


General Announcement::Update on Special Audit and Corporate Governance Review

Issuer & Securities

<b>Issuer/ Manager</b>	SINGAPORE POST LIMITED
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Announcement Details

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<b>Submitted By (Co./ Ind. Name)</b>	Genevieve Tan McCully (Mrs)
<b>Designation</b>	Group Company Secretary
<b>Description (Please provide a detailed description of the event in the box below)</b>	Please refer to the attached.

<b>Attachments</b>	<p> <a href="#">SGX Ann.pdf</a></p> <p>Total size =159K</p>
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## **SINGAPORE POST LIMITED**

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

### **UPDATE ON SPECIAL AUDIT AND CORPORATE GOVERNANCE REVIEW**

The Board of Directors (the "**Board**") of Singapore Post Limited (the "**Company**") refers to the Company's announcement of 23 December 2015 (the "**23 December Announcement**").

#### **Update on Special Audit**

The Board wishes to update shareholders that after due consideration and evaluation, the Company has appointed PricewaterhouseCoopers LLP as the Special Auditor (the "**Special Auditor**") to the Company, to investigate the issues raised in the articles about the Company published in The Business Times on 23 December 2015 surrounding Mr Keith Tay Ah Kee's interest in relation to the acquisitions of stakes in:

- (a) Famous Holdings Pte Ltd ("**FH**") by the Company in 2013;
- (b) F.S. Mackenzie Limited ("**FM**") by FH, a subsidiary of the Company, in 2014; and
- (c) Famous Pacific Shipping (NZ) Limited ("**FP**") by FH, a subsidiary of the Company, in 2015,

(collectively, the "**Famous Acquisitions**").

Mr Keith Tay Ah Kee is a Non-Executive Chairman and shareholder of Stirling Coleman Capital Limited ("**SCCL**"), which was the arranger appointed by the seller in relation to the sale of FH shares to the Company, and the financial advisor to the seller in relation to the sale of FM and FP shares to FH.

In selecting the Special Auditor, the Company worked to identify an established and reputable audit firm which could act professionally and objectively. The Company is satisfied that the Special Auditor has performed its own internal procedures to determine that no conflict of interest exists that would impair its ability to discharge its professional responsibilities in relation to the work to be carried out by the Special Auditor. As an added measure to ensure independence of advice, the Company has required that no partner or auditor of the Special Auditor who has performed an audit or acted as consultant to the Company shall be involved in this.

Specifically, the Special Auditor will review whether the Company's constitution, internal policies and procedures (including those related to evaluation and approval of M&A transactions and conflicts of interest), and legal obligations were complied with in connection with the Famous Acquisitions. In particular, the Special Auditor will review:

- (a) whether the relevant policies, processes and procedures of the Company were followed in the evaluation and approval process relating to the Famous Acquisitions;
- (b) whether the requisite internal approvals of the Company were obtained in respect of the Famous Acquisitions;
- (c) how it transpired that there was no disclosure of Mr Keith Tay Ah Kee's interest in the Company's announcements of the acquisition of stakes in FM and FP;
- (d) whether Mr Keith Tay Ah Kee had disclosed his interests in the Famous Acquisitions;

- (e) whether Mr Keith Tay Ah Kee was required to, and did abstain from voting, on each of the Famous Acquisitions;
- (f) whether Mr Keith Tay Ah Kee was required to, and did recuse himself from deliberations, on each of the Famous Acquisitions;
- (g) whether members of the Board adhered to their legal obligations and the Company's policies and procedures, relating to conflicts of interest, in relation to the Famous Acquisitions; and
- (h) whether the Company complied with the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited in relation to the Famous Acquisitions.

Mr Keith Tay Ah Kee, a member of the Audit Committee, will recuse himself from all proceedings of the Audit Committee in connection with the Special Audit. As stated in the 23 December Announcement, the Special Auditor will report its findings directly to the Board and the Audit Committee. As an indicative timeline, the Special Audit is expected to be completed in approximately one (1) month, following which the Company will announce a summary of the Special Auditor's findings. The Board is committed to taking on board the recommendations of the Special Auditor arising out of the Special Audit.

### **Corporate Governance Review**

Apart from the issues being investigated by the Special Auditor, the Board notes the articles and commentaries that have been recently published in the media concerning wider concerns about the corporate governance of the Company, and specifically, relating to the process for review of the independence of Directors, Board and management succession planning and Board renewal, Board composition, size and diversity, the role of the Executive Committee, and the Board's role in reviewing announcements released on SGXNet, among other matters.

The Board gives shareholders its assurance that the Board is fully committed to taking all necessary and expeditious measures to regain public confidence in the Company and meet the best corporate governance practices. Accordingly, the Board is accelerating work on the aspects of corporate governance in question, as part of the holistic, comprehensive and constructive review of the Company's corporate governance practices and review of the adequacy of the Company's internal procedures, processes and policies (collectively, the "**Corporate Governance Review**"), which is already underway. The Corporate Governance Review will cover the issues mentioned above and other corporate governance practices of the Company.

### **Board Committee**

The chairman of the Audit Committee, Mr Soo Nam Chow, has been tasked to lead both the Special Audit exercise and the Corporate Governance Review. As chairman, he will be in a position to provide continuity and coordination, where necessary, between the Special Audit exercise and the Corporate Governance Review.

The Special Audit exercise will be overseen by the Audit Committee and the Special Auditor will report its findings to the Board and the Audit Committee. The Corporate Governance Review will be overseen by a committee comprising a majority of Independent Directors (the "**CG Review Committee**"). Besides Mr Soo Nam Chow (Non-Executive, Independent Director) as chairman, the members are Professor Low Teck Seng (Non-Executive, Independent Director), Ms Aliza Knox (Non-Executive, Independent Director), Mr Zulkifli Bin Baharudin (Non-Executive, Independent Director) and Mr Bill Chang York Chye (Non-Executive, Non-Independent Director).

The CG Review Committee members will recuse themselves from and will not participate in any CG Review Committee discussions in any instance where they may have an actual or perceived conflict of interest. Needless to say, they will also not vote on any such matters.

The first task of the CG Review Committee will be to identify and appoint an experienced and qualified independent consulting firm to undertake the Corporate Governance Review and provide a report highlighting to the CG Review Committee any potential areas of improvements or enhancements. The terms of reference of the independent consulting firm are being drafted for purposes of a Request-for-Proposal exercise and thereafter, prospective consulting firms will be interviewed.

The Company will make an announcement on the appointment of the independent consulting firm. The Company will also provide shareholders with periodic updates on the Corporate Governance Review exercise, as well as, in due course, on the findings and recommendations arising out of the exercise.

Issued by Singapore Post Limited on 19 January 2016.