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Miscellaneous

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Proposed Investment in Accord Customer Care Solutions Limited by Singapore Post Limited

Introduction

The Board of Directors of Singapore Post Limited ("**SingPost**" or the "**Company**") is pleased to announce that the Company has today entered into an investment agreement ("**Investment Agreement**") with Accord Customer Care Solutions Limited ("**ACCS**").

Under the terms of the Investment Agreement,

- (a) SingPost will subscribe for 25 million new ordinary shares in the capital of ACCS ("**ACCS Shares**") at an issue price of S\$0.30 each ("**Issue Price**") for a cash consideration of S\$7.5 million ("**Tranche A Shares**"); and
- (b) SingPost has the right to further require ACCS to issue, and the Company to subscribe for, such number of new ACCS Shares ("**Tranche B Shares**") which when aggregated with the Tranche A Shares, will represent up to a maximum of 29.9% of the then enlarged share capital of ACCS as at the date of completion of the subscription of the Tranche B Shares for cash at the Issue Price.

Information on ACCS

ACCS, listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), is a dominant pan-Asia after-market services ("**AMS**") provider for mobile communications and high-tech consumer products. ACCS and its subsidiaries ("**ACCS Group**") offers integrated after-sales customer services on behalf of its partners (both manufacturers and telecommunication network operators) to their end-customers through service centres and third-party repair management centres. As at 31 December 2004, ACCS Group operates an after-market services network of over 400 service centres and 600 third-party repair management centres in 163 cities/towns across 15 countries/territories in the pan-Asia region.

Distribution Management Solutions Limited ("**DMS**"), a 50%-owned associated company of ACCS, provides forward logistics services and management in the areas of procurement and inventory management for manufacturers, distributors and other AMS providers, as well as distribution and retail services.

ACCS Group's customer base includes (1) mobile communication devices manufacturers; (2) major telecommunication network operators; (3) distributors and dealers of mobile communication devices; and (4) manufacturers of high-tech consumer products.

Based on the unaudited financial statement for the year ended 31 December 2004 announced by ACCS on 22 February 2005, the unaudited net tangible assets per ACCS Share as at 31 December 2004 is 12.1 cents and the basic earnings per ACCS Share for the financial year ended 31 December 2004 is 4.98 cents.

ACCS' market capitalisation as of the close of market trading on 4 March 2005 was approximately S\$307.5 million.

Rationale

SingPost is focused on strengthening its core business of mail, logistics and retail. The Company envisages that there are potential strategic fit and synergies between the businesses of SingPost and ACCS:

(a) Provision of logistics services including warehousing, fulfilment and distribution services

SingPost currently provides courier services as well as other logistics services such as warehousing, fulfilment and distribution. SingPost will seek to realise synergies by collaborating with ACCS in respect of the logistics needs of ACCS.

(b) Drawing on the reach of both companies' retail networks

In Singapore, SingPost's network of 62 post offices attracts over 20 million customer visits a year, while ACCS Group's and Distribution Management Solutions Limited's combined established network of 25 service centres and 49 retail outlets receives a high traffic flow of users of mobile communications and high-tech consumer products.

SingPost could potentially leverage on the extensive networks of both companies, further improving service and convenience to customers, by introducing ACCS' products and services at SingPost's outlets and vice versa.

(c) Tapping on regional network

ACCS has established operations in more than 250 locations in over 150 cities and towns in the Asia Pacific region. SingPost could tap on ACCS' links and expertise in these markets to expand its logistics and other services regionally.

Key Terms of the Investment Agreement

Upon the signing of the Investment Agreement, ACCS shall allot and issue to SingPost the 25 million Tranche A Shares at the Issue Price for a cash consideration of S\$7.5 million.

SingPost also has the right to, within 3 months from the date of signing of the Investment Agreement, subscribe for such number of Tranche B shares which when aggregated with the 25 million Tranche A Shares to be allotted and issued by ACCS to SingPost upon the signing of the Investment Agreement, will constitute up to 29.9% of the then enlarged share capital of ACCS as at the date of completion of the subscription of the Tranche B Shares.

The Issue Price for each Tranche A Share and Tranche B Share is S\$0.30, being the approximate volume-weighted average share price of ACCS for the last 5 trading days immediately prior to the signing of the Investment Agreement. The Issue Price represents a 6.25% discount from the closing price of S\$0.32, or approximately 7.03% discount from the volume weighted average of trades done

on ACCS Shares of S\$0.3227, on 4 March 2005, being the last market day on which ACCS Shares were traded.

Appointment of Directors to the Board of ACCS

Pursuant to the Investment Agreement, SingPost is entitled to nominate 1 non-executive director to be appointed to the board of directors ("**Board**") of ACCS upon the completion of the subscription of Tranche A Shares by SingPost. Mr Lim Ho Kee will be SingPost's first nominee director on the Board of ACCS.

Further, in the event that SingPost elects to subscribe for any Tranche B Shares, upon completion of the subscription of such Tranche B Shares, SingPost is entitled to nominate a second non-executive director to the Board of ACCS. One of the two nominees of SingPost shall then be appointed as the non-executive chairman of ACCS.

Conditions Precedent

Completion for the subscription of the Tranche A Shares ("**Tranche A Completion**") is conditional upon the following:

- (a) approval-in-principle being granted by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of the Tranche A Shares on the Official List of the **SGX-ST** having been obtained and such approval not having been revoked, suspended or amended and the same being in full force and effect as at Tranche A Completion; and
- (b) approval of the shareholders of ACCS (as required under Section 161 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**") in the form of specific approval or general mandate) for the issue of the Tranche A Shares to SingPost having been obtained and such approval(s) not having been revoked, suspended or amended and the same being in full force and effect as at Tranche A Completion; and
- (c) there having been, as at the date of the Tranche A Completion, no material breach by ACCS of any of its representations and warranties (as if the same were repeated on or at any time before Tranche A Completion by reference to the facts and circumstances then existing) and/or obligations hereunder.

Completion for the subscription of the Tranche B Shares ("**Tranche B Completion**") is conditional upon the following:

- (a) the completion of a due diligence exercise over the business, affairs, operations, assets, financial condition and records of ACCS and the results of such due diligence exercise being satisfactory to SingPost in its sole and absolute discretion;
- (b) approval in-principle being granted by SGX-ST for the listing and quotation of the Tranche B Shares on the Official List of SGX-ST having been obtained and such approval not having been revoked, suspended or amended and the same being in full force and effect as at Tranche B Completion;

- (c) approval of the shareholders of ACCS (as required under Section 161 of the Companies Act) in the form of specific approval or general mandate for the issue of the Tranche B Shares elected to be subscribed by SingPost having been obtained and such approval not having been revoked, suspended or amended and the same being in full force and effect as at Tranche B Completion; and
- (d) there having been, as at the date of the Tranche B Completion and in SingPost's sole and absolute opinion, no material adverse change, or any development likely to result in any material adverse change, in the condition, financial or otherwise, of ACCS and/or the ACCS Group as a whole nor any material breach by ACCS of any of its representations and warranties and for the avoidance of doubt, there being, as at the date of the Tranche B Completion, no finding or report by PricewaterhouseCoopers, acting as independent investigators, or any governmental authority(ies) or regulators (including the SGX-ST) which would, in SingPost's sole and absolute opinion, have a material adverse effect on ACCS' financial position, prospects or operations.

Funding

This investment will be funded from internal resources and/or external borrowings.

Undertakings and Warranties by ACCS

Pursuant to the Investment Agreement, ACCS hereby undertakes to SingPost that prior to the respective dates of completion for the subscription of the Tranche A Share and Tranche B Shares:

- (a) it shall, as soon as practicable, and in any case, no later than 6 business days, make an application (the "**Application**") to the SGX-ST for the Tranche A Shares to be admitted to the Official List of the SGX-ST and be listed for quotation on the Main Board of the SGX-ST, and shall execute all such documents and do all such acts and things as may be necessary or advisable for such purposes and, if such listing is obtained, use its best endeavours to maintain such listing;
- (b) it shall forthwith notify SingPost upon it receiving notice from the SGX-ST that approval-in principle has been granted for the admission of the Tranche A Shares to the Official List of the SGX-ST and for the listing and quotation on the Main Board of the SGX-ST;
- (c) it will not allot or issue any new ACCS Shares (except for ACCS Shares to be allotted and issued pursuant to an exercise of options pursuant to the ACCS employee share option scheme and which are outstanding as at the date of the Investment Agreement) or grant any new options or other securities convertible into ACCS Shares or enter into any agreement or arrangement to do the same without the prior written consent of SingPost;
- (d) it shall upon receipt of a notice from SingPost of its intention to subscribe for the Tranche B Shares, take all necessary steps for the convening of an extraordinary general meeting ("**ACCS EGM**") to seek the approval of its shareholders as required under Section 161 of the Companies Act for the issue and allotment of the Tranche B Shares, such ACCS EGM to be held not later than 8 weeks from the date of the said notice;

Irrevocable Undertakings

The following shareholders of ACCS will each be giving an irrevocable undertaking to vote, or procure the voting of, their ACCS Shares (which in aggregate represents approximately 45.92% of the issued share capital of ACCS) in favour of the resolution(s) relating to the Investment Agreement at the ACCS EGM to be convened.

Shareholder	Total direct interest in ACCS Shares	Approximate % of total issued share capital of ACCS as at the Announcement Date
Henry Tan Hor Thye	137,592,337	14.32%
Ronnie Poh Tian Peng	123,529,959	12.85%
Victor Tan Hor Peow	18,050,211	1.88%
Accord Holdings Pte Ltd	2,257,380	0.23%
2G Capital Pte Ltd	46,800,000	4.87%
PLE Investments Pte Ltd	89,172,338	9.28%
M-Commerce Ventures Pte Ltd	23,912,675	2.49%

Moratorium

Messrs Henry Tan Hor Thye, Ronnie Poh Tian Peng and Victor Tan Hor Peow, as well as Accord Holdings Pte Ltd will each be undertaking not to sell, transfer or otherwise dispose of or enter into agreement or arrangement to sell, transfer or otherwise dispose of, their ACCS Shares from the date of signing of the Investment Agreement and up to and including the date falling 6 months from the date of the Tranche B Completion.

SingPost has also undertaken not to sell, transfer or otherwise dispose of or enter into agreement or arrangement to sell, transfer or otherwise dispose of their Tranche A Shares during the period commencing on the date of the Tranche A Completion and ending on the earliest of the following:

- (a) the date falling 6 months from the date of Tranche B Completion;
- (b) the date on which SingPost gives notice in writing to ACCS that it does not wish to subscribe for any Tranche B Shares; or
- (c) 7 September 2005 where SingPost has given notice of its intention to subscribe for Tranche B Shares in whole or in part and Tranche B Completion does not occur on or prior to 7 September 2005.

Further, SingPost has also undertaken sell, transfer or otherwise dispose of or enter into agreement or arrangement to sell, transfer or otherwise dispose of their Tranche B Shares during the period commencing on the date of Tranche B Completion and up to and including the date falling 6 months thereafter.

First Right of Refusal

Messrs Henry Tan Hor Thye, Ronnie Poh Tian Peng and Victor Tan Hor Peow as well as Accord Holdings Pte Ltd will each undertake to SingPost that, subject to Tranche B Completion, for a period of 2 years from the date of Tranche B Completion, to provide SingPost with a first right of refusal should it/he decide to sell any of its/his ACCS Shares.

Financial Effects

The subscription of the Tranche A Shares will not have any significant financial effect on the earnings per share or net tangible assets per share of SingPost. In the event that SingPost proceeds with the subscription of the Tranche B Shares, it will make an appropriate announcement on the financial effects arising therefrom.

SGX-ST Listing Manual - Rule 1006 computations

Assuming that the maximum number of Tranche B Shares has been subscribed by SingPost, the relative figures computed pursuant to Rule 1006 of the Listing Manual are set out below:

Net profits attributable to the assets acquired, compared with the group's net profits ⁽¹⁾	13.6%
Aggregate value of the consideration given, compared with the issuer's market capitalisation ⁽²⁾	7.1%
Number of shares issued by the issuer as consideration for the subscription of Tranche A & B Shares, compared with the number of shares	Not applicable

Notes:

(1) Net profits attributable to the subscription of the Tranche B Shares are for the financial year ended 31 December 2004 and the SingPost group's net profits is for the financial year ended 31 March 2004.

(2) Market capitalisation is based on the closing price of the SingPost shares and ACCS Shares as at 4 March 2005.

Accordingly, assuming SingPost exercises its right to subscribe for the maximum number of Tranche B Shares, the entire investment will be considered a "Discloseable Transaction" under Rule 1010 of the Listing Manual.

Directors' and Substantial Shareholders' Interest in the Acquisition

Save for Mr Lim Ho Kee's (Chairman of SingPost) interest in 1.2 million ACCS Shares, Mr Tan Yam Pin's deemed interest in 150,000 ACCS Shares and Mr Tommie Goh's (Non-executive Director of SingPost) deemed interest in ACCS by virtue of his interest in 2G Capital Pte Ltd, a substantial shareholder of ACCS, none of the Directors or substantial shareholders of SingPost has any direct or indirect interest in the Investment Agreement.

Financial and Legal Advisors

DBS Bank Ltd and Stamford Law Corporation have been appointed as the financial advisors and legal advisors to SingPost respectively.

Documents available for Inspection

A copy of the Investment Agreement is available for inspection during normal business hours at the registered office of the Company at 10 Eunos Road 8, Singapore Post Centre, Singapore 408600, for a period of 3 months from the date of this announcement.

BY ORDER OF THE BOARD OF DIRECTORS OF

SINGAPORE POST LIMITED

7 March 2005