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Description

Increase in Shareholding in G3 Worldwide Aspac Pte. Ltd.

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SINGAPORE POST LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199201623M)

INCREASE IN SHAREHOLDING IN G3 WORLDWIDE ASPAC PTE. LTD.

1. INTRODUCTION

The Board of Directors (the "**Board**") of Singapore Post Limited ("**SingPost**") wishes to announce that SingPost has today entered into a share swap agreement (the "**SSA**") with TNT International Mail Holdings B.V. ("**TNT**") and certain other parties pursuant to which SingPost will acquire the balance 50 per cent. of the issued share capital of G3 Worldwide Aspac Pte. Ltd. ("**G3AP**") which it does not own, in exchange for its entire 24.5 per cent. interest in G3 Worldwide Mail N.V. ("**G3**") and the payment to TNT of the sum of EUR7.5 million (the "**Transaction**").

2. INFORMATION ON G3AP and G3

SingPost entered into a joint venture with TNT and Royal Mail Investments Limited ("**Royal Mail**") in 2001. The joint venture was established to provide cross-border mail and value added mail services in the Asia Pacific region and in Europe and North America. Pursuant to the joint venture, G3 and G3AP were established. Both G3 and G3AP are associated companies of SingPost.

G3, which was incorporated in the Netherlands, provides cross-border mail and value added mail services in Europe and North America. As at the date of this Announcement, SingPost and Royal Mail each holds 24.5 per cent. of the issued share capital of G3, and TNT holds the balance 51 per cent. of the issued share capital of G3.

G3AP, which was incorporated in Singapore, provides cross-border mail and value added mail services in the Asia Pacific region. As at the date of this Announcement, SingPost and G3 each hold 50 per cent. of the issued share capital of G3AP.

3. THE TRANSACTION

3.1 **Share Swap Agreement.** Under the terms of the SSA, SingPost has agreed to purchase, and TNT has agreed to sell, and/or to procure the sale to SingPost of, 50 per cent. of the issued ordinary shares of G3AP ("**G3AP Shares**"), being shares which SingPost currently does not own. The G3AP Shares will be acquired by SingPost free from all encumbrances.

3.2 **Consideration.** The consideration for the acquisition of the G3AP Shares was arrived at on a willing buyer and willing seller basis, and comprises (a) the transfer of SingPost's 24.5 per cent. shareholding interest in the issued ordinary shares of G3 (the "**G3 Shares**") to TNT, representing SingPost's entire interest in G3, and (b) the sum of EUR7.5 million (approximately S\$15.0 million

in cash) which will be funded by SingPost from its internal cash resources. No further cash payment will be paid by SingPost in connection with the acquisition of the G3AP Shares.

In arriving at the Consideration, SingPost took into account, *inter alia*, the book value of the G3 Shares in its books, which as at 31 March 2008, amounted to S\$80.9 million.

4. RATIONALE

The Transaction will allow SingPost, TNT and Royal Mail to realign their interests in G3 and G3AP. SingPost will cease its involvement in G3, which has its primary focus on the European and North American markets, and will be able to consolidate its interest in G3AP, which will become its wholly-owned subsidiary, thus enabling SingPost to exercise full control over the operations of G3AP's business. This is in line with SingPost's strategy of regional expansion and will allow it to focus on opportunities to expand its business beyond cross-border mail and extend its core competencies in the Asia Pacific region in order to establish a bigger regional footprint.

5. FINANCIAL EFFECTS

- 5.1 **Assumptions.** For illustrative purposes only, the financial effects of the Transaction on the share capital, net tangible assets ("**NTA**") per share, earnings per share ("**EPS**") and gearing of SingPost, based on (i) the audited consolidated financial statements of SingPost for the financial year ended 31 March 2008, being the most recently completed financial year, and (ii) the unaudited consolidated interim financial statements of SingPost for the nine months ended 31 December 2008, are set out below.

The financial effects set out below are based on the assumption that SingPost owns 100 per cent. of the entire issued share capital of G3AP following the Transaction. However, the financial effects have been presented before taking into consideration the allocation of the purchase price to the identifiable assets and liabilities of SingPost which would be carried out upon completion of the Transaction and should not be regarded as indicative of the actual or anticipated financial effects of the Transaction on the share capital, NTA per share, EPS or gearing of SingPost, nor are they indicative of the consolidated financial performance of SingPost for the financial year ended 31 March 2008, for the nine months ended 31 December 2008 or any future financial periods.

- 5.2 **Share Capital.** The Transaction will not have any impact on the issued share capital of SingPost.

- 5.3 **NTA.** Assuming that the Transaction had been completed on 31 March 2008, being the end of the most recently completed financial year, and on 31 December 2008, being the end of the nine months ended 31 December 2008, the effects of the Transaction on the NTA per share of SingPost as at 31 March 2008 and 31 December 2008 respectively are as follows:

	As at 31 March 2008		As at 31 December 2008	
	Before the Transaction	After the Transaction	Before the Transaction	After the Transaction
NTA (S\$'million)	155.3	143.2	174.8	158.5
Number of shares in issue ('million)	1,924.5	1,924.5	1,926.3	1,926.3
NTA per share (cents)	8.07	7.44	9.07	8.23

5.4 **EPS.** The net profits of SingPost attributable to the G3AP Shares and the G3 Shares for the nine months ended 31 December 2008 was S\$3.7 million and S\$1.0 million respectively. Assuming that the Transaction had been completed on 1 April 2007, being the beginning of the most recently completed financial year, and on 1 April 2008, being the beginning of the nine months ended 31 December 2008, the effects of the Transaction on the EPS of SingPost for the financial year ended 31 March 2008 and for the nine months ended 31 December 2008 respectively are as follows:¹

	For the financial year ended 31 March 2008		For the nine months ended 31 December 2008	
	Before the Transaction	After the Transaction	Before the Transaction	After the Transaction
Net profit attributable to shareholders of SingPost (S\$'million)	175.5	183.0	139.1	141.7
Weighted average number of shares ('million)	1,922.3	1,922.3	1,925.9	1,925.9
EPS (cents)	9.13	9.52	7.22	7.36

¹ "Net profit" is defined as profit before income tax, minority interests and extraordinary items.

5.5 **Gearing.** The Transaction will not have any material impact on the gearing of SingPost.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures of the Transaction computed on the bases set out in Rule 1006 (“**Rule 1006**”) of the Listing Manual of the Singapore Exchange Securities Trading Limited, based on the unaudited consolidated interim financial statements of SingPost for the nine months ended 31 December 2008, are as follows:

	Rule 1006	Relative Figures (%)
(a)	Net asset value of the G3 Shares ² , compared with the net asset value of SingPost and its subsidiaries (the “ Group ”) as at 31 December 2008	5.4
(b)	Net profits ³ attributable to the G3AP Shares compared with the net profits of the Group for the nine months ended 31 December 2008	2.7
	Net profits ³ attributable to the G3 Shares compared with the net profits of the Group for the nine months ended 31 December 2008	0.7
(c)	The aggregate consideration for the G3AP Shares compared with the market capitalisation of SingPost as at 23 April 2009 ⁴	6.8
(d)	Number of equity securities issued by SingPost as consideration for an acquisition, compared with the number of equity securities previously in issue.	NA

² Based on G3’s unaudited accounts for the period ended 30 September 2008.

³ “**Net profits**” is defined as profit before income tax, minority interests and extraordinary items.

⁴ SingPost’s market capitalisation used in the above computation is approximately S\$1,463,958,412, determined by multiplying 1,926,261,068 shares in issue as at the date of this Announcement by the weighted average price of S\$0.76 per share on 23 April 2009, being the market day preceding the date of this Announcement.

7. FURTHER INFORMATION

- 7.1 **Interests of Directors and Controlling Shareholders.** None of the directors and controlling shareholders of SingPost has any interest, direct or indirect, in the Transaction.
- 7.2 **Document for Inspection.** A copy of the SSA is available for inspection during normal business hours at the registered office of SingPost at 10 Eunos Road 8, Singapore Post Centre, Singapore 408600, for a period of three months from the date of this Announcement.

BY ORDER OF THE BOARD

Leong Chee Sian
Company Secretary
Singapore, 24 April 2009