

GUIDELINES ON SUBMISSION OF APPLICATION FOR POSTAL SERVICES OPERATIONS LICENCE

1 INTRODUCTION

- 1.1 The Singapore Basic Mail Services market was liberalised from 1 April 2007. Any person providing the conveyance of letters¹ weighing 500g and below, and performing any services incidental to or in conjunction with conveyance of such letters, is required to obtain a licence from Info-communications Media Development Authority (the “**Authority**”) under the Postal Services Act (Cap. 237A) (the “**Act**”) before commencement of their services.
- 1.2 For more information on the Authority’s decision of the liberalisation of the Basic Mail Services market, please refer to the Authority’s Explanatory Memorandum at www.imda.gov.sg – “Acts -> Acts & Regulations” – “Postal”.
- 1.3 The provision of Express Letter services will continue to be class licensed under the Postal Services (Class Licence) Regulations 2005 (S 481/2005) (the “Class Licence Regulations”). The definition of Express Letter Services covered by the class licence is found in the Class Licence Regulations which are available at www.imda.gov.sg – “Regulations, Licensing and Consultations” – “Acts & Regulations”.
- 1.4 The Authority has developed these Guidelines to provide an overview of the licensing framework for potential licence applicants intending to provide postal services in Singapore.

¹ Under the Postal Services Act (CAP. 237A), a “Letter” refers to any communication in written form on any kind of physical medium to be conveyed and delivered otherwise than electronically to the person or address indicated by the sender on the item itself or on its wrapping (excluding any book, catalogue, newspaper or periodical), and includes a postal article containing any such communication. The Authority will adopt the following interpretations for book, catalogue, newspaper and periodical:

- (i) “book” refers to a written or printed work with pages bound along one side including (but not limited to) a work intended for publication and a bound set of blank sheets for writing or drawing in;
- (ii) “catalogue” refers to a catalogue of goods, services or other items;
- (iii) “newspaper” includes a newspaper as defined in the Newspaper and Printing Presses Act. The Newspaper and Printing Presses Act (Cap 206) defines newspaper as “*any publication containing news, intelligence, reports of occurrences, or any remarks, observations or comments, in relation to such news, intelligence, reports of occurrences, or to any other matter of public interest, printed in any language and published for sale or free distribution at regular intervals or otherwise, but does not include any publication published by or for the Government*”; and
- (iv) “periodical” refers to a magazine or similar periodical published at regular intervals.

2 DESCRIPTION OF POSTAL SERVICES

- 21 Postal services refer to any service for the conveyance of postal articles from one place to another by post and include the incidental services of receiving, collecting, sorting, sending, despatching and delivering such articles and any other service which relates to any of those services and is provided in conjunction with any of them.
- 22 Parties intending to provide postal services for the conveyance of letters not exceeding 500g per piece will require a Postal Services Operations (“**PSO**”) licence from the Authority. Parties intending to provide Express Letter Services are required to register with the Authority for a separate Express Letter Services class licence.
- 23 The range of postal services that may be provided under a PSO licence category includes, but is not limited to, the following²:
- (a) Conveyance, receipt, collection, sorting, sending, dispatch and delivery of letters within Singapore;
 - (b) Conveyance, receipt, collection, sorting, sending, dispatch and delivery of letters from an overseas country into Singapore (Incoming International Letters); and/or
 - (c) Conveyance, receipt, collection, sorting, sending, dispatch and delivery of letters from or through Singapore (Outgoing and Transiting International Letters)
- 24 Mailroom operations can include the activities mentioned in the above paragraph 2.3. Mail operations of the following nature will require a PSO licence:
- (a) the provision of internal mailroom collection, sorting and distribution services provided to an organisation occupying multiple premises (Intra-Organisation Mailroom Service (Multiple Premises));
 - (b) the provision of internal mailroom collection, sorting and distribution services provided to an organisation and its related or affiliated organisations (Inter-Organisation Mailroom Service); and
 - (c) the collection and processing (includes franking) of outgoing local and international mails from an organisation, followed by the subsequent forwarding of such mails to a licensed postal operator for delivery to the intended recipients via the postal network.
- 25 Parties intending to provide conveyance, receipt, collection, sorting, sending, dispatch and delivery of only “direct mail” do not require a licence from the

² Express letter services as defined in the Class Licence Regulations may not be provided under a PSO Licence.

Authority. “Direct mail” refers to “a letter consisting solely of advertising, marketing or publicity material and comprising an identical message, except for the addressee’s name, address and identifying number and any modifications which do not alter the nature of the message, which is sent to more than one addressee”.

3 GENERAL LICENSING AND REGULATORY FRAMEWORKS

Licensing Framework

- 3.1 Parties interested to apply for a PSO Licence shall submit their application for a licence to the Authority in accordance with the requirements outlined in section 4 of these Guidelines.
- 3.2 In line with the Authority’s market-based approach, applicants are free to decide on the most appropriate business model for their operations. PSO licensees are not required to provide islandwide delivery and/or collection of postal articles. However, a PSO licensee will be obliged to complete the delivery of any letters that it accepts from end-users. Likewise, there are no requirement for PSO licensees to provide international postal services if they do not choose to do so.
- 3.3 Once the licence is granted, PSO licensees will be required to seek the Authority’s prior approval for any subsequent changes to their service offerings and their postal network.
- 3.4 There is no limit on the number of PSO licences the Authority can issue.
- 3.5 The PSO licensee shall be a company incorporated under the Companies Act (Cap. 50).
- 3.6 There are no foreign equity limits imposed on PSO licensees.

Letter Box Access

- 3.7 PSO licensees will not be issued any letterbox masterdoor keys to HDB letterbox with locked apertures. However, the Authority will facilitate PSO licensee’s access to the delivery network of the designated public postal licensee (“**PPL**”), Singapore Post Ltd (“**SingPost**”), at regulated prices, terms and conditions.

Postal Network

- 3.8 PSO licensees can set up their own postal network, including posting boxes, P.O. boxes or post offices but may need to obtain all required approvals/permits from the relevant authorities for installations on public land (e.g. LTA, SLA, JTC).

Stamps and other Pre-payment Modes

- 3.9 Only designated PPLs will be authorised to issue national postage stamps³.
- 3.10 PSO licensees who wish to produce their own pre-payment impressions or stamp imprints⁴ are allowed to do so subject to the following conditions:
- (a) such impressions or imprints shall not bear the word “Singapore” in any language;
 - (b) such impressions or imprints may not be used for the transmission of international postal article within the framework of the Universal Postal Union (“**UPU**”) unless authorised by the Authority; and
 - (c) the Authority’s prior approval must be obtained for the use of each pre-payment impression or stamp imprints.

All pre-payment impressions and stamp imprints are subject to other applicable laws including the Undesirable Publications Act (Cap. 338) and must be in conformity with the applicable UPU requirements. Such pre-payment impressions or stamp imprints shall not be referred to as “postage stamps.”

- 3.11 The Authority reserves the right to reject and can require the PSO licensee to withdraw any prepayment impression or stamp imprint designs. In addition, the Authority shall reject any designs that does not comply with the Authority’s Impression, Stamp and Identifier Mark Design Guidelines (**Annex 1**).

Postal Identifier Mark

- 3.12 All PSO licensees will also be required to register their Identifier Marks with the Authority. A postal “**Identifier Mark**” means any name, number, logo, mark or design that –
- (a) is affixed to or impressed or printed on letters or their wrapping (e.g., envelopes);
 - (b) uniquely identifies that PSO licensee; and
 - (c) clearly indicates to the public that those letters have been, or are intended to be, accepted by that PSO licensee for conveyance by post.
- 3.13 The Authority will publish the Identifier Mark on the Authority’s website for public information. In addition, the Authority will also require PSO licensees to publish their Identifier Marks for public information. The Identifier Marks must be clear and legible to enable letter recipient to identify the PSO.

³ Under the UPU Convention, postage stamps are issued in each country by a competent issuing authority in conformity with the UPU Acts. Postage stamps are a manifestation of state sovereignty and constitute proof of postage as well as a source of revenue as philatelic items.

⁴ In conformity with the UPU convention, such pre-payment impressions or stamp imprints shall not be referred to as “postage stamps”.

- 3.14 PSO licensees will be required to affix a postal "Identifier Mark" on all letters it receives from its end-user. For the avoidance of doubt, where a PSO licensee conveys a letter it received from its end-user to another PSO licensee for delivery, the second PSO licensee handling the letter is not required to affix its Identifier Mark on the letter.
- 3.15 All PSO licensees shall comply with the practices, principles and requirements set out in the Impression, Stamp and Identifier Mark Design Guidelines (**Annex 1**) established and issued by the Authority from time to time.

Safeguarding of Mail Integrity

- 3.16 PSO licensees shall establish, maintain and adhere to appropriate measures to ensure that the risk of loss of, theft of, and damage to letters occurring during the receiving, collecting, sending, sorting, dispatching and delivering to the person to whom or at the premise to which it is addressed is minimised.

Other Licence Obligations

- 3.17 A template of the PSO licence is posted at <http://www.imda.gov.sg>.

Public Postal Licensee

- 3.18 Depending on the scope of their operations and the postal network setup, PSO licensees may apply to be designated as a PPL under section 6 of the Act. In order to qualify to apply to be designated as a PPL, the PSO licensee must demonstrate that its postal network is able to handle incoming and outgoing mail, both domestic and international, to all postal address in Singapore, within the existing Quality of Service ("**QoS**") established by the Authority for PPLs. For example, part of the current QoS for domestic mail requires 98% of letters to be delivered by the next working day and the remaining by the following day. For the full details of QoS, please refer to the posted QoS requirements at www.imda.gov.sg – "Regulations, Licensing and Consultation -> ICT Standards and Quality of Service" – "Quality of Service".
- 3.19 PPLs are required to perform a set of universal service obligations ("**USO**"), for the provision of island-wide letter collection and delivery services to any person who request for such services. PPLs will also be required to establish island-wide post boxes for collection of letters, post offices, and sorting facilities as determined by the Authority. PPLs will enjoy certain safeguards under the Act to facilitate the performance of their USO.
- 3.20 Currently, SingPost is the PPL that is designated as the postal administration for Singapore in the UPU. Should another PPL request to be the designated as the postal administration for Singapore in the UPU, the Authority will evaluate the merits of its requests accordingly and will also take into consideration whether the UPU allows for two licensees to be designated at any one time.
- 3.21 In the interest of ensuring mail security and integrity in the public postal system and safeguarding consumers' interests, the Authority will currently not allow multiple PPLs to have access to the HDB letterbox masterdoor keys.

The Authority will instead facilitate PSO and PPL's access to SingPost's delivery network at regulated prices, terms and conditions. Competing PSOs and PPLs can also attempt to deliver mail to letterboxes with open apertures or to the recipients' premises.

- 322 PPLs can issue stamps imprints and use prepayment impressions as mentioned in the above paragraph 3.10. However, only one PPL, SingPost, is designated to issue national stamps. As national stamps carry the name of the country and not the name of the PPL, it may not be feasible to allow multiple PPLs to issue the same set of national stamps for pre-payment purposes. It will cause consumer confusion and significant difficulty in ensuring that the correct PPL is being paid for the services to be provided.
- 323 For greater operational efficiency and in the public interest, a single national postal code system will be adopted. SingPost will administer and manage the national postal code system. The Authority will not allow another PPL to formulate its own postal codes for conveyance of letters in Singapore. However, the Authority will require SingPost to provide all PSOs access to the national postal code database on request. Further details can be found in the Code of Practice for Common Operational Procedures in the Provision of Postal Services (the "**Postal Operations Code**") [to be] issued by the Authority.
- 324 In both the PSO and PPL licence, the Authority reserves the right to impose certain basic service obligations where necessary.

Licence Evaluation

- 325 The Authority will evaluate a PSO licence application based on its merits. The Authority will take into account the following in its evaluation of the merits of an applicant's proposal:
- (a) vision of the applicant and how this will contribute towards the public and the economy of Singapore;
 - (b) organisational structure and financial capability and strength of the applicant;
 - (c) business and competition strategies of the applicant for the provision of services; soundness of the applicant's business plans and capability to implement the plans;
 - (d) ability in ensuring security and integrity of postal articles; and
 - (e) any other information provided by the applicant.

The Authority will consider the benefits that will be brought by the applicant to end-users and the Singapore economy as a whole in terms of the investments in Singapore; level of service innovation and responsiveness; range and choice of products and services offerings; competitive pricing; level of quality of service⁵ and level of customer service support; and resource limitations and physical constraints, before awarding a licence to an applicant.

⁵ The Authority currently only imposes QoS requirements on designated Public Postal Licensees that are mentioned in paragraph 3.14 of these guidelines.

Please refer to **Annex 2** for details of the basic information to be provided in PSO licence applications.

Regulatory Framework

- 326** All PSO licensees including PPLs will be regulated in accordance with the licensing and regulatory frameworks established by the Authority, which are formulated under the provisions of the Act. Licensees are also required to comply with the Code of Practice for Competition in the Provision of Postal Services ("**Postal Competition Code**"), which aims to ensure the development of a fair and competitive postal environment in Singapore. Other codes of practice and regulatory guidelines include the Postal Operations Code, Accounting Separation Guidelines and minimum Quality of Services standards. Interested parties may refer to the Authority's website for the copy of a generic PSO licence or the licences issued to other PSO licensees, the Postal Competition Code, the Postal Operations Code and other relevant guidelines issued by the Authority⁶.
- 327** The Authority will continue to review and refine the postal framework and codes of practice to ensure their relevance, taking into consideration market trends and developments.

Licence Fees and Licence Duration

- 328** In general, an annual licence fee for PSOs will be payable by each licensee in a sum amounting to 0.4% of the licensee's Annual Gross Turnover ("**AGTO**")⁷, subject to a minimum amount which depends on the services offered. There is no initial one-time licence fee payable. The duration of the licence depends on the scope of the licensee's operations. Successful applicants for the PSO licence will be required to pay the relevant licence fees as stipulated below:

Licence	Licence Fee
<ul style="list-style-type: none">PSO designated as PPL	Initial Fee: None Annual Fee: 0.4% AGTO, subject to a minimum of S\$150,000 per year Licence Duration: 20 ⁸ years, renewable for a further period as the Authority deems appropriate

⁶ The Authority's website address is www.imda.gov.sg. The documents can be found under the Regulations, Licensing and Consultations section.

⁷ Annual Gross Turnover (AGTO) is the annual fair value of the consideration received or receivable for licensable activities taking into account the amount of any trade discounts and volume rebates allowed by the enterprise.

For the computation of the annual licence fee, licensees are required to submit the AGTO that is audited by a certified public accountant using a special purpose audit using auditing standards SSA 800. The template of the audited AGTO statement to be submitted is attached in **Annex 4**.

⁸ With effect from 1 April 2017, the licence duration for a PSO designated as a PPL is hereby revised to 20 years.

<ul style="list-style-type: none"> • PSO 	Initial Fee: None Annual Fee: 0.4% AGTO, subject to minimum of S\$4,000 per year Licence Duration: 10 years, renewable for a further period as the Authority deems appropriate
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Performance Bond

- 3.29 PSO licensees shall provide the Authority with an ongoing performance bond made in favour of the Authority for a sum of \$200,000 if only domestic postal services are provided; or a sum of \$300,000 if both domestic and international postal services are provided, in accordance with the specimen Banker’s Guarantee specified in **Annex 3**. The performance bond shall cover the material commitments and obligations of service provision. The Banker’s Guarantee is required for the duration of the licence and shall be maintained at the amounts specified all times.
- 3.30 Should the Authority forfeit the performance bond of a PSO licensee due to the licensee’s failure in meeting its obligations under the licence, the PSO licensee will be required to provide a fresh banker’s guarantee of the original amount to the Authority within 28 days of the forfeiture.
- 3.31 For PSOs designated as PPLs, because of their USO and the higher investments already made to set up extensive infrastructure to provide island-wide collection and delivery services, the Authority will not require the ongoing performance bond as mentioned in paragraph 3.29 to be provided to the Authority.
- 3.32 However, the Authority will instead require the PPL to rollout their networks and provide services in accordance with the commitments stated in their licence applications. Each PPL shall provide the Authority with a performance bond for a sum amounting to 5% of its total budgeted capital investment as committed in its licence application, in accordance with the specimen Banker’s Guarantee specified in **Annex 3**. The performance bond shall cover the material obligations of rollout, service provision and commitments. Upon completion of the rollout milestones and the Authority’s acceptance of the same, the Banker’s Guarantee will be returned to the PPL.

4 LICENCE APPLICATION PROCEDURE

- 4.1 Interested parties who wish to apply to the Authority for a PSO Licence should submit their application via GoBusiness Licensing at <https://www.gobusiness.gov.sg>. Each applicant should also submit one copy of its applications under a confidential cover with the title clearly marked **“APPLICATION FOR POSTAL SERVICES OPERATIONS LICENCE”**. Each applicant should include all the

basic information requested for in **Annex 2** of this Guidelines and submit their application to the Authority at the following address:

Info-communications Media Development Authority
10 Pasir Panjang Road
#03-01 Mapletree Business City
Singapore 117438
(To: Director-General (Telecoms and Post)
Attention: Industry Liaison Officer)

- 42 Each application should include a content page and an executive summary, highlighting the main points and salient features of the proposal. Each submission should include one CD/DVD containing the application. Applicants should preferably use Microsoft Word and Microsoft Excel for their text and spreadsheets.
- 43 Each applicant will be required to pay an administrative fee of S\$1,000 (inclusive of GST) to cover the Authority's cost of processing the application. The Authority will acknowledge each application. Unless requested by the applicant, the Authority may publicly disclose the identities, including the composition of the applicants. A list of PSOs licensed by the Authority will be posted on the Authority website. The Authority also reserves the right to disclose any information submitted by applicants where the Authority deems necessary for purposes of clarifying the licences awarded. All other commercially sensitive information will be treated in confidence.
- 44 Clarifications/queries submitted in relation to these licensing guidelines and the Authority's corresponding replies may be published on the Authority website, unless the information is deemed to be commercially sensitive by the inquiring party and justified accordingly to the Authority.
- 45 The Authority may seek clarification and additional information from the applicant arising from the licence application. Each application should include an address, contact telephone, facsimile numbers, email address, and the name and designation of the contact person for communication with the Authority.
- 46 Successful applicants will generally be awarded their licences within eight weeks of application submission, provided that the applicant has submitted all the necessary information requested by the Authority for evaluation purposes and the Authority has completed all necessary clarifications with the applicant.
- 47 Once a licence is issued, the licensee must seek the prior approval of the Authority for any subsequent changes to the scope including expansion of scope of its licensed operations and services. Upon approving such changes, the Authority will amend the licence accordingly to incorporate the changes.
- 48 Applicants will be bound by all terms, commitments, offers, presentations, proposals, plans and obligations stated in their applications. Applicants must use their best efforts to ensure that the information and representations

submitted in their applications are accurate in all aspects. Any change in the information contained in the application form, and subsequent information provided to the Authority, must be immediately notified to the Authority.

- 4.9 Successful applicants will be required to launch the commercial services proposed in their applications.

5 ENQUIRIES

- 5.1 Any enquiries concerning licence applications are welcome. Enquiries made in writing should indicate clearly on the cover “**Enquiries on PSO Licence Application**” and should be addressed to:

Info-communications Media Development Authority
10 Pasir Panjang Road
#03-01 Mapletree Business City
Singapore 117438
(To: Director-General (Telecoms and Post)
Attention: Industry Liaison Officer)

Notes:

- 1 **This document has no legal standing and is not intended as a substitute for legal advice. While every effort has been made to provide an accurate and authoritative account of the licensing regime, the licence(s) to be granted to successful applicants will be the complete authoritative text.**
- 2 **The information contained in this document is intended to assist interested parties in applying for the relevant licences. It does not bind the Authority to any particular course of action in relation to the handling of any application, or to the terms of any licence to be granted, or to grant any licence to any party. The Authority reserves the right to change its policies and/or to amend this document without prior notice.**
- 3 **The grant of a licence is at the sole discretion of the Authority. The Authority reserves the right not to accept any application submitted. The Authority will undertake to explain to the applicant concerned, on the applicant’s request, why the applicant is unsuccessful in its application for a licence.**
- 4 **The Authority reserves the right to disclose the identities of parties who have submitted applications. All other information received will be treated in confidence.**

IMPRESSION, STAMP AND IDENTIFIER MARK DESIGN GUIDELINES

Introduction

This set of Guidelines for Prepayment Impression, Stamp Imprints, Postage Stamp, and Identifier Mark Design is issued on 1 April 2007.

The purpose of these Guidelines is to provide guidance to PSOs on the designs it may use for prepayment impression, stamp imprints, Postage Stamps and Identifier Marks used in the course of provision of postal services in Singapore. This is to ensure that the designs used by PSOs do not cause any discomfort or misunderstanding with the general public.

(1) Definitions

In these Guidelines, unless the context otherwise requires, the following definitions shall apply:

- a) “Basic Letter” means a letter of up to 500 grams conveyed pursuant to a Basic Letter Service;
- b) “Basic Letter Service” means a service by which a Licensee provides the conveyance of letters of up to 500 grams (including the incidental services of receiving, collecting, sorting, sending, despatching and delivering such Letters and any other service which relates to any of those services and is provided in conjunction with any of them), but excludes Express Letter Services and Direct Mail Services;
- c) “Direct Mail Service” means a service for the conveyance of direct mail;
- d) “Express Letter Service” means an express letter service as defined in the Postal Services (Class Licence) Regulations 2005 (S 481/2005);
- e) “Licensee” means any person to whom the Info-communications Media Development Authority (the “Authority”) has granted a licence for the provision of Basic Letter Service;
- f) “Identifier Mark” means such mark, number or other identifier unique to each Licensee as may be applied by each Licensee and approved by the Authority from time to time;
- g) “Postage Stamp” means any label or stamp for denoting any postage or other sum payable in respect of a postal article, and includes any adhesive postage stamp or stamp printed, impressed or otherwise indicated on a postal article, whether the postage stamp is issued under the Postal Services Act (Cap. 237A) or by the government of any other country;

(2) Prohibited Designs

Licensees shall **not** incorporate any of the following categories of designs in its prepayment impressions, stamp imprints, Postage Stamps or Identifier Marks:

- a) Designs that do not comply with the Undesirable Publications Act (Cap. 388);
- b) Designs that incorporates messages/pictures that may cause misunderstanding or conflict in Singapore's multi-racial and multi-religious nation, or denigrate any race or religion;
- c) Designs that incorporates political symbols, political manifestoes or defamatory messages;
- d) Designs that incorporates animals that are considered unclean or offensive by religions e.g. pigs;
- e) Designs that incorporates messages/pictures that may erode the core moral values of society; or
- f) Designs that incorporates messages/pictures that may undermine Singapore's stability and security.

INFORMATION TO BE PROVIDED IN PSO LICENCE APPLICATIONS

1 Vision

The applicant shall outline its own vision and how this will contribute towards the public and the economy of Singapore.

2 Organisational structure/financial capability and strength

The applicant shall provide information on:

- (a) the nature and structure of the applicant (for consortium members or single entity) in terms of whether:
 - (i) it has any subsidiary or associated companies, joint ventures and trusts;
 - (ii) it is a private or public entity; and
 - (iii) if public, details of public listings;
- (b) the corporate and shareholding structure of the applicant clearly indicating the ultimate ownership, both direct and indirect;
- (c) details of the composition of the Board of Directors and management structure;
- (d) details of principal contractors;
- (e) Applicants should submit the following documents:
 - (i) photocopies of the company's incorporation documentation under the Singapore Companies Act, Chapter 50 including certified copies of the company's Memorandum and Articles of Association;
 - (ii) authorised, issued and paid-up capital and relevant certificates indicating the amounts; and
 - (iii) bankers' confirmation of deposits and/or available credit facilities;
- (f) copies of detailed audited accounts of the applicants (i.e. profit and loss accounts, balance sheets, cash flow statements and auditors' reports) for the last three financial years;
- (g) latest interim results of the applicant;
- (h) budgeted projections of the applicant for the next three years (i.e. profit and loss accounts, balance sheets and cash flow statements); and
- (i) a schedule of financial debts, obligations and contingent liabilities of the applicant for the next three years.

The applicant shall provide its business, financial and funding plans of its proposed investment for the first 5 years of operation, including:

- (a) detailed business plans, including the profit and loss accounts, balance sheets and cash flow statements. The profit and loss accounts, balance sheets and cash flow statements shall be prepared in accordance with the Singapore Statements of Accounting Standards. All assumptions used (e.g. asset depreciation policies, subscriber projections, annual increase/decrease in operating expenditure) shall be clearly explained;
- (b) financial ratios including return on assets, return on equity, operating profit margin, net profit margin, current ratio, quick ratio and debt-equity ratio. The formula used in computing each ratio should also be provided;
- (c) forecasts of the internal rate of return, net present value and payback period of the investment. In addition, the net present value at 10%⁹ and corresponding payback period shall be computed. The rate of return normally required by the applicant for capital invested shall also be provided (i.e. the hurdle rate);
- (d) a detailed plan of all capital expenditure and working capital requirements for the first 5 years of operation;
- (e) details of the proposed financing plan, including:
 - (i) the proposed sources of funds and the amounts from each source;
 - (ii) timing of funding initiatives and injection of funds;
 - (iii) planned repayment terms and schedule for loans, loan stock and debentures;
 - (iv) credit facilities available; and
 - (v) provisions made for contingent sources of funds. Where relevant, letters of intent, guarantor letters and other documents should be provided to substantiate the financing plan and loan/credit facilities.

3 Competition strategies for the provision of services

The applicant shall describe in detail all the services it intends to provide, including the timing, and the competition strategies it will use to compete in Singapore's postal market and how its operations will contribute to end users and the economy of Singapore.

The applicant shall provide details:

- (a) of the track record of the consortium partners and/or other relevant parties; and

⁹ 10% takes into consideration the average cost of capital in international capital markets. Applicants may propose other values more appropriate for their specific circumstances.

- (b) on how it will apply and leverage on any relevant experience and expertise from consortium partners or other relevant parties which it commits to Singapore; highlighting how these will give it a strategic or competitive advantage.

4 Postal Network, Services & Operations

The applicant shall provide information on the following:

- (a) Network Setup
The overall postal network that it intends to set up, including but not limited to sorting centres, posting boxes, post offices, P.O. boxes;
- (b) Geographical Coverage & Expansion
The planned geographical coverage of the postal services to be provided upon launch of services and the network expansion plan for the first 5 years of operations;
- (c) Network Facilities and Routes
The planned locations of the postal network such as posting boxes, sorting centres, post offices as well as the delivery routes to be used in the provision of postal services. This should also include whether delivery routes will be on an island-wide basis;
- (d) Postal Services
The postal services that is to be provided, including details such as delivery standards, whether domestic or international postal services are to be provided, whether there is island-wide collection and delivery of letters and proposed pricing, terms and conditions of such services;
- (e) Mail Security & Integrity
Details of procedures to be implemented to ensure mail security and integrity (e.g. how letters are handled within the applicant's delivery system, measures to be taken to prevent unauthorised access to it facilities, mail tracking processes);
- (f) Postal Identifier Marks
Details including actual design where available of Postal Identifier Mark to be used;
- (g) Prepayment impressions / stamp imprints / franking machines
Details including actual design where available of prepayment impressions, stamp imprints and franking machines to be used in the course of providing postal services; and
- (h) International / Transit Postal Services
Where the applicant intends to provide such services, details on the routes used and partners in other countries as well as details on how letters meant for transit through Singapore are conveyed.

The applicant shall also:

- (a) Submit a broad network and service rollout plan and its strategy to implement the roll out of the intended postal services; and

- (b) Demonstrate its experience and capability in the relevant areas for postal services and/or access to such expertise and experience, including managerial expertise.

5 Any other relevant information

The applicant may submit any information not specified above which it considers supportive of its application.

SPECIMEN COPY OF BANKER'S GUARANTEE

Dated { }

{Name of Bank}

{Address of Bank}

To: Info-communications Media Development Authority

10 Pasir Panjang Road
#03-01 Mapletree Business City
Singapore 117438
Attention: Director-General (Telecoms & Post)

Dear Sir

This Banker's Guarantee ("Guarantee") is issued pursuant to Condition 6.1 of the licence to provide [the proposed service] ("Licence") granted to {Name of Licensee} of registered address {Address of Licensee} under section 6 of the Postal Act (Cap. 237A) (the "Act").

We, {Name of Bank} whose registered office is at {Address of Bank} (the "Bank") understand that the Info-communications Media Development Authority ("the Authority") has on {Date of Licence} issued the Licence to {Name of Licensee} to be a Postal Service Operator in Singapore.

Pursuant to Condition 6.1 of the Licence, the Bank hereby issues this Guarantee to secure the due performance of {Name of Licensee's} commitments with respect to the provision of services as stated under Schedule B of the Licence.

The Bank hereby guarantees and undertakes to pay to the Authority up to the sum of **[\$200,000 if only domestic postal services are provided or \$300,000 if both domestic and international postal services are provided.]** ("Guaranteed Amount"), in accordance with the terms and conditions hereinafter contained, if {Name of Licensee} fails to execute the respective commitments made in Schedule B of the Licence.

If {Name of Licensee}, in the Authority's sole and absolute opinion, fails to meet its commitments as stated under Schedule B of its Licence, the Bank guarantees to pay the Authority unconditionally on the Authority's written demand, the relevant sum of the Guaranteed Amount without any notice, reference or further enquiry from {Name of Licensee} or any other party and without requiring or obtaining any evidence or proof that the Authority is entitled to the Guaranteed Amount.

Any such demand made by the Authority shall be conclusive and binding on the Bank notwithstanding any difference between the Authority and **{Name of Licensee}** or any dispute pending before any court, tribunal arbitrator, or any other authority.

Each demand by the Authority shall be accompanied by a certificate signed by an authorised officer(s) of the Authority substantially in the form as set out in the Schedule. The authorised officer(s) shall be any person who is appointed as such by the Authority and shall be subject to such change(s) as deemed necessary by the Authority from time to time. the Authority may not make a demand in any other manner except as expressly provided in this Guarantee.

All payments by the Bank to the Authority shall be by way of a **{Singapore or United States}** dollar crossed cheque, drawn on a bank in Singapore and made in favour of the "Info-communications Media Development Authority".

The Bank shall pay the Authority within five (5) business days after the date on which the Authority makes a demand of a relevant sum of the Guaranteed Amount on the Bank, failing which the Bank shall pay interest to the Authority at the prevailing prime rate of the bank. The term "Business Day" means a day (other than a Saturday, a Sunday or a public holiday in Singapore) on which commercial banks are open for business in Singapore.

The Bank shall not revoke this Guarantee during its currency without the Authority's prior written consent and further agrees that the guarantee herein shall be enforceable until the Authority discharges this Guarantee.

This Guarantee shall take effect on the date of the Licence, **{Date of Licence}** and shall remain in force up to and including **{Due date for completion of commitments}** ("Guarantee Validity Period"). The Authority may serve its demand on the Bank at anytime after the expiration of the Guarantee Validity Period but prior to the expiration of one (1) month after the Guarantee Validity Period.

A person who is not a party to this Guarantee has no right under the Contracts (Rights of Third Parties) (Cap. 53B) to enforce any terms of this Guarantee.

This Guarantee shall be governed by and construed in accordance with the laws of Singapore and both parties hereto shall submit to the exclusive jurisdiction of the courts of Singapore.

Note:

* { } Details to be furnished by the Licensee

SCHEDULE

CERTIFICATION OF DEFAULT

Dated { }

To: {Name of bank}
{Address of Bank}

Dear Sirs

BANKER'S GUARANTEE TO SECURE THE OBLIGATION OF {NAME OF LICENSEE} TO THE INFO-COMMUNICATIONS MEDIA DEVELOPMENT AUTHORITY

We refer to the Banker's Guarantee dated **[Date of Guarantee]**. Terms defined in the Guarantee shall, unless otherwise defined herein, have the same meaning in this certification.

We hereby certify that **{Name of Licensee}** has failed to **[meet its commitments as stated under Schedule B of its Licence]** and such failure has not been remedied as at the date hereof.

{Insert name of authorised office of the Info-communications Media Development Authority}

for and behalf of

Info-communications Media Development Authority

INDEPENDENT AUDITOR'S REPORT ON LICENSEE'S ANNUAL GROSS TURNOVER

[To the Board of Directors of _____ (Company) or Other Appropriate Addressee]

Opinion

We have audited the Schedule of the Annual Gross Turnover ("AGTO")¹⁰, in relation to all licensable activities under the [please insert type of licence¹¹] granted to the [Licensee's Name] (the "Licensee") by the Info-communications Media Development Authority ("IMDA"), for the period from [date] to [date] (the "Schedule").

In our opinion, the AGTO totaling [insert amount] in the Schedule is prepared, in all material respects, in accordance with the attached Basis of Preparation.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of our report. We are independent of the Licensee in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to the attached Basis of Preparation to the Schedule, which describes the basis of accounting. The Schedule is prepared to assist the Licensee to meet the requirements of the IMDA in connection with the determination of the Licensee's annual licence fee by the IMDA. As a result, the Schedule may not be suitable for another purpose. Our report is intended solely for the Licensee and the IMDA and should not be distributed to or used by parties other than the Licensee or the IMDA. Our opinion is not modified in respect of this matter.

¹⁰ The AGTO refers to the annual fair value of the consideration received or receivable for licensable activities taking into account the amount of any trade discounts and volume rebates allowed by the [name of Licensee].

¹¹ Types of Licences include, Facilities-Based Operations, Services-Based Operations (Individual), Postal Services Operations, Nationwide Free-to-Air TV Services, Nationwide Free-to-Air Radio Services, Nationwide Subscription TV Services, Niche TV Services.

Responsibilities of Management and Those Charged with Governance¹² for the Schedule

Management is responsible for the preparation of the Schedule in accordance with the Basis of Preparation, and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Licensee's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Schedule.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Licensee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to

¹² Or other terms that are appropriate in the context of the engagement.

communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards¹³.

The engagement partner on the audit resulting in this independent auditor's report is [name]¹⁴.

_____ (Firm)

Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

Enclosure:

The Schedule
Basis of Preparation

¹³ This paragraph is to be included only if the Company is listed.

¹⁴ The engagement partner's name is only disclosed in cases whereby the company is listed.

COMPANY'S LETTERHEAD

**BASIS OF PREPARATION
OF THE ANNUAL GROSS TURNOVER**

Annual Gross Turnover ("AGTO")

The AGTO refers to the annual fair value of the consideration received or receivable for licensable activities in relation to all licensable activities under the [please insert type of licence] granted to [name of Licensee] ("the Licensee") by the Info-communications Media Development Authority taking into account the amount of any trade discounts and volume rebates allowed by the Licensee.