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

STRENGTHENING OF ECOMMERCE PARTNERSHIP WITH ALIBABA GROUP HOLDING LIMITED

- **JOINT VENTURE AGREEMENT WITH ALIBABA INVESTMENT LIMITED IN RELATION TO QUANTIUM SOLUTIONS INTERNATIONAL PTE. LTD. WHICH WILL ACT AS THE PLATFORM FOR COLLABORATION**

- **ISSUANCE OF 107,553,907 NEW ORDINARY SHARES IN THE CAPITAL OF SINGAPORE POST LIMITED TO ALIBABA INVESTMENT LIMITED**

- **ESTABLISHMENT OF JOINT STRATEGIC BUSINESS DEVELOPMENT FRAMEWORK**

*Unless otherwise defined all capitalised terms shall bear the same meanings as in Singapore Post Limited's (the "**Company**") announcements dated 28 May 2014 and 31 July 2014 (the "**Announcements**").*

1. INTRODUCTION

Further to the Announcements, the Board of Directors ("**Board**") of the Company wishes to announce that the Company and its wholly-owned subsidiary Quantium Solutions International Pte. Ltd. ("**QSI**") have on 8 July 2015 entered into a conditional joint venture agreement (the "**Joint Venture Agreement**") with Alibaba Investment Limited (the "**Investor**"), a wholly-owned subsidiary of Alibaba Group Holding Limited ("**Alibaba Group**"), to further develop the business collaboration that began last year. Pursuant to the Joint Venture Agreement, QSI will become a joint venture company which will act as the platform for collaboration between the Company and the Alibaba Group (the "**Joint Venture**").

In addition, the Company has on 8 July 2015 entered into a second investment agreement (the "**Second Investment Agreement**") with the Investor. Subject to and upon the terms of the Second Investment Agreement, the Company proposes to raise capital of approximately S$187.1 million by issuing to the Investor an aggregate of 107,553,907 new ordinary shares in the Company ("**New Shares**"), representing approximately 4.76% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares), at a price of S$1.74 (the "**Subscription Price**") per New Share (the "**Proposed Issuance**").

The Company and the Investor have established a joint strategic business development framework to further improve efficiency and integration in the ecommerce logistics industry by leveraging on each other's strengths and scale across the whole value chain of ecommerce logistics.

1.1 Information on the Investor

The Investor is an investment holding company of Alibaba Group. 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 the date of this announcement, the Investor's direct shareholding interest represents approximately 10.23% of the existing issued and paid-up share capital (excluding treasury shares) of the Company. Pursuant to Section 81 of the Companies Act, Chapter 50 of Singapore, the Investor is a substantial shareholder of the Company. Each of Alibaba Group and Softbank Corp. are deemed to be interested in the aforesaid 10.23% shareholding interest by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.

Upon completion of the Proposed Issuance, the Investor's direct shareholding interest will represent approximately 14.51% of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company.

1.2 Rationale for the Joint Venture, the Proposed Issuance and the Joint Strategic Business Development Framework

The initiatives will allow QSI to accelerate the build-up of ecommerce logistics infrastructure and services. In addition to that, this will also provide a platform for both parties to strengthen the collaboration and realise synergies. This will include ecommerce warehousing, last mile delivery and other end-to-end ecommerce solutions. To further improve efficiency and integration of ecommerce logistics across both groups, a joint steering committee will be created, drawn from their respective executives.

2. THE JOINT VENTURE AGREEMENT

Pursuant to the Joint Venture Agreement, the Investor will subscribe for a 34% stake in QSI for a cash amount of approximately S$91.7 million, subject to certain adjustments. The remaining 66% of QSI will be held by the Company. The subscription price was arrived at on an arm's length and willing-buyer and willing-seller basis, taking into account, amongst others, financial performance of the Company and the multiples of comparable trading companies. The completion of the Investor's investment is subject to several conditions including a reorganisation of certain of the QSI group's current investments and business.

Based on the consolidated financial position of the Company as at 31 March 2015, giving effect to the reorganisation contemplated in the Joint Venture Agreement, the pro forma net tangible asset value of QSI is approximately S$43.3 million.

A copy of the Joint Venture Agreement is available for inspection during normal business hours at the Company's registered office at 10 Eunos Road 8, Singapore 408600 for a period of three months from the date of this announcement.

3. THE PROPOSED ISSUANCE

The New Shares represent 5.00% of the existing issued and paid-up share capital (excluding treasury shares) of the Company as at the date of this announcement and approximately 4.76% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares) after completion of the Proposed Issuance.

The New Shares, when issued and delivered, shall rank *pari passu* in all respects with the existing ordinary shares in the Company ("**Shares**").

The Subscription Price was arrived at following negotiations and represents a discount of approximately 7.89% to the volume weighted average price of S$1.889 for trades done on the Shares on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 7 July 2015 (being the preceding full market day up to the time the Second Investment Agreement was signed).

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

Rule 812 of the SGX-ST Listing Manual provides that an issue of securities must not be placed to, amongst others, substantial shareholders of the issuer unless specific shareholder approval for such placement has been obtained. As the Investor is currently a substantial shareholder of the Company, the allotment and issue of the New Shares is subject to the approval of shareholders of the Company ("**Shareholders**") at an extraordinary general meeting to be convened (the "**EGM**"). A circular to Shareholders containing details of the Proposed Issuance and the notice of EGM, will be despatched in due course. The Investor and its associates will abstain from voting on the ordinary resolution in relation to the Proposed Issuance, in respect of their respective shareholdings in the Company. The Investor and its associates will also not accept nominations to act as proxies or corporate representatives to vote in respect of the said resolution.

3.1 Conditions Precedent to the Proposed Issuance

The Proposed Issuance is subject to certain conditions precedent set out in the Second Investment Agreement, including without limitation, there being no breach of the representations, warranties and undertakings set out in the Second Investment Agreement, the in-principle approval being obtained from the SGX-ST for the listing and quotation of the New Shares on the Main Board of the SGX-ST, the receipt of the approval of Shareholders at the EGM and the approval of the Info-communications Development Authority of Singapore ("**IDA**") for the Investor to become a holder of 12% or more of the total number of voting shares of the Company pursuant to Section 26B of the Postal Services Act, Chapter 237A of Singapore. The Company and the Investor have agreed that the conditions precedent set out in the Second Investment Agreement shall be satisfied no later than 30 November 2015 (the "**Long Stop Date**") and if certain agreed conditions precedent are not fulfilled by the Long Stop Date, the Long Stop Date would be automatically extended to 31 December 2015.

The completion of the Proposed Issuance is not conditional upon the completion of the transactions contemplated by the Joint Venture Agreement and vice versa.

3.2 Use of Proceeds from the Proposed Issuance

The net proceeds of the Proposed Issuance of approximately S$183.6 million, after deducting estimated expenses of approximately S$3.5 million (the "**Net Proceeds**") will be used for the following purposes:

	Use of Net Proceeds	**Estimated Percentage Allocation (%)**
(a)	the SingPost Group's business of ecommerce logistics for purposes such as investments, mergers and acquisitions and the upgrade of the SingPost Group's operations and information technology systems relating to the ecommerce logistics business; and	75
(b)	the general working capital of the SingPost Group.	25

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.

3.3 Financial Effects of the Proposed Issuance

For illustration purposes only and based on the audited consolidated financial statements of the SingPost Group for the financial year ended 31 March 2015, 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 New Shares will decrease from 6.849 cents to 6.513 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 New Shares will increase from 68.4 cents to 73.3 cents.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Mr Chen Jun, who is as at the date of this announcement, a Non-Executive and Non-Independent Director of the Company, is a Vice President at Alibaba Group.

As at the date of this announcement, the Investor is a substantial Shareholder.

Save as disclosed above, none of the Directors or substantial Shareholders has any interest, direct or indirect, in the Proposed Issuance or the Joint Venture Agreement (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 New Shares has been obtained from the SGX-ST.

5. ADVISERS

Credit Suisse (Singapore) Limited and DBS Bank Ltd. are the financial advisers to the Company for the Proposed Issuance. In addition, the Company has appointed WongPartnership LLP as its legal adviser for the Proposed Issuance and the Joint Venture Agreement.

BY ORDER OF THE BOARD

Woo Mei Lin Jacqueline
Group Company Secretary

8 July 2015