



SINGAPORE TELECOMMUNICATIONS LIMITED

(Incorporated in the Republic of Singapore)

Company Registration Number: 199201624D

Letter to Shareholders

Directors:

Simon Israel (*Non-executive Chairman*)
Lee Theng Kiat (*Non-executive Chairman-designate*)
Chua Sock Koong (*Group CEO*)
Gautam Banerjee (*Independent Director*)
Venkataraman (Venky) Ganesan (*Independent Director*)
Bradley Horowitz (*Independent Director*)
Gail Kelly (*Independent Director*)
Low Check Kian (*Lead Independent Director*)
Christina Ong (*Independent Director*)
Teo Swee Lian (*Independent Director*)

Registered Office:

31 Exeter Road
Comcentre
Singapore 239732

1 July 2020

To: The Shareholders of
Singapore Telecommunications Limited (the "**Company**")

Dear Sir/Madam

1. INTRODUCTION

1.1 Notice of AGM. We refer to:

- (a) the Notice of Annual General Meeting of the Company dated 1 July 2020 (the "**Notice**") convening the 28th Annual General Meeting of the Company to be held on 30 July 2020 (the "**2020 AGM**");
- (b) Resolution 10, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 2.1 below); and
- (c) Resolution 11, being the Special Resolution relating to the proposed alterations to the Constitution of the Company (the "**Constitution**"),

as proposed in the Notice.

1.2 **Letter to Shareholders.** The purpose of this Letter is to provide shareholders of the Company ("**Shareholders**") with information relating to Resolutions 10 and 11 proposed in the Notice (collectively, the "**Proposals**").

1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

1.4 **Advice to Shareholders.** If a Shareholder is in any doubt as to the course of action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

- 2.1 **Background.** At the Annual General Meeting of the Company held on 23 July 2019 (the “**2019 AGM**”), Shareholders had approved, *inter alia*, the renewal of the mandate (the “**Share Purchase Mandate**”) to enable the Company to purchase or otherwise acquire its issued ordinary shares (“**Shares**”).

The rationale for, the authority and limits on, and the financial effects of, the Share Purchase Mandate were set out in the Letter to Shareholders dated 26 June 2019 (the “**2019 Letter**”) and Resolution 12 set out in the Notice of the 2019 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Resolution 12 at the 2019 AGM and will expire on the date of the forthcoming 2020 AGM. Accordingly, the Directors propose that the Share Purchase Mandate be renewed at the 2020 AGM.

- 2.2 **Rationale for the Share Purchase Mandate.** The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) In managing the business of the Company and its subsidiaries (the “**Group**”), management strives to increase Shareholders’ value by improving, *inter alia*, the return on equity of the Group. Share purchases are one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash which is in excess of the financial and possible investment needs of the Group to Shareholders.
- (c) In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company’s share capital structure and its dividend policy.
- (d) Repurchased Shares which are held in treasury may be transferred for the purposes of or pursuant to employees’ share schemes implemented by the Company.

The approval of the renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the 5% limit described in paragraph 2.3.1 below, it should be noted that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 5% limit as authorised, and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial condition of the Company.

- 2.3 **Authority and Limits on the Share Purchase Mandate.** The authority and limits placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if renewed at the 2020 AGM, are substantially the same as were previously approved by Shareholders at the 2019 AGM, save that the definition of “Average Closing Price” (for determining the maximum purchase price for the purchase or acquisition of Shares pursuant to the Share Purchase Mandate) has been changed to take into account amendments to Rule 884(2) of the Listing Manual of the SGX-ST (the “**Listing Manual**”) which took effect on 7 February 2020. These are summarised below for the benefit of Shareholders:

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2.3.1 *Maximum Number of Shares*

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 5% of the total number of issued Shares of the Company as at the date of the 2020 AGM. Treasury shares and subsidiary holdings (as defined in the Listing Manual⁽¹⁾) will be disregarded for purposes of computing the 5% limit.

As at 30 April 2020 (the “**Latest Practicable Date**”), the Company had 481,169 treasury shares and no subsidiary holdings. The maximum number of Shares which can be purchased or acquired by the Company, being 5% of the total number of issued Shares (disregarding treasury shares and subsidiary holdings), based on this and certain other assumptions, is illustrated in paragraph 2.7.1 below.

2.3.2 *Duration of Authority*

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2020 AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

- (a) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or
- (c) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

2.3.3 *Manner of Purchases or Acquisitions of Shares*

Purchases or acquisitions of Shares may be made by way of:

- (a) an on-market purchase of Shares by the Company (“**Market Purchase**”) effected on the SGX-ST, or on any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (b) an off-market purchase of Shares by the Company (“**Off-Market Purchase**”) effected otherwise than on a stock exchange, in accordance with an equal access scheme pursuant to Section 76C of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”).

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the listing rules of any other stock exchange on which the Shares may for the time being be listed and quoted, and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

⁽¹⁾ “Subsidiary holdings” is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore.

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- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (1) terms and conditions of the offer;
- (2) period and procedures for acceptances;
- (3) reasons for the proposed Share purchases;
- (4) consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the **"Take-over Code"**) or other applicable take-over rules;
- (5) whether the Share purchases, if made, could affect the listing of the Shares on the SGX-ST;
- (6) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 **Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. The maximum price to be paid for the Shares as determined by the Directors must not exceed, in the case of both a Market Purchase and an Off-Market Purchase, 105% of the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition (the **"Maximum Price"**).

For the above purposes:

"Average Closing Price" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST or, as the case may be, such other stock exchange on which the Shares are listed and quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five-day period and the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase; and

"date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

- 2.4 **Source of Funds.** Under the Companies Act, the Company may purchase or acquire its Shares out of its distributable profits, as well as out of capital.

The Company intends to use internal and external sources of funds to finance its purchase or acquisition of Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the financial condition of the Company would be materially adversely affected.

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2.5 **Status of Purchased Shares.** Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

2.6 **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

2.6.1 *Maximum Holdings*

The number of Shares held as treasury shares⁽²⁾ cannot at any time exceed 10% of the total number of issued Shares.

2.6.2 *Voting and Other Rights*

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.6.3 *Disposal and Cancellation*

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

⁽²⁾ For these purposes, "treasury shares" shall be read as including shares held by a subsidiary under Sections 21(4B) or 21(6C) of the Companies Act, Chapter 50 of Singapore.

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2.7 **Financial Effects.** The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 March 2020, are based on the assumptions set out below.

2.7.1 **Number of Shares Purchased or Acquired**

Purely for illustrative purposes, on the basis of 16,329,158,300 Shares in issue as at the Latest Practicable Date and disregarding the 481,169 Shares held in treasury as at the Latest Practicable Date, and assuming that on or prior to the 2020 AGM (i) no further Shares are issued, (ii) no further Shares are purchased or acquired by the Company, or held as treasury shares, and (iii) no Shares are held as subsidiary holdings, the purchase or acquisition by the Company of 5% of its issued Shares will result in the purchase or acquisition of 816,433,856 Shares.

2.7.2 **Maximum Price Paid for Shares Purchased or Acquired**

In the case of both Market Purchases and Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 816,433,856 Shares at the maximum price of S\$2.9022 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 816,433,856 Shares is S\$2,369,454,336.88.

2.7.3 **Illustrative Financial Effects**

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 2.7.1 and 2.7.2 above, and further assuming that the purchase or acquisition of the 816,433,856 Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases or Off-Market Purchases is made as to half out of profits and as to half out of capital and cancelled or held in treasury, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 March 2020 are set out below.

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Scenario A

Market Purchases or Off-Market Purchases of up to 5% made as to 2.5% out of profits and as to 2.5% out of capital and cancelled

	Group		Company	
	Before Market Purchase S\$'million	After Market Purchase S\$'million	Before Market Purchase S\$'million	After Market Purchase S\$'million
As at 31 March 2020				
Shareholders' Funds	26,817.6	24,448.1	20,368.3	17,998.8
Treasury Shares Held by Trust	(26.8)	(26.8)	-	-
Treasury Shares Held/Purchased by the Company	(1.6)	(1.6)	(1.6)	(1.6)
Total Shareholders' Funds	26,789.2	24,419.7	20,366.7	17,997.2
Current Assets	7,175.8	7,078.5	2,194.2	2,096.9
Current Liabilities	10,578.5	10,578.5	2,642.2	2,642.2
Total Borrowings	14,172.6	16,444.8	1,586.9	3,859.1
Cash and Cash Equivalents	999.6	902.3	97.3	-
Number of Shares ('000)	16,320,676.3	15,504,242.4	16,328,677.1	15,512,243.3
Financial Ratios				
Net Assets per Share (S\$)	1.64	1.58	1.25	1.16
Gearing* (%)	52.90	67.34	7.79	21.44
Current Ratio (times)	0.68	0.67	0.83	0.79

Scenario B

Market Purchases or Off-Market Purchases of up to 5% made as to 2.5% out of profits and as to 2.5% out of capital and held in treasury

	Group		Company	
	Before Market Purchase S\$'million	After Market Purchase S\$'million	Before Market Purchase S\$'million	After Market Purchase S\$'million
As at 31 March 2020				
Shareholders' Funds	26,817.6	26,817.6	20,368.3	20,368.3
Treasury Shares Held by Trust	(26.8)	(26.8)	-	-
Treasury Shares Held/Purchased by the Company	(1.6)	(2,371.1)	(1.6)	(2,371.1)
Total Shareholders' Funds	26,789.2	24,419.7	20,366.7	17,997.2
Current Assets	7,175.8	7,078.5	2,194.2	2,096.9
Current Liabilities	10,578.5	10,578.5	2,642.2	2,642.2
Total Borrowings	14,172.6	16,444.8	1,586.9	3,859.1
Cash and Cash Equivalents	999.6	902.3	97.3	-
Number of Shares ('000)	16,320,676.3	15,504,242.4	16,328,677.1	15,512,243.3
Financial Ratios				
Net Assets per Share (S\$)	1.64	1.58	1.25	1.16
Gearing* (%)	52.90	67.34	7.79	21.44
Current Ratio (times)	0.68	0.67	0.83	0.79

* "Gearing" means total borrowings divided by total shareholders' funds.

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SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE FOR ILLUSTRATION PURPOSES ONLY (BASED ON THE ABOVEMENTIONED ASSUMPTIONS). Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 5% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 5% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

- 2.8 **Reporting Requirements.** Rule 886(1) of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares, and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.
- 2.9 **No Purchases During Price or Trade Sensitive Developments.** While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price or trade sensitive development has occurred or has been the subject of a decision until the price or trade sensitive information has been publicly announced. The Company will continue to comply with the best practices on dealings in securities set out in Rule 1207(19)(c) of the Listing Manual.
- 2.10 **Listing Status of the Shares.** The Listing Manual requires a listed company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. As at the Latest Practicable Date, Temasek Holdings (Private) Limited had an interest (both direct and deemed) in 8,590,059,895 Shares representing approximately 52.6% of the issued Shares (excluding Shares held in treasury) as at that date. Approximately 47.3% of the issued Shares (excluding Shares held in treasury) were held by public Shareholders as at that date. Assuming the Company had purchased or acquired Shares from the public up to the full 5% limit pursuant to the proposed Share Purchase Mandate on the Latest Practicable Date, approximately 44.6% of the issued Shares (excluding Shares held in treasury) would have been held by public Shareholders as at that date.

The Company will ensure that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 5% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

- 2.11 **Shareholding Limits.** The Constitution prescribes a limit of 15% of the issued Shares (excluding treasury shares) in which any person or related group of persons (other than a person or persons approved by the Directors) may have an interest, whether directly or indirectly (the “**Individual Shareholding Limit**”). The Constitution also empowers the Directors to require the sale of Shares, if it shall come to their notice that the Individual Shareholding Limit is exceeded.

The Company holds various broadcasting and telecommunications licences, and is regulated under the Broadcasting Act, Chapter 28 of Singapore (the “**Broadcasting Act**”) and the Telecommunications Act, Chapter 323 of Singapore (the “**Telecommunications Act**”).

The Broadcasting Act provides that no person may become:

- (a) a substantial shareholder (as defined under the Companies Act);

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- (b) a 12% controller (as defined under the Broadcasting Act); or
- (c) an indirect controller (as defined under the Broadcasting Act),

of a broadcasting company (as defined under the Broadcasting Act) without first obtaining the approval of the Minister for Communications and Information (the “**Minister**”).

In addition, under the Broadcasting Act, the Company shall not, unless the Minister otherwise approves, be granted or hold a relevant licence (as defined under the Broadcasting Act) if the Minister is satisfied that any foreign source (as defined under the Broadcasting Act), alone or together with one or more other foreign sources, holds not less than 49% of the Shares, or is in a position to control voting power of not less than 49%, in the Company or its holding company (as defined under the Companies Act).

The Telecommunications Act provides that:

- (a) no person shall, whether through a series of transactions over a period of time or otherwise, become a 12% controller (as defined under the Telecommunications Act) or a 30% controller (as defined under the Telecommunications Act) of a designated telecommunication licensee (as defined under the Telecommunications Act); and
- (b) no person shall obtain effective control (as defined under the Telecommunications Act) over a designated telecommunication licensee,

without obtaining the prior written approval of the Info-communications Media Development Authority of Singapore (the “**IMDA**”).

The Code of Practice for Competition in the Provision of Telecommunication Services 2012 (the “**Telecom Competition Code**”) provides that:

- (a) for the purposes of the Telecommunications Act:
 - (i) every Acquiring Party (as defined under the Telecom Competition Code) and the Designated Telecommunication Licensee (as defined under the Telecom Competition Code) must seek the IMDA’s approval in connection with such Acquiring Party acquiring Voting Shares (as defined under the Telecom Competition Code) or Voting Power (as defined under the Telecom Competition Code) in the Designated Telecommunication Licensee that would result in such Acquiring Party becoming a 12% Controller (as defined under the Telecom Competition Code) of the Designated Telecommunication Licensee; and
 - (ii) every Acquiring Party and the Designated Telecommunication Licensee must seek the IMDA’s approval in connection with such Acquiring Party acquiring Voting Shares or Voting Power in the Designated Telecommunication Licensee that would result in such Acquiring Party becoming a 30% Controller (as defined under the Telecom Competition Code) of the Designated Telecommunication Licensee or entering into any other transaction that constitutes a Consolidation (as defined under the Telecom Competition Code) with the Designated Telecommunication Licensee;
- (b) the term “Consolidation” includes any transaction that results in a person:
 - (i) becoming a 30% Controller of a Designated Telecommunication Licensee; or
 - (ii) obtaining Effective Control (as defined under the Telecom Competition Code) over a Designated Telecommunication Licensee; and
- (c) every Acquiring Party and the Designated Telecommunication Licensee must *jointly* file a Consolidation Application (as defined under the Telecom Competition Code) in respect of such Acquiring Party becoming a 30% Controller of the Designated Telecommunication Licensee or otherwise entering into a Consolidation with the Designated Telecommunication Licensee.

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If the Minister and/or the applicable regulatory authority, as the case may be, is satisfied that a person and/or his associates (as the case may be) have reached or exceeded the limits applicable in relation to the holding of or having an interest in Shares, or the controlling of voting power in the Company, in each case as defined in and as prescribed by the Broadcasting Act, the Telecommunications Act and/or any other legislation to which the Company is subject from time to time and/or any regulations, directives, guidelines, notices and/or codes of practice promulgated or issued thereunder from time to time, as the case may be (the “**Prescribed Limits**”), or in other specified circumstances, the Minister and/or the applicable regulatory authority, as the case may be, may make certain directions, including but not limited to requiring such person and/or his associates to transfer or dispose of all or part of the Shares which it may have acquired in the Company, or restricting the voting rights or dividend rights that such person and/or his associates has obtained through the acquisition of such Shares.

As a result of a purchase or acquisition of Shares by the Company, the shareholding percentage of a holder of Shares (whose Shares were not the subject of a share purchase or acquisition by the Company) in the issued Shares of the Company immediately following any purchase or acquisition of Shares by the Company may increase correspondingly.

The Company wishes to draw the attention of Shareholders to the following consequences of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate, if the renewal of the Share Purchase Mandate is approved by Shareholders:

A PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY MAY INADVERTENTLY CAUSE ANY PERSON TO REACH OR EXCEED THE PRESCRIBED LIMITS AND/OR THE INDIVIDUAL SHAREHOLDING LIMIT, AS THE CASE MAY BE (IN PARTICULAR, A PERSON WHO IS CURRENTLY CLOSE TO ANY OF THE PRESCRIBED LIMITS AND/OR THE INDIVIDUAL SHAREHOLDING LIMIT, AS THE CASE MAY BE).

IN RELATION TO THE PRESCRIBED LIMITS AND/OR THE INDIVIDUAL SHAREHOLDING LIMIT, THE DIRECTORS ARE EMPOWERED TO SERVE NOTICE ON SUCH PERSON REQUIRING A DISPOSAL OF THE INTEREST IN THE AFFECTED SHARES WITHIN 21 DAYS OF THE GIVING OF SUCH NOTICE OR SUCH SHORTER OR LONGER PERIOD AS THE DIRECTORS CONSIDER REASONABLE TO A PERSON QUALIFIED TO HAVE AN INTEREST IN THE AFFECTED SHARES. IF SUCH NOTICE IS NOT COMPLIED WITH TO THE SATISFACTION OF THE DIRECTORS, THE DIRECTORS MAY ARRANGE FOR THE COMPANY TO SELL THE AFFECTED SHARES.

IN RELATION TO THE PRESCRIBED LIMITS, PERSONS WHO (AT ANY TIME DURING THE PERIOD WHEN THE SHARE PURCHASE MANDATE IS IN FORCE) ARE CLOSE TO AND MAY REACH OR EXCEED ANY OF THE PRESCRIBED LIMITS BY REASON OF A PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY, ARE ADVISED TO NOTIFY THE COMPANY AND TO CONSIDER SEEKING THE PRIOR APPROVAL OF THE MINISTER (OR, AS THE CASE MAY BE, THE APPLICABLE REGULATORY AUTHORITY) TO REACH OR EXCEED THE PRESCRIBED LIMITS, ON SUCH TERMS AS MAY BE IMPOSED BY THE MINISTER (OR, AS THE CASE MAY BE, THE APPLICABLE REGULATORY AUTHORITY), AS A CONSEQUENCE OF SUCH PURCHASE OR ACQUISITION.

THE COMPANY WILL, TO THE EXTENT REQUIRED, PRIOR TO A PURCHASE OR ACQUISITION OF SHARES PURSUANT TO THE SHARE PURCHASE MANDATE, CALCULATE THE INTERESTS OF EACH SHAREHOLDER TO DETERMINE WHETHER SUCH INTERESTS MAY, FOLLOWING SUCH PURCHASE OR ACQUISITION, REACH OR EXCEED THE PRESCRIBED LIMITS. IF, FOLLOWING SUCH CALCULATION, THE COMPANY BELIEVES THAT THE SHAREHOLDER MAY, FOLLOWING SUCH PURCHASE OR ACQUISITION, REACH OR EXCEED ANY OF THE PRESCRIBED LIMITS REQUIRING THE PRIOR APPROVAL OF THE MINISTER (OR, AS THE CASE MAY BE, THE APPLICABLE REGULATORY AUTHORITY), THE COMPANY WILL NOTIFY SUCH SHAREHOLDER AND SUCH SHAREHOLDER MAY BE ADVISED TO EITHER (1) ESTABLISH TO THE COMPANY’S SATISFACTION THAT SUCH SHAREHOLDER WILL NOT REACH OR EXCEED SUCH PRESCRIBED LIMITS, OR (2) SUBMIT AN APPLICATION FOR APPROVAL (TOGETHER WITH THE COMPANY, IF SO REQUIRED) TO THE MINISTER (OR, AS THE CASE MAY BE, THE APPLICABLE REGULATORY AUTHORITY), TO REACH OR EXCEED THE PRESCRIBED LIMITS, ON SUCH TERMS AS MAY BE IMPOSED BY THE MINISTER (OR, AS THE CASE MAY BE, THE APPLICABLE REGULATORY AUTHORITY), AS A CONSEQUENCE OF SUCH PURCHASE OR ACQUISITION.

Letter to Shareholders

2.12 **Take-over Implications.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.12.1 **Obligation to make a Take-over Offer**

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.12.2 **Persons Acting in Concert**

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the companies referred to above for the purchase of voting rights; and
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders (including Directors) and persons acting in concert with them, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.12.3 **Effect of Rule 14 and Appendix 2**

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Letter to Shareholders

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Based on the interests of substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date as set out in paragraph 4.2 below, the substantial Shareholder would not become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase or acquisition by the Company of the maximum limit of 5% of its issued Shares (excluding treasury shares) as at the Latest Practicable Date.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER UNDER THE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

- 2.13 **Previous Purchases.** The following are details of purchases or acquisitions of Shares made by the Company via Market Purchases during the period from 23 July 2019, being the date of the 2019 AGM, to 28 May 2020:

Date of purchase or acquisition	Number of Shares purchased or acquired	Highest price paid per Share	Lowest price paid per Share	Total consideration paid
14 Feb 2020	481,169	S\$3.30	S\$3.28	S\$1,586,061.52
28 May 2020	463,886	S\$2.54	S\$2.54	S\$1,179,152.96

As at 28 May 2020, the Company had not purchased or acquired any of its Shares by way of Off-Market Purchases pursuant to the Share Purchase Mandate approved by Shareholders at the 2019 AGM.

3. THE PROPOSED ALTERATIONS TO THE CONSTITUTION

- 3.1 **Rationale for the Alterations to the Constitution.** The Company is proposing to alter the Constitution:

- (a) to include a new article which will facilitate, if and when desired, the implementation of a scrip dividend scheme enabling Shareholders to elect to receive scrip in lieu of the cash amount of a qualifying dividend;
- (b) to take into account certain changes to the Companies Act which were introduced by the Companies (Amendment) Act 2017 (the "2017 Amendment Act"); and
- (c) to streamline and rationalise certain other provisions.

- 3.2 **Proposed Alterations.** Information regarding the alterations which are proposed to be made to the Constitution is set out below.

3.2.1 **New Article 138A**

A new article 138A is proposed to be included to facilitate, if and when desired, the implementation of a scrip dividend scheme enabling Shareholders to elect to receive scrip in lieu of the cash amount of a qualifying dividend. This new article details how scrip dividend payments are to be implemented, empowers the Directors to determine the manner in which scrip dividend payments are to be implemented, and will enable Shareholders to elect to receive Shares credited as fully paid in lieu of part only or all of the cash amount of any dividend to which a scrip dividend scheme applies, in accordance with such scrip dividend scheme as may be implemented by the Company, if and when desired.

Letter to Shareholders

A scrip dividend scheme, if implemented, would provide Shareholders with the opportunity to acquire further equity in the Company without having to incur brokerage fees, stamp duty and other related costs. The Company would also benefit from the participation by Shareholders in a scrip dividend scheme, if implemented, as, to the extent Shareholders elect to receive dividends in the form of new Shares, the cash which would otherwise have been paid out in cash dividends may then be retained to fund the growth and expansion of the Group. The retention of cash would also help to strengthen the Company's working capital position. The inclusion of new article 138A is not, however, by itself indicative of any definitive proposal by the Company to adopt a scrip dividend scheme or if adopted, to apply the scheme to any qualifying dividend.

The text of new article 138A is set out in the Appendix to this Letter.

3.2.2 **Companies Act**

The 2017 Amendment Act which took effect in phases on 31 March 2017, 23 May 2017, 11 October 2017 and 31 August 2018, introduced changes to the Companies Act which aim to ensure that Singapore's corporate regulatory regime continues to stay robust. One of the key changes made in the first phase is the removal of the requirement for a company to have a common seal. More recently, in the final phase, one of the key changes is the alignment of the timeline for the holding of a company's annual general meeting with its financial year end.

The following articles are proposed to be updated to take into account some of the changes to the Companies Act introduced by the 2017 Amendment Act:

- (a) **Articles 21, 125, 126 and 127.** Pursuant to new Section 41A of the Companies Act (as introduced by the 2017 Amendment Act), it is no longer mandatory for a Singapore company to have a common seal. Consequently, the specific requirements relating to the contents of share certificates and for share certificates to be issued under the common seal of the Company, are proposed to be removed in article 21 (relating to share certificates), and replaced with a general provision that every share certificate shall be issued in accordance with the requirements of the Companies Act and be under the common seal or signed in the manner set out in the Companies Act. Although Section 123(2) of the Companies Act stipulates that a share certificate is to be issued under the common seal of the Company, pursuant to new Section 41C of the Companies Act (as introduced by the 2017 Amendment Act), the affixation of the common seal to a share certificate may be dispensed with provided that the share certificate is signed:
- (i) on behalf of the Company by a Director and a Secretary of the Company;
 - (ii) on behalf of the Company by at least two Directors; or
 - (iii) on behalf of the Company by a Director in the presence of a witness who attests the signature.

Consequential editorial changes are proposed to articles 125, 126 and 127 to make it clear that these provisions are applicable where the Company has a common seal.

- (b) **Article 58.** Article 58 relates to the timeline for holding annual general meetings. Article 58 is proposed to be revised to (i) remove the specific requirement that, save as otherwise permitted under the Companies Act, an annual general meeting is to be held once in every year and within a period of not more than 15 months after the holding of the last preceding annual general meeting, and (ii) insert a general provision that an annual general meeting shall be held in accordance with the provisions of the Companies Act. The proposed revision to article 58 is in line with Section 175 of the Companies Act, as amended pursuant to the 2017 Amendment Act, and will also accommodate any amendments which may be made to the Companies Act from time to time with regard to the timeline for the holding of annual general meetings.

Letter to Shareholders

It is to be noted that, as the Company has a primary listing on the SGX-ST, in determining the time and place of a general meeting pursuant to article 58, the Directors are required to comply with Rule 707(1) of the Listing Manual which stipulates that an issuer must hold its annual general meeting within four months from the end of its financial year, and Rule 730A(1) of the Listing Manual, which requires the Company to hold all its general meetings in Singapore, unless prohibited by the relevant laws and regulations of Singapore.

3.2.3 **General**

The following articles are proposed to be updated, streamlined and rationalised generally:

- (a) **Article 62.** Article 62 relates to the routine business that is transacted at an annual general meeting. Article 62 is proposed to be updated to make it clear that all business, other than routine business as specified in article 62, which is transacted at any general meeting of the Company shall be deemed to be special business.
- (b) **Articles 107(C) and 108(A).** Article 107(C) relates to the status and function of alternate Directors, and provides, *inter alia*, that alternate Directors who are absent from Singapore will not be entitled to receive notices of meetings of Directors. Similarly, article 108(A), which relates to meetings of Directors, provides that it shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Singapore. Articles 107(C) and 108(A) are proposed to be amended to remove the references to absence from Singapore.

These amendments are proposed in view of technological advances which allow for notices of meetings of Directors to be given electronically and for participation in such meetings to take place electronically.

In addition, article 108(A) is proposed to be amended to provide that the accidental omission to give to any Director, or the non-receipt by any Director, of a notice of a meeting of Directors shall not invalidate the proceedings at that meeting. This is to complement and reinforce the existing provision in article 108(A) which provides that any Director may waive notice of any such meetings and any such waiver may be retroactive, in order to ensure that minor procedural irregularities do not invalidate the proceedings of such meetings.

- (c) **Article 146.** Article 146 relates to the timeline for the financial statements (including balance sheets, reports, statements and other documents as may be necessary) to be laid before an annual general meeting of the Company, and states that the interval between the close of a financial year of the Company and the date of its annual general meeting shall not exceed four months or such other period as may be permitted by the Companies Act. The latter provision in article 146 is proposed to be expanded, for completeness, to include such other period as may be permitted under the listing rules of the SGX-ST, in addition to the Companies Act.
- (d) **Article 158.** Article 158 relates to secrecy of information and provides that no member of the Company or member of the public is entitled to require the Company to disclose any information relating to the business or affairs of the Company which is secret in nature and that for these purposes, information is deemed to be secret in nature if the Directors resolve that in their opinion the matter relates to, *inter alia*, any detail of the Company's business or affairs which in the opinion of the Directors it will be inexpedient in the interest of the members of the Company to communicate to the public, save as may be authorised or required by law. The proviso in this limb of article 158 is proposed to be extended to also cover the scenario where communication to the public is inexpedient in the interest of the members of the Company, save as may be authorised or required by the listing rules of the SGX-ST.

Under Rule 730 of the Listing Manual, whenever an issuer proposes to amend its articles of association or constituent documents, they must be made consistent with the prevailing listing rules of the SGX-ST. In this regard, as at the Latest Practicable Date, the provisions of the Constitution, including the alterations which are proposed to be made thereto as outlined above, are in alignment with the prevailing listing rules of the SGX-ST as at that date.

Letter to Shareholders

3.3 **Shareholders' Approval.** The proposed alterations to the Constitution are set out in full in the Appendix to this Letter and are subject to Shareholders' approval by way of special resolution.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 **Directors' Interests.** The interests of the Directors in Shares, as extracted from the Register of Directors' Shareholdings, as at the Latest Practicable Date, are set out below:

	Number of Shares			Total Percentage Interest ⁽¹⁾
	Direct Interest	Deemed Interest	Total Interest	
Ordinary Shares				
Simon Israel	1,114,652 ⁽²⁾	1,360 ⁽³⁾	1,116,012	nm ⁽⁷⁾
Lee Theng Kiat	-	-	-	-
Chua Sock Koong	8,588,872 ⁽⁴⁾	3,174,949 ⁽⁵⁾	11,763,821	0.1
Gautam Banerjee	-	-	-	-
Bradley Horowitz	-	-	-	-
Gail Kelly	-	-	-	-
Low Check Kian	1,490	-	1,490	nm ⁽⁷⁾
Christina Ong	-	-	-	-
Teo Swee Lian	1,550	-	1,550	nm ⁽⁷⁾
American Depositary Shares				
Venkataraman (Venky) Ganesan	3,341.45 ⁽⁶⁾	-	3,341.45	nm ⁽⁷⁾

Notes:

⁽¹⁾ Based on the total number of issued Shares as at the Latest Practicable Date, less Shares held in treasury.

⁽²⁾ 1,110,241 Shares held in the name of Citibank Nominees Singapore Pte Ltd and 4,411 Shares held in the name of DBS Nominees (Private) Limited.

⁽³⁾ Held by spouse of Mr Simon Israel.

⁽⁴⁾ 688,750 Shares held in the name of DBS Nominees (Private) Limited and 2,000,000 Shares held jointly with spouse in the name of DBSN Services Pte Ltd.

⁽⁵⁾ This comprises:

(a) 28,137 Shares held by spouse of Ms Chua Sock Koong; and

(b) an aggregate of up to 3,146,812 Shares awarded to Ms Chua Sock Koong pursuant to the Singtel Performance Share Plan 2012 (the "Singtel PSP 2012"), subject to certain performance criteria being met and other terms and conditions. Depending on the extent of the satisfaction of the relevant minimum performance criteria, up to an aggregate of 4,309,544 Shares may be released pursuant to the conditional awards granted.

According to the Register of Directors' Shareholdings, Ms Chua had a deemed interest in 10,836,742 Shares held by DBS Trustee Limited, the trustee of a trust established for the purposes of the Singtel Performance Share Plan and the Singtel PSP 2012 for the benefit of eligible employees of the Group, as at 19 November 2012, being the date on which the Securities and Futures (Disclosure of Interests) Regulations 2012 (the "SFA (DOI) Regulations") came into operation. Under regulation 6 of the SFA (DOI) Regulations, Ms Chua is exempted from reporting interests, and changes in interests, in Shares held by the trust, with effect from 19 November 2012.

⁽⁶⁾ 1 American Depositary Share represents 10 Shares.

⁽⁷⁾ "nm" means not meaningful.

4.2 **Substantial Shareholders' Interests.** The interests of the substantial Shareholder in Shares, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date, are set out below:

	Number of Shares			Total Percentage Interest ⁽¹⁾
	Direct Interest	Deemed Interest	Total Interest	
Temasek Holdings (Private) Limited	8,132,818,602	457,241,293 ⁽²⁾		52.61

Notes:

⁽¹⁾ Based on the total number of issued Shares as at the Latest Practicable Date, less Shares held in treasury.

⁽²⁾ Deemed through interests of subsidiaries and associated companies.

Letter to Shareholders

5. DIRECTORS' RECOMMENDATIONS

- 5.1 **Proposed Renewal of the Share Purchase Mandate.** The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 10, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2020 AGM.
- 5.2 **Proposed Alterations to the Constitution.** The Directors are of the opinion that the proposed alterations to the Constitution are in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 11, being the Special Resolution relating to the proposed alterations to the Constitution to be proposed at the 2020 AGM.

6. INSPECTION OF DOCUMENTS

The following documents may be accessed at the web-links stated below:

- (a) the Annual Report of the Company for the financial year ended 31 March 2020 at the URL <https://www.singtel.com/about-us/investor-relations/annual-reports>;
- (b) the 2019 Letter at the URL <https://www.singtel.com/about-us/investor-relations/annual-reports>; and
- (c) the Constitution at the URL <https://www.singtel.com/about-us/company/corporate-governance>.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposals, and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

Yours faithfully
for and on behalf of
the Board of Directors of
SINGAPORE TELECOMMUNICATIONS LIMITED

SIMON ISRAEL
Chairman

Letter to Shareholders

The Appendix Proposed Alterations to the Constitution

The alterations which are proposed to be made to the Constitution are set out below. For ease of reference and where appropriate, the full text of the articles of the Constitution proposed to be altered has also been reproduced and the principal amendments are underlined or denoted with strikethroughs.

1. Existing article 21

21. Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid thereon and shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person appointed by the Directors. The facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors. No certificate shall be issued representing shares of more than one class. Share certificates

Proposed alteration to article 21

Article 21 is proposed to be deleted in its entirety and the following is proposed to be substituted in its place:

21. Every share certificate shall be issued in accordance with the requirements of the Act and be under the Seal or signed in the manner set out in the Act under the Seal and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid thereon and shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person appointed by the Directors. The facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors. No certificate shall be issued representing shares of more than one class. Share certificates

2. Existing article 58

58. Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings. Annual General Meeting and Extraordinary General Meeting

Proposed alteration to article 58

Article 58 is proposed to be deleted in its entirety and the following is proposed to be substituted in its place:

58. (A) ~~Save as otherwise permitted under the Act, a~~ An Annual General Meeting shall be held in accordance with the provisions of the Act once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings. Annual General Meeting and Extraordinary General Meeting

(B) The time and place of any General Meeting shall be determined by the Directors. Time and place

3. Existing article 62

62. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say: Routine business

(a) declaring dividends;

(b) receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;

Letter to Shareholders

- (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) appointing or re-appointing the Auditor;
- (e) fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and
- (f) fixing the remuneration of the Directors proposed to be paid in respect of their office as such under article 88 and/or article 89(A).

Proposed alteration to article 62

Article 62 is proposed to be deleted in its entirety and the following is proposed to be substituted in its place:

62. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say: Routine business

- (a) declaring dividends;
- (b) receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;
- (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) appointing or re-appointing the Auditor;
- (e) fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and
- (f) fixing the remuneration of the Directors proposed to be paid in respect of their office as such under article 88 and/or article 89(A).

All other business to be transacted at any General Meeting of the Company shall be deemed to be special business.

4. Existing article 107(C)

(C) An Alternate Director shall (except when absent from Singapore) be entitled to receive notices of meetings of the Directors and shall be entitled to attend and vote as a Director at any such meeting at which his principal is not personally present and generally at such meeting to perform all functions of his principal as a Director and for the purposes of the proceedings at such meeting the provisions of this Constitution shall apply as if he (instead of his principal) were a Director. If his principal is for the time being absent from Singapore or temporarily unable to act through ill health or disability, his signature to any resolution in writing of the Directors shall be as effective as the signature of his principal. To such extent as the Directors may from time to time determine in relation to any committee of the Directors, the foregoing provisions of this article shall also apply *mutatis mutandis* to any meeting of any such committee of which his principal is a member. An Alternate Director shall not (save as aforesaid) have power to act as a Director nor shall he be deemed to be a Director for the purposes of this Constitution.

Powers of Alternate Directors

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Proposed alteration to article 107(C)

Article 107(C) is proposed to be deleted in its entirety and the following is proposed to be substituted in its place:

(C) An Alternate Director shall ~~(except when absent from Singapore)~~ be entitled to receive notices of meetings of the Directors and shall be entitled to attend and vote as a Director at any such meeting at which his principal is not personally present and generally at such meeting to perform all functions of his principal as a Director and for the purposes of the proceedings at such meeting the provisions of this Constitution shall apply as if he (instead of his principal) were a Director. If his principal is for the time being absent from Singapore or temporarily unable to act through ill health or disability, his signature to any resolution in writing of the Directors shall be as effective as the signature of his principal. To such extent as the Directors may from time to time determine in relation to any committee of the Directors, the foregoing provisions of this article shall also apply *mutatis mutandis* to any meeting of any such committee of which his principal is a member. An Alternate Director shall not (save as aforesaid) have power to act as a Director nor shall he be deemed to be a Director for the purposes of this Constitution.

Powers of Alternate Directors

5. Existing article 108(A)

108. (A) Subject to the provisions of this Constitution the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. At any time any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of the Directors. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Singapore. Any Director may waive notice of any meeting and any such waiver may be retroactive.

Meetings of Directors

Proposed alteration to article 108(A)

Article 108(A) is proposed to be deleted in its entirety and the following is proposed to be substituted in its place:

108. (A) Subject to the provisions of this Constitution the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. At any time any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of the Directors. The accidental omission to give to any Director, or the non-receipt by any Director of, a notice of a meeting of Directors shall not invalidate the proceedings at that meeting. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Singapore. Any Director may waive notice of any meeting and any such waiver may be retroactive.

Meetings of Directors

6. Existing article 125

125. The Directors shall provide for the safe custody of the Seal which shall not be used without the authority of the Directors or of a committee authorised by the Directors in that behalf.

Seal

Proposed alteration to article 125

Article 125 is proposed to be deleted in its entirety and the following is proposed to be substituted in its place:

125. Where the Company has a Seal, The Directors shall provide for the safe custody of the Seal which shall not be used without the authority of the Directors or of a committee authorised by the Directors in that behalf.

Seal

Letter to Shareholders

7. Existing article 126

126. Every instrument to which the Seal shall be affixed shall be signed autographically or by facsimile by one Director and the Secretary or by a second Director or some other person appointed by the Directors save that as regards any certificates for shares or debentures or other securities of the Company the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature or other method approved by the Directors. Affixing Seal

Proposed alteration to article 126

Article 126 is proposed to be deleted in its entirety and the following is proposed to be substituted in its place:

126. Where the Company has a Seal, Every instrument to which the Seal ~~is shall be~~ affixed shall be signed autographically or by facsimile by one Director and the Secretary or by a second Director or some other person appointed by the Directors save that as regards any certificates for shares ~~or debentures or other securities~~ of the Company the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature or other method approved by the Directors. Affixing Seal

8. Existing article 127

127. (A) The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors. Official seal

(B) The Company may exercise the powers conferred by the Statutes with regard to having a duplicate Seal as referred to in Section 124 of the Act which shall be a facsimile of the Seal with the addition on its face of the words "Share Seal". Share Seal

Proposed alteration to article 127

Article 127 is proposed to be deleted in its entirety and the following is proposed to be substituted in its place:

127. (A) Where the Company has a Seal, The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors. Official seal

(B) Where the Company has a Seal, The Company may exercise the powers conferred by the Statutes with regard to having a duplicate Seal as referred to in Section 124 of the Act which shall be a facsimile of the Seal with the addition on its face of the words "Share Seal". Share Seal

9. New article 138A

The following new article 138A is proposed to be inserted after article 138:

138A. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply: Scrip dividend scheme

Letter to Shareholders

- (a) the basis of any such allotment shall be determined by the Directors;
- (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this article 138A;
- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, Provided always that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the "elected shares") and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of article 143, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

(B) The shares of the relevant class allotted pursuant to the provisions of article 138A(A) shall rank *pari passu* in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

Ranking of shares

(C) The Directors may, on any occasion when they resolve as provided in article 138A(A), determine that rights of election under that article shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this article 138A shall be read and construed subject to such determination.

Record date

Letter to Shareholders

(D) The Directors may, on any occasion when they resolve as provided in article 138A(A), further determine that: Eligibility

- (a) no allotment of shares or rights of election for shares under article 138A(A) shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared;
- (b) no allotment of shares or rights of election for shares under article 138A(A) shall be made available or made to any person, or any person and his associates, if such allotment or rights of election would in the opinion of the Directors cause such person, or such person together with his associates, to reach or exceed any of the Prescribed Limits, except with the prior approval of the Minister and/or the applicable regulatory authority, as the case may be, or except as permitted by article 6(B);
- (c) no allotment of shares or rights of election for shares under article 138A(A) shall be made available or made to any person, if such allotment or rights of election would in the opinion of the Directors cause any foreign source, whether alone or together with one or more other foreign sources, to reach or exceed the Foreign Shareholding Limit, except where approval has been granted by the Minister and/or the applicable regulatory authority, as the case may be, for the Company to continue to hold a relevant licence notwithstanding that the Foreign Shareholding Limit has been reached or exceeded; and
- (d) no allotment of shares or rights of election for shares under article 138A(A) shall be made available or made to any person or related group of persons who are not Permitted Person(s), if such allotment or rights of election would in the opinion of the Directors cause such person or related group of persons to have an interest, directly or indirectly, in more than 15 per cent. of the shares issued by the Company, excluding treasury shares, for the time being.

(E) Notwithstanding the foregoing provisions of this article 138A, if at any time after the Directors' resolution to apply the provisions of article 138A(A) in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of article 138A(A). Disapplication

(F) The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of article 138A(A), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down). Fractional entitlements

Letter to Shareholders

10. Existing article 146

146. In accordance with the provisions of the Act, the Directors shall cause to be prepared and to be laid before the Company in General Meeting such financial statements, balance-sheets, reports, statements and other documents as may be necessary. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months (or such other period as may be permitted by the Act).

Presentation of financial statements

Proposed alteration to article 146

Article 146 is proposed to be deleted in its entirety and the following is proposed to be substituted in its place:

146. In accordance with the provisions of the Act, the Directors shall cause to be prepared and to be laid before the Company in General Meeting such financial statements, balance-sheets, reports, statements and other documents as may be necessary. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months (or such other period as may be permitted by the Act and/or the listing rules of the Stock Exchange).

Presentation of financial statements

11. Existing article 158

158. No member of the Company or member of the public shall be entitled to require the Company to disclose any information relating to the business or affairs of the Company which is secret in nature. Such information shall be deemed to be secret in nature if the Directors resolve that in their opinion the matter relates to any of the following:

Secrecy

- (a) any detail of the Company's business or affairs or any contract, agreement or arrangement connected to matters which contain or are affected by confidentiality undertakings or secrecy restrictions and provided always that the Company shall in such cases where the disclosure will not result in a breach by the Company of its confidentiality undertakings or secrecy restrictions disclose the financial impact of such contract, agreement or arrangement on the Company's business or affairs; or
- (b) any detail of the Company's business or affairs the discovery, disclosure or communication of which the Directors determine would or may be detrimental to the interests of the Company or the interests of public security or national defence of the Republic of Singapore or the relations of the Republic of Singapore with the government of another country; or
- (c) any detail of the Company's business or affairs which in the opinion of the Directors it will be inexpedient in the interest of the members of the Company to communicate to the public save as may be authorised or required by law.

Such resolution by the Directors shall be conclusive and binding on all parties concerned and shall not be subject to any judicial review.

Letter to Shareholders

Proposed alteration to article 158

Article 158 is proposed to be deleted in its entirety and the following is proposed to be substituted in its place:

158. No member of the Company or member of the public shall be entitled to require the Company to disclose any information relating to the business or affairs of the Company which is secret in nature. Such information shall be deemed to be secret in nature if the Directors resolve that in their opinion the matter relates to any of the following: Secrecy

- (a) any detail of the Company's business or affairs or any contract, agreement or arrangement connected to matters which contain or are affected by confidentiality undertakings or secrecy restrictions and provided always that the Company shall in such cases where the disclosure will not result in a breach by the Company of its confidentiality undertakings or secrecy restrictions disclose the financial impact of such contract, agreement or arrangement on the Company's business or affairs; or
- (b) any detail of the Company's business or affairs the discovery, disclosure or communication of which the Directors determine would or may be detrimental to the interests of the Company or the interests of public security or national defence of the Republic of Singapore or the relations of the Republic of Singapore with the government of another country; or
- (c) any detail of the Company's business or affairs which in the opinion of the Directors it will be inexpedient in the interest of the members of the Company to communicate to the public save as may be authorised or required by law or by the listing rules of the Stock Exchange.

Such resolution by the Directors shall be conclusive and binding on all parties concerned and shall not be subject to any judicial review.