

Directors' Report

For the financial year ended 31 March 2014

The Directors present their report to the members together with the audited financial statements of the Company ("**SingTel**") and its subsidiaries (the "**Group**") for the financial year ended 31 March 2014.

1. DIRECTORS

The Directors of the Company in office at the date of this report are -

Simon Claude Israel (Chairman)
Chua Sock Koong (Group Chief Executive Officer)
Bobby Chin Yoke Choong
Fang Ai Lian
David Michael Gonski AC ⁽¹⁾
Dominic Chiu Fai Ho
Christina Hon Kwee Fong (Christina Ong) (appointed on 7 April 2014)
Low Check Kian
Peter Edward Mason AM ⁽²⁾
Kaikhushru Shiavax Nargolwala
Peter Ong Boon Kwee

Ong Peng Tsin, who served during the financial year, retired following the conclusion of the Annual General Meeting on 26 July 2013.

⁽¹⁾ Companion of the Order of Australia.

⁽²⁾ Member of the Order of Australia.

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except for performance shares granted under the SingTel Performance Share Plan (the "**SingTel PSP 2003**") and the SingTel Performance Share Plan 2012 (the "**SingTel PSP 2012**").

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3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The interests of the Directors holding office at the end of the financial year in the share capital of the Company and related corporations according to the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act were as follows –

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 31 March 2014	At 1 April 2013 or date of appointment, if later	At 31 March 2014	At 1 April 2013 or date of appointment, if later
Singapore Telecommunications Limited				
(Ordinary shares)				
Simon Claude Israel	602,820 ⁽¹⁾	602,820	1,360 ⁽²⁾	1,360
Chua Sock Koong	4,390,513	4,390,513	4,604,495 ⁽³⁾	4,652,675
Bobby Chin Yoke Choong	–	–	–	–
Fang Ai Lian	91,930	91,930	–	–
David Michael Gonski AC	–	–	–	–
Dominic Chiu Fai Ho	15,000	15,000	–	–
Christina Ong	–	–	–	–
Low Check Kian	1,490	1,490	–	–
Peter Edward Mason AM	100,000 ⁽⁴⁾	100,000	–	–
Kaikhushru Shiavax Nargolwala	400,000 ⁽⁵⁾	400,000	–	–
Peter Ong Boon Kwee	870	870	1,537 ⁽²⁾	1,537
Mapletree Commercial Trust Management Ltd.				
(Unit holdings in Mapletree Commercial Trust)				
Simon Claude Israel	3,456,000 ⁽¹⁾	3,056,000	–	–
Bobby Chin Yoke Choong	–	–	100,000 ⁽²⁾	100,000
Mapletree Greater China Commercial Trust Management Ltd.				
(Unit holdings in Mapletree Greater China Commercial Trust)				
Simon Claude Israel	1,000,000 ⁽¹⁾	1,000,000	–	–
Chua Sock Koong	430,000	–	50,000 ⁽²⁾	–
Peter Ong Boon Kwee	–	–	32,000 ⁽²⁾	32,000
Mapletree Industrial Trust Management Ltd.				
(Unit holdings in Mapletree Industrial Trust)				
Simon Claude Israel	990,160 ⁽¹⁾	990,160	–	–
Chua Sock Koong	11,000	11,000	–	–
Bobby Chin Yoke Choong	129,600	129,600	–	–
Mapletree Logistics Trust Management Ltd.				
(Unit holdings in Mapletree Logistics Trust)				
Simon Claude Israel	1,000,000 ⁽¹⁾	648,000	–	–
(Perpetual securities issued by Mapletree Logistics Trust)				
Kaikhushru Shiavax Nargolwala	5,000 ⁽⁶⁾	–	–	–

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3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 31 March 2014	At 1 April 2013 or date of appointment, if later	At 31 March 2014	At 1 April 2013 or date of appointment, if later
<u>Neptune Orient Lines Limited</u>				
(Ordinary shares)				
Bobby Chin Yoke Choong	—	—	29,489 ⁽²⁾	29,489
<u>Singapore Airlines Limited</u>				
(Ordinary shares)				
Simon Claude Israel	9,000 ⁽¹⁾	9,000	—	—
Chua Sock Koong	2,000	2,000	—	—
Bobby Chin Yoke Choong	—	—	2,000 ⁽²⁾	2,000
Low Check Kian	5,600	5,600	—	—
<u>Singapore Technologies Engineering Limited</u>				
(Ordinary shares)				
Fang Ai Lian	50,000	50,000	—	—
Christina Ong	1	1	—	—
Kaikhushru Shiavax Nargolwala	53,000 ⁽⁶⁾	—	—	—

Notes:

⁽¹⁾ Held in the name of Citibank Nominees Singapore Pte. Ltd.

⁽²⁾ Held by spouse.

⁽³⁾ Chua Sock Koong's deemed interest of 4,604,495 shares included –

(a) 28,137 ordinary shares held by Ms Chua's spouse; and

(b) an aggregate of up to 4,576,358 ordinary shares in SingTel awarded to Ms Chua pursuant to the SingTel PSP 2003 and 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 5,987,061 ordinary 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.

⁽⁴⁾ Held by Burgoyne Investments Pty Ltd as trustee for Burgoyne Superannuation Fund. Both Peter Edward Mason AM and spouse are directors of Burgoyne Investments Pty Ltd and beneficiaries of Burgoyne Superannuation Fund.

⁽⁵⁾ Held in the name of HSBC (Singapore) Nominees Pte. Ltd.

⁽⁶⁾ Held in the name of DBS Nominees Pte. Ltd.

According to the register of Directors' shareholdings, there were no changes to any of the above-mentioned interests between the end of the financial year and 21 April 2014.

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4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the notes to the financial statements and in this report.

5. PERFORMANCE SHARES

The Executive Resource and Compensation Committee ("**ERCC**") is responsible for administering the SingTel performance share plans. At the date of this report, the members of the ERCC are Kaikhushru Shiavax Nargolwala (Chairman of the ERCC), Simon Claude Israel, Fang Ai Lian and Peter Edward Mason AM.

The SingTel PSP 2003 was implemented with the approval of shareholders at the Extraordinary General Meeting held on 29 August 2003. The duration of the SingTel PSP 2003 was 10 years commencing 29 August 2003.

At the Extraordinary General Meeting held on 27 July 2012, the shareholders approved the adoption of the SingTel Performance Share Plan 2012. The duration of the SingTel PSP 2012 is 10 years commencing 27 July 2012. This plan gives the flexibility to either allot and issue and deliver new SingTel shares or purchase and deliver existing SingTel shares upon the vesting of awards.

The SingTel PSP 2003 was terminated following the adoption of the SingTel PSP 2012, without prejudice to the rights of holders of awards accepted and outstanding under the SingTel PSP 2003 as at the date of such termination.

The participants of the performance share plans will receive fully paid SingTel shares free of charge, the equivalent in cash, or combinations thereof, provided that certain prescribed performance targets are met within a prescribed performance period. The performance period for the awards granted is three years, except for Restricted Share Awards which have a performance period of two years. The number of SingTel shares to be allocated to each participant or category of participants will be determined at the end of the performance period based on the level of attainment of the performance targets.

From the commencement of the performance share plans to 31 March 2014, awards comprising an aggregate of 229,678,043 shares and 14,596,373 shares have been granted under the SingTel PSP 2003 and the SingTel PSP 2012 respectively.

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5. PERFORMANCE SHARES (Cont'd)

Performance share awards granted, vested and cancelled during the financial year, and share awards outstanding at the end of the financial year, were as follows –

Date of grant	Balance as at 1 April 2013 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)	Balance as at 31 March 2014 ('000)
Performance shares (General Awards)					
For Group Chief Executive Officer (Chua Sock Koong)					
03.06.10	934	–	(526)	(408)	–
02.06.11	1,013	–	–	–	1,013
	1,947	–	(526)	(408)	1,013
For other staff					
03.06.10	15,999	–	(8,926)	(7,073)	–
01.09.10	40	–	(4)	(36)	–
02.12.10	201	–	(113)	(88)	–
02.03.11	149	–	(84)	(65)	–
02.06.11	18,389	–	(79)	(1,987)	16,323
01.09.11	92	–	–	(5)	87
10.01.12	65	–	–	–	65
15.03.12	72	–	–	(57)	15
	35,007	–	(9,206)	(9,311)	16,490
<i>Sub-total</i>	36,954	–	(9,732)	(9,719)	17,503

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5. PERFORMANCE SHARES *(Cont'd)*

Date of grant	Balance as at 1 April 2013 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)	Balance as at 31 March 2014 ('000)
Performance shares					
(Senior Management Awards)					
For Group Chief Executive Officer (Chua Sock Koong)					
03.06.10	630	–	(558)	(72)	–
02.06.11	655	–	–	–	655
	1,285	–	(558)	(72)	655
For other staff					
03.06.10	2,518	–	(2,240)	(278)	–
02.06.11	2,267	–	–	–	2,267
	4,785	–	(2,240)	(278)	2,267
<i>Sub-total</i>	6,070	–	(2,798)	(350)	2,922
Performance shares					
(Restricted Share Awards)					
For Group Chief Executive Officer (Chua Sock Koong)					
26.06.12	119	–	–	–	119
21.06.13	–	98	–	–	98
	119	98	–	–	217
For other staff					
26.06.12	5,202	–	(58)	(603)	4,541
05.10.12	30	–	–	–	30
25.03.13	39	–	–	–	39
21.06.13	–	4,855	(23)	(209)	4,623
30.09.13	–	12	–	–	12
	5,271	4,867	(81)	(812)	9,245
<i>Sub-total</i>	5,390	4,965	(81)	(812)	9,462

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5. PERFORMANCE SHARES (Cont'd)

Date of grant	Balance as at 1 April 2013 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)	Balance as at 31 March 2014 ('000)
Performance shares					
(Performance Share Awards)					
For Group Chief Executive Officer (Chua Sock Koong)					
26.06.12	1,273	—	—	—	1,273
21.06.13	—	1,418	—	—	1,418
	1,273	1,418	—	—	2,691
For other staff					
26.06.12	6,197	—	—	(412)	5,785
05.10.12	146	—	—	—	146
25.03.13	11	—	—	—	11
21.06.13	—	7,973	—	(205)	7,768
30.09.13	—	15	—	—	15
	6,354	7,988	—	(617)	13,725
<i>Sub-total</i>	7,627	9,406	—	(617)	16,416
<i>Total</i>	56,041	14,371	(12,611)	(11,498)	46,303

During the financial year, awards in respect of an aggregate of 12,587,199 and 23,494 shares granted under the SingTel PSP 2003 and the SingTel PSP 2012 respectively were vested. The awards were satisfied in part by the delivery of existing shares purchased from the market and in part by the payment of cash in lieu of delivery of shares, as permitted under the SingTel PSP 2003 and the SingTel PSP 2012 respectively.

As at 31 March 2014, no participant has received shares pursuant to the vesting of awards granted under the SingTel PSP 2003 and the SingTel PSP 2012 which, in aggregate, represents five per cent or more of the aggregate of -

- (i) the total number of new shares available under the SingTel PSP 2003 and the SingTel PSP 2012; and
- (ii) the total number of existing shares purchased for delivery of awards released under the SingTel PSP 2003 and the SingTel PSP 2012.

Non-executive Directors are currently not eligible to participate in the SingTel performance share plans.

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6. AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises the following members, all of whom are non-executive and the majority of whom, including the chairman, are independent –

Fang Ai Lian (Chairman of the Audit Committee)
Bobby Chin Yoke Choong
Dominic Chiu Fai Ho
Christina Ong (appointed on 2 May 2014)
Peter Ong Boon Kwee

The Audit Committee carried out its functions in accordance with Section 201B of the Singapore Companies Act, Chapter 50.

In performing its functions, the Committee reviewed the overall scope and results of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal auditors to discuss the results of the respective examinations and their evaluation of the Company's system of internal accounting controls. The Committee also held discussions with the internal and external auditors and is satisfied that the processes put in place by management provide reasonable assurance on mitigation of fraud risk exposure to the Group.

The Committee also reviewed the financial statements of the Company and the Group, as well as the Independent Auditors' Report thereon.

In addition, the Committee had, with the assistance of the internal auditors, reviewed the procedures set up by the Company and the Group to identify and report, and where necessary, sought appropriate approval for interested person transactions.

The Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Committee has nominated Deloitte & Touche LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

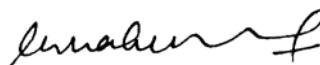
7. AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Directors



Simon Claude Israel
Chairman



Chua Sock Koong
Director

Singapore
14 May 2014