Proposed Issuance**").

In conjunction with the Proposed Issuance, the Company has also entered into a memorandum of understanding ("**MOU**") on 28 May 2014 with the Investor in respect of a strategic business cooperation to create a defining platform for international eCommerce logistics via strategic collaboration (the "**Proposed Business Cooperation**"). Pursuant to the MOU, for a 12-month period from the date of the MOU, the Company will, amongst others, negotiate exclusively with the Investor to enter into a joint venture in respect of the business of international eCommerce logistics. The Company will make appropriate announcements in the event that there are any material developments in relation to the Proposed Business Cooperation.

**1.1 Information on Alibaba and the Investor**

The Investor is an investment holding company of Alibaba Group Holding Limited. Alibaba Group, with a mission statement "To make it easy to do business anywhere", together with its related companies, operates an ecosystem where online and mobile commerce participants can leverage the power of the Internet to establish and grow their business as well as meet consumer demand efficiently. Since its inception, Alibaba Group and its related companies have developed and expanded to operate a range of online and mobile platforms, including its China retail marketplace, its China wholesale marketplace, its global consumer marketplace, its global wholesale marketplace, as well as cloud computing. As at 31 December 2013, Alibaba Group had a total of 20,884 full-time employees with 73 offices in China and 16 offices outside China.

## **1.2 Rationale for the Proposed Issuance and the Proposed Business Cooperation**

The Company envisages that the addition of Alibaba Group as a substantial shareholder of the Company will provide the Company and its subsidiaries, associated companies and joint ventures (the "**SingPost Group**") with considerable strategic advantages, such as the creation of new relationships and opportunities for strategic cooperation with Alibaba Group, which is expected to increase the Company's regional growth and development pace and accelerate the Company's transformation and pursuit of additional opportunities. In addition, the Proposed Issuance will assist the SingPost Group's funding requirement to drive growth in its eCommerce offerings in the region, as it scales up its eCommerce logistics infrastructure to meet greater volumes in this area. The Company believes that this strategic collaboration will enable it to leverage on eCommerce logistics as a strengthened revenue stream, even as its core business continues to be eroded by declining traditional domestic mail volumes.

The Proposed Business Cooperation, through the MOU, is intended to allow the SingPost Group and Alibaba Group to co-operate and leverage each other's strengths and experience to create a platform for international eCommerce logistics business. The Proposed Business Cooperation aims to, amongst others, (a) achieve full regional value chain of eCommerce logistics including warehousing, last mile delivery, line haul, custom clearance, parcel collection, consolidation and order fulfillment, (b) provide Alibaba Group access to the SingPost Group's international logistics capabilities, infrastructure, and delivery networks including potential regional roll-out of POPStations, (c) offer end-to-end solutions to the customers and merchants of Alibaba Group, (d) allow the SingPost Group's operations to benefit from Alibaba Group's expertise in eCommerce and business volumes, and (e) allow Alibaba Group and the SingPost Group to leverage on each other's strong brands.

## **2. THE PROPOSED ISSUANCE**

The Investment Shares represent approximately 11.55% of the existing issued and paid-up share capital (excluding treasury shares) of the Company as at the date of this announcement and approximately 10.35% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares<sup>1</sup>) after completion of the Proposed Issuance.

The Investment Shares, when issued or re-issued, as the case may be, and delivered, shall rank *pari passu* in all respects with the existing Shares except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Proposed Issuance.

The Subscription Price was arrived at following negotiations and represents a discount of approximately 8.3% to the volume weighted average price of S\$1.5485 for trades done on the Shares on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 27 May 2014 (being the preceding full market day up to the time the Investment Agreement was signed).

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<sup>1</sup> Immediately after the completion of the Proposed Issuance and assuming that the Company does not buy back and hold in treasury any other Shares, the Company will hold 3,312,000 Shares in treasury.

The Company will be making an application to the SGX-ST for the listing and quotation of the Investment Shares on the Official List of the SGX-ST.

The New Shares will be allotted and issued pursuant to the authority granted by shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company on 28 June 2013.

## 2.1 **Conditions Precedent to the Proposed Issuance**

The Proposed Issuance is subject to certain conditions precedent set out in the Investment Agreement, including without limitation, there being no breach of the representations, warranties and undertakings set out in the Investment Agreement, the in-principle approval being obtained from the SGX-ST for the listing and quotation of the Investment Shares on the Main Board of the SGX-ST, the receipt of the approval of the Monetary Authority of Singapore ("**MAS**") for the Investor to become a substantial Shareholder of the Company pursuant to Section 13 of the Money-changing and Remittance Businesses Act, Chapter 187 of Singapore and, subject to the terms and conditions of the Investment Agreement, the approval of the MAS and the Info-communications Development Authority of Singapore ("**IDA**") of the Investor's nominee as a director of the Company. The Company and the Investor have agreed that the conditions precedent set out in the Investment Agreement shall be satisfied no later than 31 July 2014 (the "**Long Stop Date**") and if certain agreed conditions precedent are not fulfilled by the Long Stop Date, the Long Stop Date would be extended to 30 September 2014.

## 2.2 **Use of Proceeds from the Proposed Issuance**

The net proceeds of the Proposed Issuance of approximately S\$308.0 million, after deducting estimated expenses of approximately S\$4.5 million (the "**Net Proceeds**") will be used for the following purposes:

	<b>Use of Net Proceeds</b>	<b>Estimated Percentage Allocation (%)</b>
(a)	the SingPost Group's business of eCommerce logistics for purposes such as investments, mergers and acquisitions in Southeast Asia and the upgrade of the SingPost Group's information technology systems relating to the eCommerce logistics business;	33
(b)	mergers and acquisitions and property development projects which the SingPost Group may undertake; and	33
(c)	the general working capital of the SingPost Group.	34

The actual apportionment of Net Proceeds for the aforementioned purposes would be subject to the availability and size of investment and acquisition opportunities, the relative timing of various requirements for funds, and the Company's overall objective of achieving an optimal cost of capital to fund its growth initiatives. Pending deployment, the Net Proceeds may be

placed in deposits with banks and/or financial institutions as the Board may deem fit in their absolute discretion. The Company will make periodic announcements on the utilisation of proceeds from the Proposed Issuance as and when such proceeds are materially disbursed.

### **2.3 Right of Nomination of Director**

Subject to and conditional upon the completion of the Proposed Issuance, the approval of the MAS and the IDA and the Investor and/or its affiliates maintaining certain shareholding thresholds in the Company, the Investor shall be entitled to propose one (1) director for appointment or election, as the case maybe, to the 10-member Board in accordance with the terms and subject to the conditions of the Investment Agreement and the Company's Articles of Association.

### **2.4 Financial Effects of the Proposed Issuance**

For illustration purposes only and based on the unaudited consolidated financial statements of the SingPost Group for the financial year ended 31 March 2014, the financial effects of the Proposed Issuance are set out below. The analysis below has been prepared solely for illustrative purposes and does not purport to be indicative or a projection of the results and financial position of the SingPost Group immediately after the completion of the Proposed Issuance.

Based on the assumptions above and assuming that the Proposed Issuance had been effected at the beginning of that financial year, the basic earnings per Share after adjusting for the issuance of the Investment Shares will decrease from 6.746 cents to 6.046 cents. In addition, based on the assumptions above and assuming that the Proposed Issuance had been effected at the end of that financial year, the consolidated net asset value per Share after adjusting for the issuance of the Investment Shares will increase from 36.52 cents to 47.22 cents.

### **2.5 Interests of Directors and Substantial Shareholders**

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Issuance or the MOU (other than through their respective shareholdings in the Company) and/or the Investor.

The Company will make the necessary announcements once the in-principle approval for the listing and quotation of the Investment Shares has been obtained from the SGX-ST.

**3. FINANCIAL ADVISER AND ARRANGER**

DBS Bank Ltd is the sole financial adviser and sole arranger to the Company for the Proposed Issuance.

**BY ORDER OF THE BOARD**

Winston Paul Wong Chi Huang  
Joint Company Secretary

28 May 2014