Letter to Shareholders

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 22 June 2015 (the “Notice”) convening the 23rd Annual General Meeting of the Company to be held on 21 July 2015 (the “2015 AGM”); and

(b) Resolution 11 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 2.1 below), 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 Resolution 11 proposed in the Notice (the “Proposal”).

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.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background. At the Extraordinary General Meeting of the Company held on 25 July 2014 (the “2014 EGM”), 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 Circular to Shareholders and CUFS Holders dated 26 June 2014 (the “2014 Circular”) and Ordinary Resolution 1 set out in the Notice of the 2014 EGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 1 at the 2014 EGM and will expire on the date of the forthcoming 2015 AGM. Accordingly, the Directors propose that the Share Purchase Mandate be renewed at the 2015 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 is 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. 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.

(c) Share repurchase programmes help buffer short-term share price volatility and off-set the effects of short-term speculators and investors and, in turn, bolster shareholder confidence and employee morale.

(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 position of the Company.

2.3 **Authority and Limits of 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 2015 AGM, are substantially the same as were previously approved by Shareholders at the 2014 EGM, and, for the benefit of Shareholders, are summarised below:

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 2015 AGM. Any of the Company’s Shares which are held as treasury shares will be disregarded for purposes of computing the 5% limit.

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 2015 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.
The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual of the SGX-ST (the "SGX 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, Chapter 50 of Singapore (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

(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 takeover 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:

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
(b) in the case of an Off-Market Purchase, 110% of the Average Closing Price of the Shares,

in either case, 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 or 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 after the relevant five-day period, 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.
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 in force as at 30 April 2015, being the latest practicable date prior to the printing of this Letter (the “Latest Practicable Date”), are summarised below:

2.6.1 **Maximum Holdings**

The number of Shares held as treasury shares 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 an employees’ share scheme;

(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 SGX 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.

2.7 **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 2015, are based on the assumptions set out below.
2.7.1 **Number of Shares Acquired or Purchased**

Purely for illustrative purposes, on the basis of 15,943,576,949 Shares in issue as at the Latest Practicable Date and disregarding the 929,710 Shares held in treasury as at the Latest Practicable Date, and assuming no further Shares are issued, and no further Shares are purchased or acquired by the Company, or held as treasury shares, on or prior to the 2015 AGM, the purchase by the Company of 5% of its issued Shares will result in the purchase or acquisition of 797,132,361 Shares.

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

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 797,132,361 Shares at the maximum price of S$4.6242 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 797,132,361 Shares is S$3,686,099,463.73.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 797,132,361 Shares at the maximum price of S$4.8444 for one Share (being the price equivalent to 10% 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 797,132,361 Shares is S$3,861,628,009.62.

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, 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 2015 are set out below and assuming the following:

(a) the purchase or acquisition of 797,132,361 Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases, made as to half out of profits and as to half out of capital and cancelled or held in treasury; and

(b) the purchase or acquisition of 797,132,361 Shares by the Company pursuant to the Share Purchase Mandate by way of Off-Market Purchases, made as to half out of profits and as to half out of capital and cancelled or held in treasury.
Scenario 1(A)
Market Purchases of up to 5% made as to 2.5% out of profits and as to 2.5% out of capital and cancelled

<table>
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<tr>
<th></th>
<th>Group Before Market Purchase $'million</th>
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<th>Company Before Market Purchase $'million</th>
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<td>As at 31 March 2015</td>
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<td>Total Borrowings</td>
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<td>Number of Shares (’000)</td>
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Financial Ratios
Net Assets per Share (S$) 1.55 1.39 1.10 0.91
Gearing (%) 36.31 59.79 6.21 33.94
Current Ratio (times) 0.83 0.81 1.61 1.56

Scenario 1(B)
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

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Net Assets per Share (S$) 1.55 1.39 1.10 0.91
Gearing (%) 36.31 59.79 6.21 33.94
Current Ratio (times) 0.83 0.81 1.61 1.56
Scenario 2(A)

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

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Scenario 2(B)

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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 Shares held in treasury), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 5% of the issued Shares (excluding Shares held in treasury). 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 SGX 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 acceptance of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the SGX Listing Manual (or Appendix 8.3.2 for a company with a dual-listing on another stock exchange)) 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 the number of treasury shares held after the purchase.

2.9 No Purchases During Price Sensitive Developments. While the SGX 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 sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of two weeks immediately preceding the announcement of the Company’s results for each of the first three quarters of the financial year, and during the period of one month immediately preceding the announcement of the full year results.

2.10 Listing Status of the Shares. The SGX 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 8,178,412,486 Shares representing approximately 51.3% of the issued Shares (excluding Shares held in treasury) as at that date. Approximately 48.7% of the issued Shares (excluding Shares held in treasury) were held by public Shareholders as at that date. 929,710 Shares were held by the Company as treasury shares as at the Latest Practicable 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 46.0% 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 the 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 Articles of Association of the Company (the “Articles”) prescribe a limit of 15% of the issued Shares in which any person or related group of persons (other than a person or persons approved by the Directors) may have an interest (the “Individual Shareholding Limit”). The Articles also empower 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);
(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 referred to in the Broadcasting Act (the “Minister”).

In addition, under the Broadcasting Act, the Company cannot, 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 approval of the Info-communications Development Authority of Singapore (the “IDA”).

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 IDA’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) that results 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 IDA’s approval in connection with such Acquiring Party acquiring Voting Shares or Voting Power that results 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.

If the Minister and/or the applicable regulatory authority, as the case may be, is satisfied that a person and/or his associates have acquired Shares which reach or exceed the limits as to interests in shares 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 (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 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 the Shareholder 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 in the capital 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 THE INTEREST IN THE SHARES OF ANY PERSON TO REACH OR EXCEED THE PRESCRIBED LIMITS AND/OR THE INDIVIDUAL SHAREHANDLING LIMIT, AS THE CASE MAY BE (IN PARTICULAR, A PERSON WHOSE INTEREST IN SHARES IS CURRENTLY CLOSE TO ANY OF THE PRESCRIBED LIMITS AND/OR THE INDIVIDUAL SHAREHOLDING LIMIT, AS THE CASE MAY BE).

IN RELATION TO THE INDIVIDUAL SHAREHANDLING 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 LONGER PERIOD AS THE DIRECTORS CONSIDER REASONABLE TO A PERSON QUALIFIED TO HAVE AN INTEREST IN THE AFFECTED SHARES.

IN RELATION TO THE PRESCRIBED LIMITS, PERSONS WHOSE SHAREHOLDINGS (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 CONTINUE TO HOLD, ON SUCH TERMS AS MAY BE IMPOSED BY THE MINISTER (OR, AS THE CASE MAY BE, THE APPLICABLE REGULATORY AUTHORITY), THE SHARES WHICH THEY MAY HOLD IN EXCESS OF THE PRESCRIBED LIMITS 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 INTERESTS OF A 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 THE INTERESTS OF 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 CONTINUE TO HOLD, ON SUCH TERMS AS MAY BE IMPOSED BY THE MINISTER (OR, AS THE CASE MAY BE, THE APPLICABLE REGULATORY AUTHORITY), THE SHARES WHICH THEY MAY HOLD IN EXCESS OF THE PRESCRIBED LIMITS AS A CONSEQUENCE OF SUCH PURCHASE OR ACQUISITION.

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.

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 3.2 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 Shares held in treasury) 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 during the period from 25 July 2014, being the date of the 2014 EGM, to 18 May 2015:

<table>
<thead>
<tr>
<th>Date of purchase or acquisition</th>
<th>Number of Shares purchased or acquired</th>
<th>Highest price paid per Share</th>
<th>Lowest price paid per Share</th>
<th>Total consideration paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>23 Feb 2015</td>
<td>929,710</td>
<td>S$4.19</td>
<td>S$4.17</td>
<td>S$3,879,794.48</td>
</tr>
<tr>
<td>18 May 2015</td>
<td>882,648</td>
<td>S$4.35</td>
<td>S$4.32</td>
<td>S$3,824,728.41</td>
</tr>
</tbody>
</table>

3. **DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS**

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

<table>
<thead>
<tr>
<th>Number of Shares</th>
<th>Direct Interest</th>
<th>Deemed Interest</th>
<th>Total Interest</th>
<th>Total Percentage Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simon Israel</td>
<td>683,500(1)</td>
<td>1,360(3)</td>
<td>684,860</td>
<td>nm(9)</td>
</tr>
<tr>
<td>Chua Sock Koong</td>
<td>5,692,097</td>
<td>4,458,159(4)</td>
<td>10,150,256</td>
<td>0.1</td>
</tr>
<tr>
<td>Bobby Chin</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Fang Ai Lian</td>
<td>91,930</td>
<td>–</td>
<td>91,930</td>
<td>nm(9)</td>
</tr>
<tr>
<td>Venky Ganesan</td>
<td>32,000(10)</td>
<td>–</td>
<td>32,000(5)</td>
<td>nm(9)</td>
</tr>
<tr>
<td>Low Check Kian</td>
<td>1,490</td>
<td>–</td>
<td>1,490</td>
<td>nm(9)</td>
</tr>
<tr>
<td>Peter Mason AM</td>
<td>100,000(11)</td>
<td>–</td>
<td>100,000</td>
<td>nm(9)</td>
</tr>
<tr>
<td>Kai Nargolwala</td>
<td>400,000(12)</td>
<td>–</td>
<td>400,000</td>
<td>nm(9)</td>
</tr>
<tr>
<td>Christina Ong</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Peter Ong</td>
<td>870</td>
<td>1,537(8)</td>
<td>2,407</td>
<td>nm(9)</td>
</tr>
<tr>
<td>Teo Swee Lian</td>
<td>190</td>
<td>–</td>
<td>190</td>
<td>nm(9)</td>
</tr>
</tbody>
</table>

**Notes:**

1. Based on total number of Shares as at the Latest Practicable Date, less Shares held in treasury.
2. 679,089 Shares held in the name of Citibank Nominees Singapore Pte Ltd and 4,411 Shares held in the name of DBS Nominees Pte Ltd.
3. Held by spouse of Mr Simon Israel.
4. This comprises:
   a. 28,137 Shares held by spouse of Ms Chua Sock Koong; and
   b. an aggregate of up to 4,430,022 Shares awarded to Ms Chua Sock Koong pursuant to the Singtel Performance Share Plan (the “Singtel PSP 2003”) and 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 performance criteria, up to an aggregate of 6,546,579 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 PSP 2003 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.

5. Mr Venky Ganesan has an interest in 3,200 American Depositary Shares, evidenced by American Depositary Receipts, representing 32,000 Shares.
6. Held by Burgoyne Investments Pty Ltd as trustee for Burgoyne Superannuation Fund. Both Mr Peter Mason AM and spouse are directors of Burgoyne Investments Pty Ltd and beneficiaries of Burgoyne Superannuation Fund.
7. Held in the name of DBS Nominees Pte Ltd.
8. Held by spouse of Mr Peter Ong.
3.2 **Substantial Shareholders’ Interests.** The interests of the substantial Shareholder in the Shares, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date, are set out below:

<table>
<thead>
<tr>
<th>Substantial Shareholder</th>
<th>Number of Shares</th>
<th>Direct Interest</th>
<th>Deemed Interest</th>
<th>Total Percentage Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temasek Holdings (Private) Limited</td>
<td>8,159,720,944</td>
<td>8,159,720,944</td>
<td>18,691,542</td>
<td>51.3</td>
</tr>
</tbody>
</table>

**Notes:**

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

(2) Deemed through interests of a subsidiary and associated companies.

4. **DIRECTORS’ RECOMMендATION**

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 11, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2015 AGM.

5. **INSPECTION OF DOCUMENTS**

The following documents are available for inspection at the registered office of the Company at 31 Exeter Road, Comcentre, Singapore 239732 during normal business hours from the date of this Letter up to the date of the 2015 AGM:

- (a) the Summary Financial Report and the Annual Report of the Company for the financial year ended 31 March 2015;
- (b) the 2014 Circular; and
- (c) the Memorandum and Articles of Association of the Company.

6. **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 Proposal, and the Company and its subsidiaries which are relevant to the Proposal, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

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

[Signature]

SIMON ISRAEL
Chairman