

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

UPDATE ON SPECIAL AUDIT – APPOINTMENT OF JOINT SPECIAL AUDITOR

Introduction

The Board of Directors (the "**Board**") of Singapore Post Limited (the "**Company**") refers to the Company's announcements released on 23 December 2015, 19 January 2016 (the "**19 January Announcement**") and 29 January 2016 (the "**29 January Announcement**").

As highlighted in the 19 January Announcement, the Company appointed PricewaterhouseCoopers LLP ("**PwC**") as the independent Special Auditor to the Company to review the issues that were raised in the articles published in The Business Times on 23 December 2015 (the "**Special Audit**"). These issues concerned Mr Keith Tay Ah Kee's interest relating to the acquisitions of stakes in Famous Holdings Pte Ltd, FS Mackenzie Limited and Famous Pacific Shipping (NZ) Limited. The detailed terms of reference of PwC in respect of the Special Audit are set out in the 19 January Announcement.

Appointment of Joint Special Auditor

The Board wishes to inform shareholders that the Company has appointed Drew & Napier LLC ("**D&N**") to act as joint independent Special Auditor and to undertake the Special Audit jointly with PwC. D&N's scope of work and detailed terms of reference will be the same as the scope of work and terms of reference of PwC in respect of the Special Audit, and with the agreement of PwC and D&N, the report on the Special Audit will be issued jointly by PwC and D&N.

The Board made its decision to appoint D&N as joint independent Special Auditor after taking into consideration the concerns that had been expressed by some media commentators and shareholders, and feedback that the Company has received from shareholders, the public and the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The Board notes the press statement issued by the Securities Investors Association (Singapore) ("**SIAS**") on 4 February 2016, which states, *inter alia*, that "SIAS calls on all parties concerned to allow PwC to conduct the special audit, knowing that PwC will maintain its independence in strict compliance with the ACRA Code. Given the high reputation and the credibility of PwC, SIAS expects that PwC will be able to remain independent in undertaking the special audit and hence address all serious concerns of the stakeholders surrounding PwC's appointment."

Whilst the Audit Committee and the Board stand firm in their determination that PwC is able to act as independent Special Auditor to the Company (as expressed in the 19 January Announcement and 29 January Announcement), the Audit Committee and the Board are cognizant of the concerns that have been expressed and the perception of the market regarding PwC's appointment. The Board acknowledges that, notwithstanding the press statement from SIAS and the Board's own clarity that there is no issue with PwC's independence, some in the market have nevertheless continued to be concerned over PwC's perceived lack of independence. The Board has thus decided to appoint D&N as joint Special Auditor to provide additional assurance to shareholders and investors in respect of the Special Audit.

The partner leading the joint Special Audit exercise at D&N is Mr Hri Kumar SC. The Board selected D&N as it is one of the largest independent local law firms in Singapore, and the Board has

ascertained and D&N has confirmed that D&N and Mr Hri Kumar SC have no actual or perceived conflict which would affect their ability to carry out the independent Special Audit.

Findings of joint Special Audit

As a result of D&N's appointment which took place today, as an indicative timeline, the joint Special Audit is expected to be completed in March 2016.

The full Special Audit report will be shared with the SGX-ST, together with the Audit Committee and the Board.

The Board will announce a summary of *all* the key findings of the joint Special Auditors on SGXNet, taking into account the SGX-ST's views in this regard.

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