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Miscellaneous

* Asterisks denote mandatory information

Name of Announcer *	SINGAPORE POST LIMITED
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Announcement is submitted with respect to *	SINGAPORE POST LIMITED
Announcement is submitted by *	Leong Chee Sian (Ms)
Designation *	Company Secretary
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>> Announcement Details

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

The Board of Directors of Singapore Post Limited (“**SingPost**” or the “**Company**”) refers to the announcements dated 7 and 8 March 2005 (collectively, the “**Investment Announcements**”) relating to the proposed investment by SingPost in Accord Customer Care Solutions Limited (“**ACCS**”). All terms and definitions used herein are as defined in the Investment Announcements unless otherwise specified.

Clarification on Rationale

SingPost is constantly looking to enhance its core business of Mail, Logistics and Retail for growth. The Company’s strategy includes leveraging on its existing network to provide more products and services, and expanding beyond the Singapore domestic market. SingPost believes that the proposed investment is in line with this strategy.

The areas of potential strategic fit between SingPost and the ACCS Group include the following:

- (a) SingPost currently has an extensive retail network of 62 post offices which receive more than 20 million customer visits a year. SingPost is currently using its post office counters as a channel for consumers to drop-off and pick-up their electrical and electronic equipment for repair. Counter services can be expanded to include the drop-off and pick-up of mobile phones for after-sales service.
- (b) We believe that SingPost’s postal and express delivery network in Singapore can provide a complementary platform for providing reliable reverse logistics in collecting and delivering the mobile phones from and to the customers’ door-step.
- (c) The combination of SingPost’s and the ACCS Group’s retail and distribution network in Singapore also offers opportunities for cross-selling of products and services.
- (d) The ACCS Group has also established a network with over 250 locations in more than 150 cities and towns in the Asia Pacific region. SingPost could potentially tap on this network and their distribution capabilities in these markets to enhance the strength of its courier, logistics and other service offerings.

Based on the above, SingPost believes that the collaboration with ACCS will be a win-win situation for both companies.

SingPost has 3 months to undertake a detailed due diligence exercise on ACCS over the business, affairs, operations, assets, financial condition and records of ACCS before the Company decides whether to subscribe for Tranche B Shares. With more information on the operations of ACCS, SingPost will be in a better position to formulate a viable business plan for working with ACCS, and to decide whether to proceed with the subscription of Tranche B Shares.

Given that SingPost has an option to increase substantially its investment in ACCS, SingPost would not want the underlying business of ACCS to be adversely affected, particularly by the potential loss of customers.

SingPost will have the right to have representation on ACCS' board of directors. In the event that there are areas where controls and governance can be improved, SingPost will assist ACCS in strengthening these areas.

The Company hopes that ACCS' customers will be reassured that SingPost can bring significant value to ACCS and will see the strength in the potential partnership between SingPost and ACCS.

SingPost's Dividend Policy

SingPost remains committed to its dividend policy announced in November 2004: that SingPost will pay out the higher of 80% - 90% of net profit or total annual net payment of 4.2 cents per share (S\$80 million). The Company is adopting a prudent approach in considering this potential Investment. In deciding whether to subscribe for Tranche B Shares, SingPost will ensure that the Company remains able to meet its dividend commitments while examining the potential to increase dividends and enhance shareholder returns over the long term.

Directors' Interests

As set out in the Investment Announcements, save for Mr Lim Ho Kee's interest in 1,200,000 ACCS Shares, Mr Tan Yam Pin's deemed interest in 150,000 ACCS Shares and Mr Tommie Goh's direct interest in 5,000,000 ACCS Shares and deemed substantial interest in ACCS by virtue of his interest in 2G Capital Pte Ltd, a substantial shareholder of ACCS, (collectively the "**Relevant Directors**") none of the Directors or substantial shareholders of SingPost has any direct or indirect interest in the Investment Agreement.

The Relevant Directors have, in respect of their interests in ACCS, declared their interests to the Board of Directors of SingPost (the "**Board**") prior to the signing of the Investment Agreement and also disclosed their interests publicly. The Board has acknowledged and considered their declarations. For good corporate governance, the Relevant Directors have abstained and will abstain from voting on the Investment Agreement and all decisions pertaining to the right to subscribe for Tranche B Shares at the Board meetings convened or to be convened to approve the same.

All negotiations with ACCS have included full participation from the management of SingPost and DBS Bank Ltd, as financial adviser to the Company, with Mr Lim facilitating the discussions between the Company and ACCS.

By virtue of his direct and deemed substantial interests in ACCS, Mr Tommie Goh has requested to be recused from participating in the entire negotiation and decision-making process relating to the transaction.

For avoidance of doubt, none of the Relevant Directors voted on the decision to enter into the Investment Agreement or subscribe for Tranche A Shares.

BY ORDER OF THE BOARD OF DIRECTORS OF

SINGAPORE POST LIMITED

9 March 2005