ANNUAL REPORTS AND RELATED DOCUMENTS::

Issuer & Securities

Issuer/ Manager
SINGAPORE POST LIMITED

Securities
SINGAPORE POST LIMITED - SG1N89910219 - S08

Stapled Security
No

Announcement Details

Announcement Title
Annual Reports and Related Documents

Date &Time of Broadcast
16-Jun-2021 07:39:21

Status
New

Report Type
Annual Report

Announcement Reference
SG210616OTHR73YB

Submitted By (Co./ Ind. Name)
Linda Hoon Siew Kin (Ms)

Designation
Group Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)
Please refer to the attachments.

Additional Details

Period Ended
31/03/2021

Attachments

AR_202021.pdf

Letter_to_Shareholders.pdf

Total size =7678K MB

Singapore POST

STRONGER AS ONE

ANNUAL REPORT 2020/21


VISA
SINGPOST CENTRE

OUR VISION

Connecting People, Communities and Commerce

CONTENTS

COMMITTED TO SINGAPORE

We remain committed to Singapore. Whether rain or shine, even through Singapore's most challenging year since independence, we continue to be the nation's trusted postal service provider, making good our promise to ensure that every delivery counts.


L LETTERBOXES
re more, as well as
ckages


Post Office

COMMITTED TO OUR PEOPLE

SingPost's rich legacy in serving Singapore and the world is built on the loyalty, passion and diligence of our people. We are committed to bringing out the best in our people, empowering them to achieve their aspirations as they become the main driving force in our vision of the Future of Post.


SOURCE: ECG (T)
97
SUBJECT 46
FEBURRY
H
Li
Na
K
Rb
Cs
Fr

COMMITTED TO THE FUTURE

We work tirelessly to re-engineer what we think the global logistics landscape should look like, through innovation and relentless service quality enhancements. Forging ahead to realise our vision of the Future of Post, we are harnessing new technology to capitalise on growing opportunities in the booming eCommerce logistics market right here in the Asia-Pacific.

COMMITTED TO THE ENVIRONMENT

We care about the environment because we believe in sustaining a liveable planet for future generations. We continuously think about how we can change the way we operate to reduce our carbon footprint and improve our environmental performance. We are in a position to make an impact on our society's transition to a low-carbon and sustainable future.


Singapore POST
Singapore POST
www.singpost.com

LETTER TO SHAREHOLDERS

Dear Shareholders,

COVID-19 resulted in significant disruption and challenges to the business over the past year. While the business demonstrated resilience, the financial impact is seen in a 40% decline in underlying net profit. This reduction largely came from the decline in domestic mail, the disruption of our International Post and Parcel (IPP) business and heightened COVID-related costs. Shareholders would have noted that the restricted flight capacity in and out of Changi Airport has severely disrupted the IPP business, a significant profit contributor to the Group. Yet, Management has kept the business operating at a break-even level, while continuing to serve key customers, against the expectation that there will be a rebound in the new normal that emerges from this.

Moreover, strong eCommerce volume growth in the Logistics, Domestic Post and Parcel (DPP) segments had buttressed the business against the worst of the headwinds brought about by the pandemic, resulting in a 6.9% rise in Group revenue to S$1.4 billion, and further validating the repositioning of SingPost as an eCommerce logistics provider.

RESILIENCE

In a COVID-19 environment and given the ongoing uncertainty, your Board has placed emphasis on ensuring the ongoing resilience of the business. It is important that we have liquidity and resources to deal with the possibility of further uncertainty, and the capacity to continue investing in transformation to secure our future. This prudence is reflected in this year's dividend recommendation to shareholders. For the first half year, interim dividends of 0.5 cents per share were paid out, and the Board is recommending a final dividend of 0.6 cents per share for your approval at the upcoming Annual General Meeting. Including the proposed final dividend, total dividends for the financial year would be 1.1 cents per share.

TRANSFORMATION

Overall, the Group has seen strong growth in eCommerce Logistics with a significant uplift in the profitability of our Logistics segment in particular for the year.

COVID-19 proved to be a catalyst for eCommerce adoption globally and Logistics hence moved back into the black for the first time in three years, with the segment poised to grow further as eCommerce cements its position as a new shopping norm.

SINGAPORE

Singapore saw very strong eCommerce logistics growth on the back of market growth and share gains, driven by our innovative, trackable letterbox eCommerce product. For the first time, this growth was able to offset the decline in domestic mail volumes.

Our Future of Post project will put in place new infrastructure to provide better customer experience for mail and parcels, enabled by technology. We will be investing to capture eCommerce logistics growth while providing improved Post and Parcel operations, boosting our productivity and reducing our carbon footprint. Deployment is subject to a successful pilot which is currently underway and subject to receiving the necessary regulatory approvals.

AUSTRALIA

Our Australian businesses have shown strong growth in revenue and profitability and this has been accelerated by our investment into Freight Management Holdings (FMH). Australia is an attractive large logistics market which is structurally profitable. There is an opportunity for us to build out our platform, achieve greater scale and evolve Australia into a second home market and a key source of future earnings for the Group.

PROPERTY

Your Board regards Property as a business enabler and a source of relatively stable earnings as it has demonstrated through COVID-19. There is potential to further optimise our Property portfolio as we evolve.

OUR EMPLOYEES

It has been a very tough year for all our employees and the Board extends its thanks for their tireless efforts. Our postal workers continued to serve the community throughout COVID-19 and we express our thanks to our Malaysian colleagues who remained in Singapore to do this, many of whom who have not seen their families for more than a year.

GOVERNANCE

Your Board is committed to improving and upholding the highest standards of governance. During the year, the Company moved up 20 places to rank 12th in the Singapore Governance and Transparency Index (SGTI) 2020.

During the year, the Board placed sustainability high on the Company's agenda. Sustainability will be embedded in our strategy, investments, operations and decision-making. To support this, the Board has formed a Sustainability Committee to provide guidance and oversight to Management.

APPRECIATION

Subsequent to the end of the financial year, Paul Coutts resigned as a Director effective 31 May 2021 and as Group Chief Executive Officer with effect from 31 August 2021. In the past four years, Paul has put in place a new management team and reset the Group's strategy around high growth eCommerce logistics in Singapore and the region. The Board and I extend our thanks to Paul for his service and contribution. The Board has embarked on the GCEO succession process, and will announce the appointment of a new GCEO in due course.

I would like to extend my thanks to my fellow Directors who met often during the year, formally and informally, to provide guidance to Management in navigating a difficult year.

On behalf of the Board, I extend our thanks to shareholders for their support and we look forward to meeting with you at this year's AGM.

Yours sincerely,

SIMON ISRAEL
Chairman

GCEO REVIEW

The past year has been the most challenging for the business in a most unprecedented manner, as we experienced the full-year impact of the COVID-19 pandemic. On a positive note, SingPost's efforts to overcome these difficulties has shown our resilience, even as we continue to navigate and transform, against the backdrop of uncertainty.

Amid the pandemic, SingPost managed to maintain profitability with a 6.9% rise in Group revenue for the financial year, although we experienced a drop of 40% in underlying net profit. In Singapore, we have increased our market-share in eCommerce deliveries to over 50% of the market, riding on record-growth eCommerce volumes as more people shopped online during the pandemic – which, for the first time, has off-set the accelerated decline in letter mail revenues.

RESILIENCE AND SOLIDARITY

Starting the financial year just a week prior to Singapore's Circuit Breaker, SingPost sharpened its focus on ensuring the safety of our employees and steadfast commitment to postal delivery as the country locked down to curb the spread of the coronavirus.

Unlike many across the globe, Singapore's postal service remained undisrupted despite a dire manpower shortage from COVID-19 cases, quarantined employees and team members across the Causeway affected by Malaysia's Movement Control Order. Yet, it was also during this time that we stepped up to support many government and community initiatives in the fight against COVID-19. This included the distribution of medication, hand sanitisers and face masks, alongside other efforts in helping the vulnerable cope with the fallout brought about by the pandemic.

We also launched Asia's first charity stamps on World Kindness Day to help children with special needs from the Movement for the Intellectually Disabled of Singapore (MINDS). These stamps were the first in the region to have their sales proceeds wholly donated to charity.

As a show of solidarity, the Board and my executive team voluntarily took salary reductions for a year. The additional funds were channeled towards allowances and bonuses of frontline team members, who continued to serve the community with much bravery and pride during the pandemic.

COMMITMENT TO TRANSFORMATION

Continuous innovation remains the way forward for SingPost to stay relevant and competitive. Beyond simply transforming our infrastructure, products and processes, the mindsets of our people will have to shift too, for our collective development towards the future. And to progress as one, we need to identify the right talent to lead our transformation efforts.

Our investment in a digital transformation and Future of Post has made us more agile in face of the challenges brought about by the pandemic. With rapid growth in eCommerce volumes, we forged ahead with our Future of Post vision, with a one-year public trial of our next-generation smart letterbox, PostPal, in December 2020.

PostPal, with its fully automated mail sorting and delivery technology, will overhaul Singapore's traditional letterbox infrastructure, upgrade the role of the postman, and upskill our people.

This is but the first step in our re-engineering of our postal business to capitalise on smart urban logistics in Singapore, with the aim to transform the national postal system into a national delivery infrastructure and network to move and with the potential to distribute all goods, beyond postal items.

On World Post Day, and for the first time since 2011, we introduced new designs for the entire suite of uniforms for uniformed team members. The new look represents a modern and relevant take on the storied history of Singapore's postal service, even as SingPost embarks on Singapore's urban transformation with its PostPal smart letterbox initiative and the job upskilling of the postman.

In 2020, SingPost was ranked amongst the world's Top 10 Postal Service operators by the Universal Postal Union (UPU), a jump of eight places from the year before. We were also recognised by our regulator for achieving good performance in their recent assessment of our Quality of Service for 2020, even during the pandemic.

BUILDING A SECOND HOME MARKET

Even as the pandemic continues to create disruptions across the global economy, SingPost actively explored opportunities to navigate through the challenges, and at the same time, sought new eCommerce growth opportunities in both Singapore, and the Asia-Pacific.

In October 2020, we announced our strategic investment in Freight Management Holdings (FMH), a 4th party logistics (4PL) service company, to scale up our eCommerce logistics capabilities in Australia.

With our current presence in one of the largest eCommerce markets in Asia-Pacific, our latest investment in Australia will be an additional boost to both CouriersPlease as well as Quantium Solutions Australia in providing an end-to-end eCommerce logistics solution, via a hybrid 4PL carrier integrated network. This fulfils both B2B as well as B2C requirements and provides a seamless service within Australia and the wider Asia-Pacific region. We will no doubt reap synergistic benefits, build scale, and grow volumes as we make further inroads in Australia's eCommerce market.

Australia is therefore evolving into a second home market for the Group

and we are building a strong B2B2C network to capitalise on the growing demand for integrated supply chains as well as eCommerce.

GOING FORWARD

There remains significant uncertainty in the operating environment due to COVID-19. The extent and duration of the headwinds are dependent on the developments of the global pandemic. The performance of certain business segments will continue to be affected by factors beyond our control, including the impact of higher international conveyance costs out of Changi Airport in Singapore.

Even as the world continues to battle the pandemic, the climate crisis is yet another priority we have our eye keenly set on fighting against. The recent hiring of our Head of Sustainability to spearhead the Environmental, Sustainability and Governance (ESG) pillars across the business is just but a start of our strengthened emphasis in this arena.

SingPost will continue to execute our transformation initiatives to reposition ourselves for the long term while carefully managing expenses, cashflow and liquidity. We remain committed to the Future of Post, building new growth avenues, and moving forward with our Sustainability agenda.

THANK YOU

I would like to extend my heartfelt appreciation to all our employees, in particular our postmen, parcel ambassadors and post office teams, for their commitment to serving the public throughout the pandemic. Without our people, SingPost will not be where it is today, as we are Stronger as One.

Also, to the Board of Directors, shareholders, partners, customers, and the Union, thank you for your support, commitment, and patience, as SingPost manages the challenges and the journey ahead.

Yours sincerely,

PAUL COUTTS
Group Chief Executive Officer

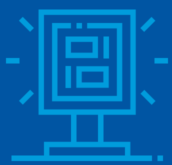
OUR GLOBAL FOOTPRINT

LOCATED IN
17
MARKETS
WORLDWIDE

UP TO
3
MILLION
MAIL ITEMS A DAY

OVER
9,700
POPSTATION LOCKERS
ACROSS 140 LOCATIONS

56
POST OFFICES



801
POSTING BOXES

300
SAM KIOSKS

MORE THAN
21
NATIONALITIES
ACROSS WORKFORCE

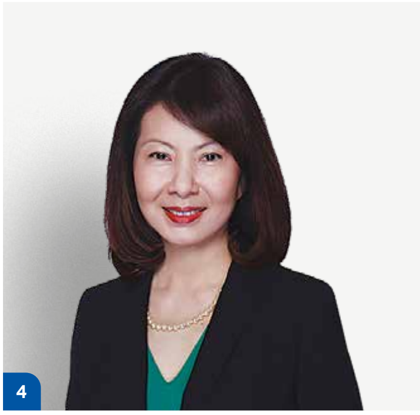
As at 31 March 2021.

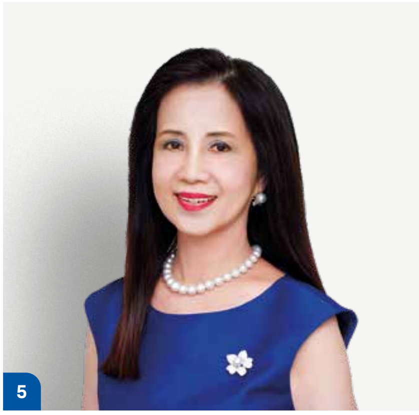
BOARD OF DIRECTORS

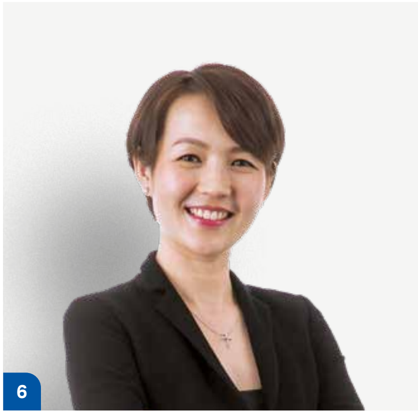

1


2

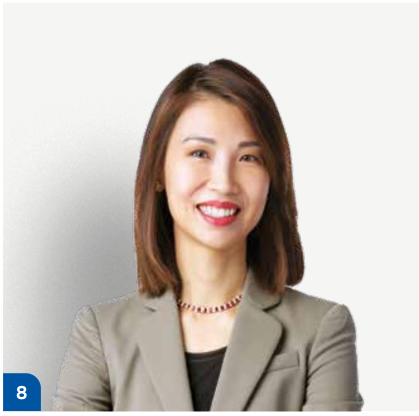

3


4


5


6


7


8


9

1. **Simon Israel**
   Chairman, Non-Executive, Non-Independent Director
2. **Paul William Coutts**
   *Group Chief Executive Officer**
3. **Chen Jun**
   Non-Executive, Non-Independent Director
4. **Chu Swee Yeok**
   Non-Executive, Independent Director
5. **Fang Ai Lian**
   Non-Executive, Lead Independent Director
6. **Elizabeth Kong Sau Wai**
   Non-Executive, Independent Director
7. **Steven Robert Leonard**
   Non-Executive, Independent Director
8. **Lim Cheng Cheng**
   Non-Executive, Non-Independent Director
9. **Bob Tan Beng Hai**
   Non-Executive, Independent Director

* Mr Paul William Coutts ceased to be an Executive, Non-Independent Director with effect from 31 May 2021, and will cease to be Group Chief Executive Officer with effect from 31 August 2021 (or such earlier date as may be agreed).

1. SIMON ISRAEL, 68

Chairman
Non-Executive,
Non-Independent Director

Date of appointment as Chairman:
11 May 2016

Date of first appointment as a director:
11 May 2016

Date of last re-election as a director:
16 July 2020

Board committee(s) served on:
Board Sustainability Committee (Chairman)

Finance and Investment Committee (Chairman)

Compensation Committee (Member)

Nominations and Corporate Governance Committee (Member)

Academic & Professional Qualification(s):
Diploma in Business Studies,
The University of the South Pacific

Present Directorships in other listed companies (as at 31 March 2021):
Nil

Present Principal Commitments (as at 31 March 2021):
Nil

Past Directorships in listed companies held over the preceding five years: (from 1 April 2016 to 31 March 2021)
CapitaLand Limited

Fonterra Co-operative Group Limited

Singapore Telecommunications Limited (Chairman)

Past Principal Commitments held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Fonterra Co-operative Group Limited (Director)

Singapore Telecommunications Limited (Chairman)

2. PAUL WILLIAM COUTTS, 64

Group Chief Executive Officer*

Date of first appointment as a director:
1 June 2017

Date of last re-election as a director:
16 July 2020

Board committee(s) served on:
Nil*

Academic & Professional Qualification(s):
Leadership Programme, Wharton University

Management Programme, DP/DHL University (facilitated by Wharton)

Executive Programme in Strategy and Organisation, Stanford Business School

Senior Management Development Programme, London Business School of Economics

Present Directorships in other listed companies (as at 31 March 2021):
Nil

Present Principal Commitments (as at 31 March 2021):
Nil

Past Directorships in listed companies held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Nil

Past Principal Commitments held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Toll Global Forwarding (Chief Executive Officer)

* Mr Paul William Coutts ceased to be an Executive, Non-Independent Director with effect from 31 May 2021, and will cease to be Group Chief Executive Officer with effect from 31 August 2021 (or such earlier date as may be agreed). Mr Coutts also ceased to be a member of the Board Sustainability Committee with effect from 31 May 2021.

3. CHEN JUN, 47

Non-Executive,
Non-Independent Director

Date of first appointment as a director:
31 July 2014

Date of last re-election as a director:
18 July 2019

Board committee(s) served on:
Finance and Investment Committee (Member)

Academic & Professional Qualification(s):
Bachelor of International Finance and Accounting, Shanghai University

EMBA degree, INSEAD, France

Present Directorships in other listed companies (as at 31 March 2021):
BEST Inc.

XPeng Inc.

Present Principal Commitments (as at 31 March 2021):
Alibaba Group Holding Limited (Senior Vice President)

Past Directorships in listed companies held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Sun Art Retail Group Limited

Past Principal Commitments held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Nil

BOARD OF DIRECTORS

4. CHU SWEE YEOK, 58

Non-Executive,
Independent Director

Date of first appointment as a director:
1 September 2018

Date of last re-election as a director:
18 July 2019

Board committee(s) served on:
Audit Committee (Member)

Board Risk and Technology Committee (Member)

Academic & Professional Qualification(s):
International Directors Programme, INSEAD

Advanced Management Programme, Harvard University

Bachelor of Science (Biochemistry, 2nd Upper), National University of Singapore

Present Directorships in other listed companies (as at 31 March 2021):
Nil

Present Principal Commitments (as at 31 March 2021):
EDBI Pte Ltd (Chief Executive Officer & President)

Past Directorships in listed companies held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Nil

Past Principal Commitments held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Nil

5. FANG AI LIAN, 71

Non-Executive,
Lead Independent Director

Date of first appointment as a director:
10 October 2016

Date of last re-election as a director:
16 July 2020

Board committee(s) served on:
Audit Committee (Chairman)

Nominations and Corporate Governance Committee (Chairman)

Compensation Committee (Member)

Academic & Professional Qualification(s):
Fellow, Institute of Chartered Accountants in England and Wales

Fellow, Institute of Singapore Chartered Accountants

Present Directorships in other listed companies (as at 31 March 2021):
Banyan Tree Holdings Limited (retired in April 2021)

Cromwell EREIT Management Pte. Ltd. (Manager of Cromwell European REIT)

Metro Holdings Ltd

Present Principal Commitments (as at 31 March 2021):
Far East Organization Group (Advisor)

MediShield Life Council (Chairman)

Board of Trustees of the Singapore Business Federation (Chairman)

Tote Board (Board Member)

Past Directorships in listed companies held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Nil

Past Principal Commitments held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Board of Trustees of Singapore University of Technology & Design (Board Member)

6. ELIZABETH KONG SAU WAI, 39

Non-Executive,
Independent Director

Date of first appointment as a director:
10 October 2016

Date of last re-election as a director:
18 July 2019

Board committee(s) served on:
Board Sustainability Committee (Member)

Finance and Investment Committee (Member)

Nominations and Corporate Governance Committee (Member)

Academic & Professional Qualification(s):
Double First in Law, Cambridge University

Present Directorships in other listed companies (as at 31 March 2021):
Nil

Present Principal Commitments (as at 31 March 2021):
3M Innovation Singapore (Asia General Counsel, Enterprise Operations)

Past Directorships in listed companies held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Nil

Past Principal Commitments held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Morgan Lewis Stamford LLC (Director)

Clifford Chance Pte Ltd (Counsel)

7. STEVEN ROBERT LEONARD, 59

Non-Executive,
Independent Director

Date of first appointment as a director:
1 June 2017

Date of last re-election as a director:
16 July 2020

Board committee(s) served on:
Board Risk and Technology Committee (Chairman)

Board Sustainability Committee (Member)

Finance and Investment Committee (Member)

Academic & Professional Qualification(s):
Degree in Business, Southern Methodist University, Dallas, Texas

Present Directorships in other listed companies (as at 31 March 2021):
Asia Satellite Telecommunications Holdings Limited

Present Principal Commitments (as at 31 March 2021):
Singularity University
(Chief Executive Officer)

Past Directorships in listed companies held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Nil

Past Principal Commitments held over the preceding five years: (from 1 April 2016 to 31 March 2021)
SGInnovate
(Founding Chief Executive Officer)

8. LIM CHENG CHENG, 49

Non-Executive,
Non-Independent Director

Date of first appointment as a director:
1 April 2017

Date of last re-election as a director:
16 July 2020

Board committee(s) served on:
Finance and Investment Committee (Member)

Academic & Professional Qualification(s):
Chartered Accountant, Institute of Singapore Chartered Accountants

Master of Business Administration, University of Chicago Booth School of Business

Bachelor of Accountancy, Nanyang Technological University

Present Directorships in other listed companies (as at 31 March 2021):
Nil

Present Principal Commitments (as at 31 March 2021):
Singapore Telecommunications Limited (Group Chief Financial Officer)*

Past Directorships in listed companies held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Nil

Past Principal Commitments held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Board of Governors of Raffles Girls' School (Member)

* Ms Lim Cheng Cheng is currently the Group Chief Corporate Officer of Singapore Telecommunications Limited (Singtel). She assumed this role on 1 April 2021. Prior to that, she was the Group Chief Financial Officer of Singtel till 31 March 2021.

9. BOB TAN BENG HAI, 69

Non-Executive,
Independent Director

Date of first appointment as a director:
10 October 2016

Date of last re-election as a director:
18 July 2019

Board committee(s) served on:
Compensation Committee (Chairman)

Audit Committee (Member)

Board Risk and Technology Committee (Member)

Academic & Professional Qualification(s):
Fellow, Institute of Chartered Accountants in England and Wales

Fellow, Singapore Institute of Directors

Present Directorships in other listed companies (as at 31 March 2021):
Sembcorp Marine Ltd

Managers of Ascott Residence Trust (Chairman)*

SBS Transit Ltd (Chairman) (appointed on 29 April 2021)

Present Principal Commitments (as at 31 March 2021):
Jurong Engineering Ltd (Chairman)

NTUC Club Management Council (Member)

Ong Teng Cheong Labour Leadership Institute (Board Member)

Sentosa Development Corporation (Chairman)

Sembcorp Marine Ltd (Director)

Managers of Ascott Residence Trust (Chairman)*

Past Directorships in listed companies held over the preceding five years: (from 1 April 2016 to 31 March 2021)
SMRT Corporation Ltd

Past Principal Commitments held over the preceding five years: (from 1 April 2016 to 31 March 2021)
Singapore Manufacturing Federation (Member of Board of Governors)

Singapore LNG Corporation Pte Ltd (Chairman)

SMRT Trains Ltd (Director)

SMRT Corporation Ltd (Director)

Institute of Technical Education (Chairman and Board Member)

Inland Revenue Authority of Singapore (Board Member)

SINGEX Holdings Pte Ltd (Chairman)

* Managers of Ascott Residence Trust comprising Ascott Residence Trust Management Limited (Manager of Ascott Real Estate Investment Trust, or "Ascott Reit") and Ascott Business Trust Management Pte. Ltd. (Trustee-Manager of Ascott Business Trust, or "Ascott BT"). Ascott Residence Trust is a stapled group comprising Ascott Reit and Ascott BT with effect from 31 December 2019.

EXECUTIVE TEAM

1. **Paul Coutts**
   *Group Chief Executive Officer**
2. **Richard Lai**
   Group Chief Financial Officer
3. **Vincent Phang**
   Chief Executive Officer, Postal Services and Singapore
4. **Puar Huan Kiap**
   Group Chief Information Officer
5. **Linda Hoon**
   Chief Legal Officer & Group Company Secretary
6. **Cynthia Lee**
   Group Chief Human Resources Officer


1


2


3


4


5


6

* Mr Paul Coutts will cease to be Group Chief Executive Officer with effect from 31 August 2021 (or such earlier date as may be agreed).

7. **Lim Jui-I**
Chief Executive Officer, Quantium Solutions

8. **Helen Ng**
Chief Executive Officer, Lock+Store

9. **Robin Goh**
Group Chief Brand & Communications Officer

10. **Sara Gerdner Kalle**
Senior Vice President, Group Sales

11. **Michelle Lee**
Head of Sustainability


7


8


9


10


11

FY20/21
KEY HIGHLIGHTS

As a global company with a deep Singaporean core, SingPost continued pushing its boundaries in FY20/21 despite a global pandemic, constantly transforming the business, strengthening its responsibility towards the local community, cementing its commitment towards sustainability and to drive long-term value for its stakeholders.

COMMUNITY FIRST

- Ensured continuous essential mail and last-mile delivery services in spite of manpower constraints, safe management measures through COVID-19.
- Made changes to how we served Singapore to give customers a peace of mind during the pandemic, such as introduction of contactless deliveries and self-service options.
- Streamlined offerings for Singapore customers, with a simplification of postal rates for packages, postage-paid consumables and local Speedpost services, resulting in cheaper postage for most customers.
- Met IMDA's mandated Postal Quality of Service standards for 2020.

TRANSFORMING SINGAPORE'S POSTAL SYSTEM

- Launched the first public trial of PostPal, SingPost's next generation letterbox, at Clementi in December 2020.
- PostPal, a world's first, represents a new era of letterboxes powered by technology and cutting-edge digital system with capabilities beyond mail delivery.
- Two smart letterboxes on trial, with nine out of every 10 households participating in the trial. Trial to be expanded to other parts of Singapore over the next few months.

DOUBLE DOWN ON A SECOND HOME MARKET

- Acquired 28% equity interest in Freight Management Holdings Pty Ltd, a leading 4th party logistics service company based in Melbourne, Australia.
- The investment will allow the SingPost Group to further scale its Business-to-Business-to-Consumer (B2B2C) logistics capabilities in Australia, as it capitalises on the growing eCommerce segment in the market.
- CouriersPlease saw strong growth buoyed by eCommerce boom as a result of COVID-19, with six new facilities set up across Australia in 2020.

COMMITMENT TO SUSTAINABILITY AND THE COMMUNITY

- Set up of Board Sustainability Committee in February 2021 in recognition of the growing importance of environmental, social and governance to SingPost's purpose in society.
- Launched Asia's first-ever charity stamps in November 2020, with all proceeds from the sale of stamps fully donated to Community Chest, in support of MINDS, with dollar-for-dollar matching by SingPost.
- Partnered *My Community Festival* to host SingPost's first-ever community visits, allowing over 100 members of public to go behind-the-scenes at the mail processing centre.

NEW LOOK TO HERALD IN BETTER TIMES AHEAD

- Introduced a new look since 2011 for over 3,000 frontline and operational SingPost staff, including postmen, Inspectors of Post, parcel ambassadors and more.

POST AND PARCEL

The role of SingPost as the nation's sole Public Postal Licensee became even more pronounced in FY20/21, as it braved one of the toughest times in history and continued to serve Singapore as an essential service.

Amid the pandemic, SingPost remained steadfast in its commitment to connect people, communities and businesses, a role it has undertaken since 1858, even as Singapore battles to contain the spread of COVID-19.

FY20/21 was a significantly challenging year for the Post and Parcel business due to the pandemic. With global connectivity severely disrupted as countries closed borders, the International Post and Parcel (IPP) business was greatly impacted due to reduced airfreight capacities leading to delivery delays and suspensions in destination countries. COVID-19 also accelerated the decline of letter mail volumes within Singapore, as companies reduced printed letter volumes and moved to online correspondences with electronic substitution.

In spite of this, SingPost saw a silver lining: an accelerated growth in eCommerce volumes, proving a stronger case for the future of post as more packages and parcels move through the postal system.

DELIVERING AMID COVID-19

COVID-19 had posed unprecedented challenges to operations in FY20/21, which required much grit and determination across all levels to ensure that Singapore's postal services were not disrupted.

One of the biggest challenges faced was Malaysia's Movement Control Order announced in mid-March 2020. SingPost raced against time to secure hotel accommodation for some 600 Malaysian team members who were commuting from Johor daily.

Singapore subsequently announced its own 'Circuit Breaker' for eight weeks between April and June 2020. As an essential service, SingPost persevered with its national postal obligations despite multiple challenges, including a shortage of manpower and having to adhere to government-mandated safe management measures. The team navigated the challenges well and SingPost continued to improve on its domestic service deliveries, with more than 99% of mail delivered by the next working day. Consequently, SingPost also met IMDA's Postal Quality of Service requirements for 2020.

During the pandemic, SingPost had to adjust the way it delivered. For instance, mail and small items, including Registered Service items, were sent directly to the letterbox where possible. SingPost also introduced contactless deliveries for all doorstep deliveries to minimise contact with the recipients. As most non-essential businesses were closed during Circuit Breaker, SingPost held mail for many businesses when their letterboxes were full and re-delivered items as they progressively reopened from June 2020.

Despite being designated as an essential service, only 24 of SingPost's network of 56 post offices remained opened during Circuit Breaker. To minimise crowds at post offices, SingPost encouraged customers to use online services, including the purchase of packing items and postage-paid packaging from its online store. The Circuit Breaker saw a multi-fold jump in online sales of postage-paid packaging products as a result, which persisted even as Singapore's economy progressively reopened.

In a show of solidarity with local businesses and to provide some relief to the manpower crunch, SingPost also worked with government agencies and other companies to hire individuals who were made redundant as a result of COVID-19. For instance, SingPost took on more than 100 staff furloughed from the aviation and hospitality industries to assist with operations at its international cargo-processing facility.

TAPPING ON BOOMING ECOMMERCE DELIVERY VOLUMES

As a nod to the growing eCommerce delivery volumes in Singapore which accelerated due to COVID-19, SingPost had also fast tracked its offerings for both retail and corporate customers to tap on that growth, so as to secure its dominant position in package and parcel deliveries.

This took the form of enhancing products and services by streamlining the pricing structure and rates for letterbox package deliveries and doorstep parcel deliveries in October 2020. Domestic package services were charged at a flat rate, offering savings for most customers compared to before. International postage rates for packages were also simplified to just four weight tiers, making it more user-friendly for customers when calculating postage for their packages.

Since the beginning of the financial year, SingPost also started integrating all its strategic assets and operations, from fulfillment, last-mile delivery to cross-border transshipments. This move offered corporate customers an integrated business-to-business-to-consumer (B2B2C) solution for delivery within and out of Singapore, enabling an omnichannel strategy for those who require both B2B and B2C solutions. The enhanced integration provided immense benefits to the industry through a seamless process that minimised transit and handover risks, as well as provided for better accountability, traceability and overall shortening transit times from warehouse to customer.

To aid local businesses in selling to overseas markets, SingPost also partnered Enterprise Singapore in its Multichannel eCommerce Platform (MEP) Programme. As a programme provider, SingPost offers local SMEs end-to-end solutions, including eCommerce marketing capabilities to promote their wares in overseas markets, as well as manage the entire delivery chain for the fulfillment of their orders.

POST AND PARCEL

INTERNATIONAL POST AND PARCEL

On the international front, SingPost met significant challenges arising from COVID-19 mainly on two fronts: a drop in international air connectivity to and from Singapore, as well as suspension of postal services in many countries due to COVID-19 containment measures.

As COVID-19 grew into a global pandemic, airlines around the world swiftly grounded flights and slashed capacity on passenger routes, resulting in a sudden drop in connectivity to and from Changi Airport. In FY20/21, Changi Airport saw only 71,850 aircraft movements, a decline of over 80% from the 363,700 aircraft movements achieved a year ago, largely contributed by the mass cancellation of passenger services by airlines serving Singapore. As most freight are carried in the cargo hold of passenger aircraft, the sharp drop in passenger flights saw a corresponding drop in available cargo space, compounded by lack of connectivity to some parts of the world due to entry restrictions imposed by many countries.

Besides working with customers to defer certain shipments, SingPost explored alternative modes of transport, including chartering dedicated freighters and sending less time-sensitive shipments via land and sea. Despite the challenges, SingPost managed to hold steady its share of international post and parcel volumes, in part fueled by the increase in eCommerce activity globally.

A BRAND NEW LOOK

In conjunction with World Post Day 2020, SingPost unveiled a band new look for its uniformed staff. Over 3,000 postmen, Inspectors of Post, Speedpost parcel ambassadors, mail processing staff and other uniform-bearing staff donned new uniforms, giving rise to a brand new look for the first time for over a decade.

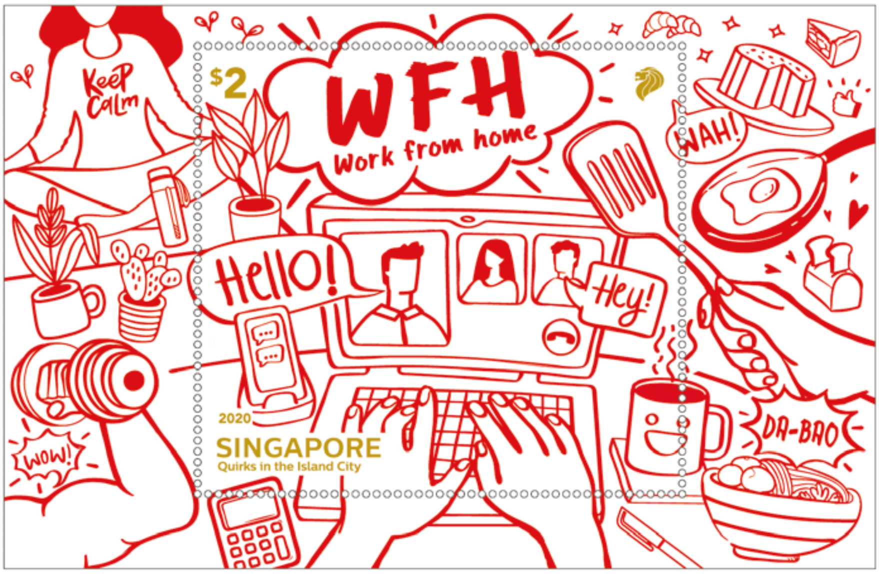
The new uniforms comprise bold blocks of SingPost's corporate colours: blue, red and white, creating a more modern and dynamic look for team members. The new uniforms were also designed with safety and comfort in mind for their respective jobs, such as prominent safety reflective strips for postmen and parcel ambassadors.

PUTTING NEXT-GENERATION LETTERBOXES TO TRIAL

In December 2020, SingPost commenced the public trial of its next-generation smart letterboxes, PostPal. The first PostPal was located at Blk 202 Clementi Avenue 6, with a second unit launched two weeks later at Blk 205. The trial marked a new era of letterboxes powered by technology and cutting-edge digital system with capabilities beyond mail delivery.

Before the commencement of the trial, residents were familiarised with the usage of the new machines through roadshows and door-to-door outreach. Feedback following the trial showed overwhelming support for the use of these new letterboxes.

The live trial of the smart letterboxes came after the unveiling of the prototype a year ago at the Home Delivery Asia 2019 trade show,



with the vision turning into reality. SingPost will be expanding the trial in the coming months, with more letterboxes to be rolled out in other estates around Singapore.

PostPal offers a new letterbox experience for users with features that are world's firsts, such as keyless convenience using the SingPost app to retrieve mail; notifications when residents receive mail; as well as an auto-sorting capability within each PostPal unit, freeing up time that the postman would normally need when sorting the letters manually.

KEEPING SINGAPORE'S STAMPS PROGRAMME GOING

The financial year saw a total of 13 stamp issues marking key events in Singapore and around the world, keeping stamp collectors excited despite the COVID-19 pandemic.

Stamp launches were suspended during the height of the COVID-19 pandemic in Singapore. As a result of Circuit Breaker measures imposed between April and June, the national stamp programme calendar was revised to start later in the year. Stamp issues resumed in August 2020, kicking off the year's collection with Singapore Mascots.

As an affirmation to Singapore's nation-wide efforts to combat COVID-19, the stamp issue in conjunction with National Day 2020, *Quirks in the Island City*, reflected the changes in our lives brought about by COVID-19. Apart from quintessentially Singaporean lingo and traits such as common local coffee-ordering phrases ("kopi-o kosong!"), the stamps also incorporated designs reflecting how Singaporeans have adapted to safe distancing measures and the wearing of face masks.

A special miniature sheet was also issued, featuring a visual summary of the Singaporean lifestyle as the country continued to battle COVID-19, visually representing a plethora of stay-home activities such as working from home, video conferencing sessions, home workouts and baking sessions – many of which would have taken place during the eight-week Circuit Breaker period.

More prominently, SingPost also opened its second Philatelic Store at The Fullerton Hotel. The new store traces the roots of Singapore's rich postal history to the site of its very first General Post Office. It also offers both stamp collectors and overseas visitors the full range of national stamps and philately memorabilia, including a range of gifts exclusive to the new store.

Cavaliere Giovanni Viterale, General Manager of The Fullerton Hotels and Resorts (left) officiating the opening of the Philatelic Store @ Fullerton with Mr Vincent Phang, SingPost CEO for Postal Services & Singapore (right)

ECOMMERCE LOGISTICS

COVID-19 proved to be a double-edged sword for SingPost eCommerce Logistics in 2020. Similar to its counterparts in the industry, SingPost also faced major disruptions in global supply chains and logistics networks. On the other hand, government-mandated movement restrictions and lockdowns imposed around the world spurred a massive and immediate uptick in eCommerce adoption. This resulted in a boom in demand for both domestic in-country and international cross-border eCommerce logistics and fulfilment services, with data suggesting that this trend will continue post the pandemic.

OVERCOMING COVID-19 CHALLENGES

On the domestic in-country eCommerce logistics front, Quantium Solutions (QS) has taken an agile approach to capture growth by leveraging its core strengths. In particular, QS' enhanced campaign management capabilities now offer eCommerce customers a more efficient, versatile and scalable solution to better meet the surge in demand for their products last year due to the pandemic.

This, coupled with operational and process enhancements over the past year, has translated into improved cost efficiency. For example, the introduction of a continuous process improvement programme has helped teams across the QS network to learn from one another and adopt best practices. Furthermore, QS has also expanded its warehousing footprint – by expanding existing facilities and adding new sites – to better support customers' needs.

On the international cross-border front, QS was hampered by air freight connectivity issues to and from Changi Airport as flights were grounded en masse following COVID-19 restrictions imposed by countries worldwide. While dedicated freight networks were unaffected, the bulk of its shipments were carried in the cargo hold of passenger aircraft, so the sharp drop in passenger flights also meant that cargo space evaporated virtually overnight. To overcome this challenge, QS pivoted to offer alternative cross-border solutions to customers, including the use of non-air shipment alternatives. The success of QS' domestic in-country and international cross-border solutions enabled the business to continue delivering year-on-year improvements to profitability despite tremendously challenging circumstances.

SingPost's freight forwarding subsidiary FPS Global Logistics (FPS) also delivered strong results in the face of an unprecedented operating environment. Massive reductions to capacity, a global equipment shortage, record-high freight rates and port congestions constituted major challenges to FPS throughout the year. In response, FPS teams across the network took an entrepreneurial approach to secure capacity and equipment, capture opportunities, and steer the company through the choppy waters. The market outlook in the coming year remains highly challenging, but FPS is well-geared to tide through the tough times.

In Australia, SingPost eCommerce Logistics' subsidiary CouriersPlease (CP) saw strong growth buoyed by an eCommerce boom during

the COVID-19 outbreak last year. Reacting to the spike in delivery volumes, CP expanded its franchisee network and increased its staff and driver numbers. Six new facilities were also set up in New South Wales, Queensland, Western Australia and the Australian Capital Territory to improve processing capabilities and business continuity planning.

In addition, technologies were enhanced to minimise potential delays and improve the delivery experience. All of these initiatives, implemented under strict safety controls and social restrictions mandates, culminated in the delivery of more than 20 million consignments across Australia, with the company registering significant revenue growth for the year. Going forward, CP will continue to invest in operational and technological enhancements as well as service initiatives to strengthen its network and capability.

Despite the pall cast by COVID-19 on international trade flows and supply chains, SingPost eCommerce Logistics has managed to weather the worst of the pandemic. This is a testament to the resilience, adaptability and courage of staff across the network, well positioning SingPost eCommerce Logistics for its transformation and growth journey ahead.

INVESTING IN A POST-COVID WORLD

2020 had been one of the most challenging periods for SingPost eCommerce Logistics, and the outlook in the near term remains uncertain. COVID-19 vaccines are being administered worldwide with countries in the midst of inoculating their citizens, but the reach and efficacy of this global vaccination drive remains to be seen. The recovery in aviation and air travel remains slow in the near term, as international travel continues to be hampered by sporadic COVID-19 outbreaks in various countries. Government-mandated movement restrictions and border closures are still being imposed on a regular basis around the globe.

As the world continues to grapple with COVID-19, SingPost will maintain its vigilance and adapt to the new normal. The business has been successful in maintaining its high service standards over the past year only because of the dedication and commitment of its staff, despite the past year being the most difficult in history of SingPost.

In the year ahead, SingPost eCommerce Logistics will continue to capitalise on the accelerated eCommerce growth across the Asia-Pacific by expanding its warehouse fulfilment footprint in the region and strengthening its capabilities to better meet customers' growing needs. Current processes will continue to be re-engineered to further improve customer experience, efficiency and scalability in light of this new normal. A new cross-border digital platform will also be rolled out to accelerate onboardings, improve operations and enhance data visibility so as to drive business decisions.

SingPost eCommerce Logistics will continue to expand into the Business to Business to Consumer (B2B2C) space on the back of strong demand during the COVID-19 outbreak last year. With the eCommerce volume surge brought on by COVID-19, there is now further impetus for businesses to look for both B2B and B2C capabilities from a single provider. To this end, SingPost acquired a minority stake in Freight Management Holdings, a leading 4th party logistics business in Australia providing integrated, technology-enabled supply chain and distribution solutions. This investment will allow SingPost to further capitalise on the growing eCommerce segment in Australia while scaling up our B2B2C logistics capabilities. Going forward, SingPost eCommerce Logistics is well-positioned to build a strong, integrated B2B2C network that can fulfil both B2B and B2C requirements for customers within Singapore as well as the wider Asia-Pacific region.

PROPERTY

The Property segment continues to reel in the effects of COVID-19, with national efforts taken to curb the spread of the virus, including Singapore's Circuit Breaker and capacity controls for most of the financial year.

COVID-19 IMPACT TO SINGPOST CENTRE

Business performance of SingPost Centre tenants was greatly impacted, with retail lessees hardest hit by scant footfall to the mall at the height of the pandemic. While visitor numbers saw a marked improvement with the subsequent phased reopening of the economy, recovery of mall footfall was long-drawn, largely due to the safe distancing measures and reduced trading hours.

For most of 2020, visitor numbers to SingPost Centre Mall remained lower compared to pre-pandemic days. Stores operated at limited capacities and mall atrium events were absent due to safe distancing concerns.

Besides retail tenants, office tenants at SingPost Centre also faced challenges brought about by COVID-19, with many seeking rental assistance and rent reductions. Some explored cost-cutting measures that included downsizing or relocating to spaces with lower rental rates during this period. This resulted in lower rental income.

The turn of 2021 however saw a recovery for the mall as more people returned to the office, fueled by a general boost in public confidence following the successful vaccine roll-out by the Singapore Government.

SingPost had also passed on property tax rebates bestowed by the government during the pandemic and provided rental waivers for eligible tenants. With most companies adopting alternative work arrangements during the reopening phases, and potentially maintaining the same mode of operation for the longer term, a change in the rental demand trend is expected. Furthermore, with COVID-19 accelerating the growth of eCommerce, brick and mortar retail occupancy is also expected to continue facing headwinds as retailers consolidate and move their operations online.

SingPost engaged tenants even more regularly during the pandemic especially on matters relating to COVID-19, its developments, and government efforts taken to manage the economic fallout. This included sanitation schedules, safe distancing measures, and operating requirements as an effort to ensure that tenants are compliant with all regulatory measures.

RENEWAL OF LEASES AMID COVID-19

Property contribution from SingPost Centre Mall and offices remained relatively stable as most leases expiring in FY20/21 had been renewed. As at 31 March 2021, tenant occupancy at SingPost Centre Mall stood at 94.1% and for the office spaces, 96.6%.

SingPost Centre Mall welcomed numerous new tenants this year despite challenging times. They include the popular Yang Guo Fu Malatang, Lau Wang Claypot and Little Caesars Pizza. These new tenants diversified dining offerings at the mall and drove footfall as well.

Capitaland Retail Management Pte Ltd continues to manage SingPost Centre Mall, taking charge of its marketing and promotional activities, leasing, and facilities management.

SUPPORTING COMMUNITY PREPAREDNESS

From March to April 2020, SingPost participated in Temasek Foundation's #BYOBclean initiative, facilitating the distribution of free hand sanitisers to all households nationwide, in support of community relief efforts.

In October 2020, SingPost supported the government's initiative in distributing TraceTogether tokens at SingPost Centre Mall with safe distancing and crowd control measures.

In addition to the distribution of TraceTogether tokens, a TraceTogether Education booth was set up in December 2020 to raise awareness on TraceTogether-only SafeEntry. This was an effort to help prepare the public for the upcoming implementation of the TraceTogether-only SafeEntry requirement that was to be enforced at most establishments in 2021.

INCREASED FOCUS ON SUSTAINABILITY

SingPost set up a new Board Sustainabiity Committee in 2021 as it renews and strengthens its focus on sustainability to create long-term value for stakeholders. SingPost is committed to rolling out even more green initiatives in the next few years.

As an advocate for environmentally friendly products, SingPost convinced its cleaning vendor to use products certified by the Singapore Green Building Council (SGBC) in FY20/21.

SingPost Centre Mall has also been participating in Earth Hour every year since its opening. This year, on 27 March 2021, the mall's façade lights and non-essential lightings were switched off through the night from 8.30pm in support of Earth Hour.

Distribution of Temasek Foundation's #BYOBclean hand sanitisers to the public at SingPost Centre Mall

As part of the Group's sustainability efforts, SingPost actively explores energy saving initiatives for its properties. Come 2021, SingPost will be replacing its current chiller with a next-generation refrigerant to minimise energy consumption as well as reduce greenhouse gas emissions at SingPost Centre.

Energy is also currently being conserved by varying the speed drives of SingPost Centre's chilled water distribution pumps, condenser water pumps and cooling towers. The water-cooled chilled water plant system efficiency is expected to be further improved by 3.1%. SingPost Centre's energy efficient water-cooled chilled water plant system will achieve 0.64 kW/RT (equivalent to Green Mark Platinum pre-requisite requirement) weighted plant efficiency.

SingPost has adopted a performance-based contracting strategy to ensure that the existing chiller plant continues to deliver optimal performance. SingPost Centre's current estimated energy savings is approximately 200,000 kWh per year, which is equivalent to 82 tons of carbon emissions.

SingPost is also installing a photovoltaic (PV) system at its Regional eCommerce Logistics Hub. The construction of the system is planned for the fourth quarter of 2021 with a projected completion in 2022. When operational, the PV system will provide guaranteed renewable energy of 1,128,524 kWh in the first year, which is equivalent to approximately a reduction of 461 tons in carbon emissions per year.

Distribution of TraceTogether tokens at SingPost Centre Mall with safe distancing and crowd control measures

PROPERTY

LIST OF PROPERTIES

Name	Address	Title	Years	With effect from	Land (sqm)	Building GFA (sqm)
Airmail Transit Centre	21 North Perimeter Road	Leasehold	30	25.09.00	2,890	8,862
Alexandra Post Office	110 Alexandra Road	Leasehold	99	31.03.92	2,305	897
Ang Mo Kio Central Post Office	Blk 727 Ang Mo Kio Ave 6 #01-4246	Leasehold	86	01.10.93	–	218
Bedok Central Post Office	Blk 218 Bedok North St 1 #01-49	Leasehold	86	01.10.92	–	284
Bukit Merah Central Post Office	Blk 165 Bukit Merah Central #01-3689	Leasehold	83	01.03.96	–	232
Bukit Panjang Post Office	10 Choa Chu Kang Road	Leasehold	99	31.03.92	3,264	2,015
Clementi West Post Office	Blk 727 Clementi West Street 2 #01-286	Leasehold	85	01.11.95	–	153
Geylang Post Office	447 Geylang Road	Leasehold	99	31.03.92	449	804
Ghim Moh Estate Post Office	Blk 21 Ghim Moh Road #01-225	Leasehold	82	01.04.94	–	213
Jurong Delivery Base	2 Kian Teck Way	Leasehold	30	16.10.95	4,008	3,574
Jurong West Post Office	Blk 492 Jurong West Street 41 #01-42/44	Leasehold	91	01.01.94	–	120
Kallang Delivery Base	18 Jalan Lembah Kallang	Leasehold	30	16.09.98	2,761	6,872
Katong Post Office	373 Tanjong Katong Road	Leasehold	99	31.03.92	772	616
Killiney Road Post Office	1 Killiney Road	Leasehold	99	31.03.92	1,029	555
Lim Ah Pin Road Post Office	1 Lim Ah Pin Road	Leasehold	99	31.03.92	669	243
Loyang Delivery Base	25 Loyang Lane	Leasehold	30	16.10.95	3,519	3,225
MacPherson Road Post Office	70 MacPherson Road	Leasehold	99	31.03.92	1,918	315
5 Mandai Road	5 Mandai Road	Leasehold	99	31.03.92	2,124	468
Pasir Panjang Post Office	396 Pasir Panjang Road	Leasehold	99	31.03.92	1,726	318
Paya Lebar Delivery Base	755 Upper Serangoon Road	Leasehold	99	31.03.92	1,353	3,012
Serangoon Central Post Office	Blk 261 Serangoon Central Drive #01- 05/07	Leasehold	99	01.07.89	–	120
Serangoon Garden Post Office	54 Serangoon Garden Way	Leasehold	99	31.03.92	1,215	341
Siglap Post Office	10 Palm Ave	Leasehold	99	31.03.92	986	270
Simpang Bedok Post Office	350 Bedok Road	Leasehold	99	31.03.92	1,129	378
Singapore Post Centre	10 Eunos Road 8	Leasehold	99	30.08.82	32,738	137,134
SingPost Regional eCommerce Logistics Hub	37/39 Greenwich Drive	Leasehold	30	16.11.14	32,494	51,358
160 Still Road	160 Still Road	Leasehold	99	31.03.92	506	201
Tampines Delivery Base	29 Tampines Street 92	Leasehold	30	01.01.92	5,000	12,358
Tanglin Post Office	56 Tanglin Road	Leasehold	99	31.03.92	2,643	2,678
Tanjong Pagar Post Office	Blk 1 Tanjong Pagar Plaza #01-25	Leasehold	82	01.01.94	–	151
Teban Garden Post Office	Blk 38 Teban Garden Road #01-316/317	Leasehold	71	01.10.94	–	134
3B Toh Guan Road East	3B Toh Guan Road East	Leasehold	30	01.09.19	10,064	18,126
Towner Post Office	Blk 101 Towner Road #01-204/206	Leasehold	89	01.01.93	–	337
Woodlands Delivery Base	9 Woodlands Walk	Leasehold	30	16.10.95	3,040	2,393

INVESTOR RELATIONS

SingPost proactively engages its shareholders and strives to ensure continuous and effective communications with the investment community.

SingPost's Investor Relations (IR) activities and conduct are guided by its Market Disclosure Policy, which contains the principles, guidelines, and procedures governing market disclosure, as well as the IR Policy, which describes the principles and practices for SingPost to provide current and prospective investors with information necessary to make well-informed investment decisions.

SingPost makes timely disclosures of new material information to all shareholders on SGXNet in compliance with the requirements of the Singapore Exchange (SGX) listing rules. Where there is inadvertent disclosure made to a select group, SingPost will make the same disclosure publicly to all others as promptly as possible via SGXNet.

SingPost management and IR teams proactively engage analysts and investors to keep them updated on matters ranging from business strategies, operational and financial performance, as well as material corporate developments. These take the form of one-on-one and group meetings, conference calls, site visits as well as participation in conferences and non-deal roadshows.

SingPost has always utilised both face-to-face and virtual means for such engagements. With the onset of safe distancing measures and travel restrictions during the COVID-19 pandemic, the SingPost management team has utilised virtual platforms to maintain active engagement with the investment community.

In FY20/21, SingPost management and IR teams engaged over 100 investors substantially through video and audio conferences virtual briefings or web conferences. In the past years, SingPost management team would typically organise four overseas non-deal roadshows on top of local meetings and conferences. However, these meetings had to be conducted virtually in FY20/21 due to travel restrictions.

Over the course of the year, SingPost participated in five virtual investor conferences. These included events co-organised by SGX and investment banks, such as the SGX-CLSA Singapore Corporate Virtual Access Day in November 2020.

Besides discussing financial and operational performance, management also spent time updating investors on SingPost's environmental, social and governance (ESG) initiatives.

SingPost continues to recognise the importance of regular engagements with retail shareholders, and holds annual meetings for retail investors with the Securities Investors Association Singapore (SIAS) to provide an opportunity for investors to interact with Management.

In July 2020, in collaboration with SIAS, retail shareholders were invited to a virtual SingPost-SIAS dialogue session. SingPost Group CEO Mr Paul Coutts and Group CFO Mr Richard Lai presented the Group's financial and operational performance via video conference and engaged in a question-and-answer session with the attendees.

In December 2020, members of SingPost management team met with SIAS management to discuss ways to improve investor outreach and further engage retail investors.

SingPost believes in developing and fostering strong relationships with research analysts, who play an important role in communicating key messages to the investing community, media and general public. Nine research firms covered SingPost during the year.

To facilitate better understanding of the Group's business operations, SingPost organises regular site visits for investors and analysts, which traditionally included visits to the SingPost Regional eCommerce Logistics Hub for a first-hand look at the automation systems used by the eCommerce business. With the introduction of safe distancing measures this year, such visits were not possible, hence SingPost has been using virtual platforms to creatively showcase the capabilities of the eCommerce Logistics Hub online.

SingPost conducts briefings for analysts for each financial results announcement. The public may also access an audio webcast or playback of each results briefing, with the transcript published under the IR section of SingPost's website as soon as practicable.

To ensure timely and accurate dissemination of information, the IR section on SingPost's website is regularly updated and contains all SGXNet announcements, periodic financial statements, investor presentations and AGM-related materials, including minutes of the AGM and the full voting results.

INVESTOR RELATIONS

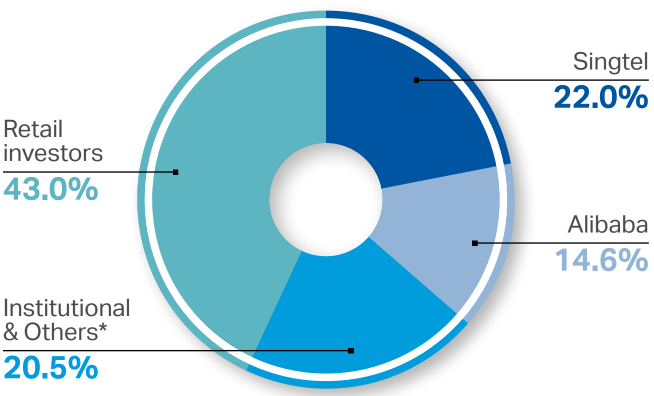
FY20/21 INVESTOR RELATIONS CALENDAR OF EVENTS

H1 FY20/21
• Q4 and Full Year FY19/20 results briefing to analysts and media
• 28th Annual General Meeting
• Q1 FY20/21 business update release
• SIAS-SingPost shareholder engagement
• Virtual investor meetings – Singapore
• Virtual investor meetings – London
• Virtual investor meetings – Australia

H2 FY20/21
• H1 FY20/21 results briefing to analysts and media
• Q3 FY20/21 business update release
• SGX-CLSA Singapore Corporate Virtual Access Day
• UBS virtual conference – Profitable last mile eCommerce deliveries in high density areas
• Virtual investor meetings – Singapore
• Virtual investor meetings – Kuala Lumpur

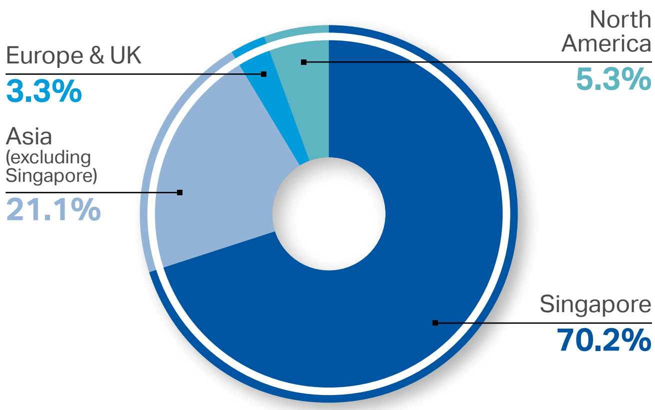
HOLDINGS BY INVESTOR GROUPS

As at 31 March 2021



HOLDINGS BY GEOGRAPHIC DISTRIBUTION

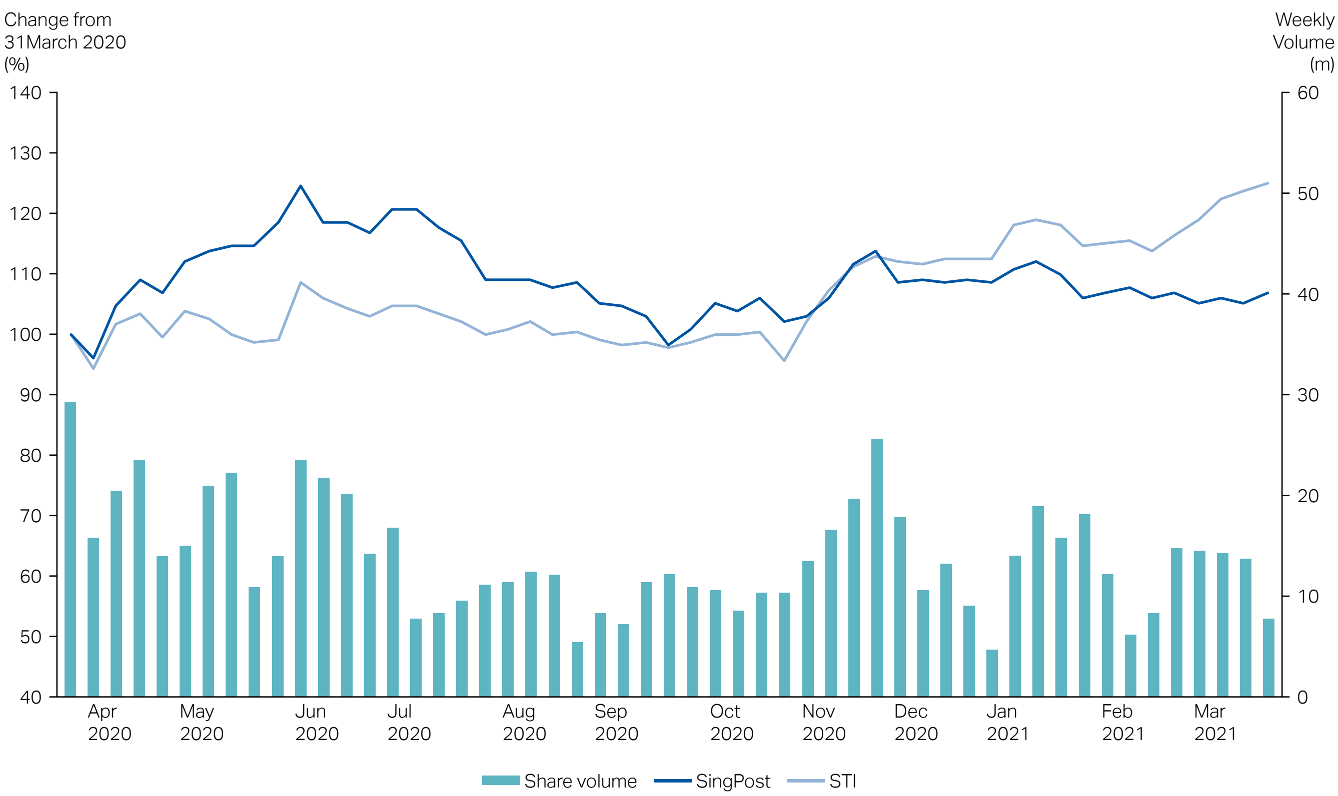
As at 31 March 2021



* Includes shares held by brokers, custodians and nominees

SINGPOST SHARE PRICE AND TRADING VOLUME VS FTSE STRAITS TIMES INDEX

FY20/21



OUR RESPONSE TO COVID-19

Ms Sun Xueling, Minister of State for Education, and Social and Family Development (left) and Ms Sim Ann, former Senior Minister of State for Communications and Information (centre) presented 2,400 masks to SingPost in appreciation of their service to the nation, received by Mr Vincent Phang, CEO, Postal Services and Singapore (right)

> COVID-19 was the single-most disruptive event impacting SingPost's operations and services in recent history. From transshipment delays on a global scale, to extended border closures with Malaysia and infection cases amongst staff members, the pandemic threw a massive spanner in every aspect of the business.

Despite these monumental challenges, SingPost held steadfast to its national responsibility as an essential public service: serving Singapore's postal and last-mile needs even during the darkest days of the pandemic.

As COVID-19 forced people to stay home for most of 2020, eCommerce item volumes surged to record levels as shoppers took to purchasing online. The sustained volumes put a strain on SingPost's operations, which was exacerbated by the border closure between Singapore and Malaysia, preventing daily commute for many postmen that resulted in a massive manpower shortage.

SingPost's mail processing facility was also shut down after team members tested positive for COVID-19, while close contacts were immediately issued quarantine orders. At the height of the pandemic, some 200 team members were quarantined, resulting in further manpower constraints while trying to preserve operational capabilities. Having to process and deliver record volumes of deliveries with significantly reduced manpower while adhering to stringent control measures mandated by the government, 2020 became one of the most challenging years in SingPost's 162-year legacy.

Over the course of the year, SingPost mobilised its resources to meet these challenges head-on. Accommodation and allowances were arranged for Malaysian frontliners who chose to remain in Singapore. In addition, corporate staff were activated to assist in mail delivery where possible. In view of the SingPost Centre cluster of COVID-19 cases, full support was extended to staff who were infected or under quarantine. To prevent further spread of the virus and provide peace of mind to other team members, operations at the Mail Processing Centre were briefly suspended and thoroughly cleaned. All 11 staff members who had contracted COVID-19 have since made a full recovery.

On the international front, global logistics and supply chains halted overnight, as the aviation industry was decimated amid a dearth of travel as countries move to contain COVID-19. In light of these developments, SingPost worked closely with its regional and international counterparts to explore alternate means of international mail delivery, including non-air freight options. For air freight routes that remained open, the cost of shipping rose dramatically but SingPost absorbed the additional costs.

Yet, COVID-19 brought out the resilience of the postal service and the adaptability of its staff members, but also threw its limitations into stark relief. The massive surge in eCommerce item volumes throughout 2020 – almost half of it channeled through Singapore's postal service – underscored the urgency at which critical postal infrastructure and processes needed to be upgraded. The need for a convenient, secure yet contactless delivery method in place of doorstep deliveries for bulky postal eCommerce items as well as Registered Service items also surfaced. Manpower issues caused by the pandemic necessitated a review of operations, on whether SingPost could be less reliant on a large labour force.

SingPost had in late 2019 unveiled a prototype of its smart letterbox as part of its Future of Post vision. When COVID-19 reached Singapore's shores just a few months later, it became eminently clear that the future of post was approaching sooner rather than later, as the pandemic was catalysing the adoption of eCommerce not just in Singapore, but around Asia-Pacific and the world. SingPost doubled down on its Future of Post development over the course of 2020, culminating in the launch of

Staff coaching a resident at Clementi on how to use PostPal

the public trial of PostPal, the world's first smart letterbox, at Blocks 202 and 205, Clementi Avenue 6.

As a next-generation smart letterbox that can accommodate traditional mail as well as postal eCommerce items, PostPal offers a myriad of benefits for residents as well as postmen. Its auto-sorting feature shaves hours off the postman's daily routine, while greatly reducing human error for mail deliveries. PostPal's dynamic mail allocation function enables postal packages to be stored in appropriately-sized compartments so incidences of full letterboxes are significantly reduced. Residents can, for the first time, receive alerts via the SingPost app whenever mail is delivered to PostPal, and would simply need to flash a dynamically generated QR code for retrieval.

PostPal is a welcome upgrade to the letterbox infrastructure that has remained similar in form and function for decades now. Residents' feedback have been most positive, with nine in 10 households registering for the service. What has been particularly heartening is the ease at which even elderly residents have been able to learn to use PostPal. Crucially, its functions and capabilities square with developments and requirements brought on by COVID-19. Following a successful launch in Clementi, SingPost aims to progressively roll out PostPal for trials to various parts of Singapore in the coming year. It bears mention that SingPost is also looking into other technologies and operational enhancements such as smart stamps, allowing all mail to be tracked, integrating post and parcel infrastructure to capitalise on synergies as well as upgrading existing hardware and vehicles to be more efficient and sustainable.

The eCommerce surge driven by COVID-19 is a harbinger of the future. The pandemic has justified SingPost's emphasis on proactively preparing for an eCommerce-led future by reviewing and revamping even foundational aspects of postal operations and services. It has also reaffirmed the postal service as essential to the nation, cementing its importance and relevance in the hearts and minds of the people. But SingPost is more than just a postal service. As a homegrown organisation with over 160 years of service to the nation, SingPost has always championed the uplifting of the vulnerable and needy in the community.

In times of crisis, assistance to this segment of the community is especially important, as they are usually the worst hit. Last year, SingPost partnered with the national Masks Sewn With Love movement, and leveraged its nationwide postal infrastructure and network to deliver more than 180,000 reusable masks sewn by members of the public to the needy and vulnerable, as well as frontline staff.

In February 2020, SingPost also pioneered a medicine delivery service equipped with cold chain capabilities catering to patients who required regular medication but were wary of visiting healthcare institutions. The service afforded patients peace of mind, while alleviating the load of frontline medical workers who could then focus on emergencies and battling the pandemic. The service has been very well received by patients as well as healthcare providers, with coverage expanding from a hospital and three polyclinics at the outset, to all public healthcare institutions currently.

Speedpost medicine delivery staff scanning and packing temperature-controlled medication into medical-grade cooler boxes before delivery

OUR RESPONSE TO COVID-19

Delivering hope and joy has always been a central tenet of SingPost, and it became even more relevant in 2020 as COVID-19 swept across Singapore and the world. As a global company with a deep Singaporean core, SingPost has been exposed to the vagaries of COVID-19, but it remains steadfast in continuing to provide trusted and reliable services despite the circumstances. Even as vaccines are developed and inoculation drives are launched in nations across the world, SingPost will continue to do its part and remain on the front lines until the war against COVID-19 is won.

#HEREWITHYOU INTERNAL CAMPAIGN

As COVID-19 continues to disrupt work environments around the world, SingPost remains committed to continuously engage its employees, look after their mental well-being and morale, and keep them connected during these challenging times.

With heightened concerns of social isolation at the peak of the COVID-19 outbreak in Singapore, #HereWithYou internal campaign was launched to send a simple message across to all its employees across the organisation – "We are HERE WITH YOU as One Team".

#Here With You

A special #HereWIthYou video was created by the global management and ground leadership teams to express their gratitude and support to all its employees, especially the frontline delivery, operations and post office network teams who quietly and tirelessly serve the nation during the Circuit Breaker period.

Various initiatives were also rolled out to care for its employees under the #HereWithYou campaign, including Live Wellness Webinar Series on topics such as self-care and preventing burnout, mental wellness during COVID-19, and physical wellness/ergonomics at home.

#VACCINATED INTERNAL CAMPAIGN

With the rapid roll-out of Singapore's COVID-19 vaccination programme to more high-risk groups and essential workers, including SingPost's frontline essential employees, an internal campaign #Vaccinated was launched by SingPost to promote COVID-19 vaccine awareness and encourage participation. COVID-19 vaccination talks were also organised to help its employees understand the COVID-19 vaccine better and provide support.

LAUNCH OF ASIA'S FIRST CHARITY STAMPS

> Connecting communities has always been at the heart of SingPost, and the company has done much to provide support to the vulnerable and less fortunate over the years. In 2020, SingPost created Asia's first charity stamp series, where sales proceeds were wholly donated to charity.

Amid the difficult circumstances as a result of COVID-19, SingPost did its part to bring hope and cheer to the vulnerable in the community. In particular, SingPost wanted to draw attention to the extraordinary talents of children with special needs, whose abilities are deserving of mention even during good times.

To this end, SingPost partnered the Movement for the Intellectually Disabled of Singapore (MINDS) to run a stamp design competition with their students. The competition, which took place amid nationwide COVID-19 restrictions, saw 16 entries, of which four were eventually selected to be featured on the official stamps.

The designs, sketched by Tan Zhe Kai, 16 (MINDS Towner Gardens School), Nurul Liyana Binte Mohd Arshad, 15 (MINDS Woodlands Gardens School), Leong Shuyi, 14 (MINDS Fernvale Gardens School), and Diman Bin Mamat, 14 (MINDS Lee Kong Chian School), were guided by the themes of "My Family", "My School", "My Dream", and "My Hobbies" respectively.

The stamps were officially launched on World Kindness Day on 13 November 2020 at the MINDS Fernvale Gardens School, with the President of Republic of Singapore, Halimah Yacob, gracing the event. The four winners of the stamp design competition were each awarded a S$1,000 cash prize from SingPost, and a sum of S$168,000 was donated to Community Chest in support of MINDS. The amount is a representation of the total sales of all the charity stamps together with SingPost's dollar-for-dollar matching donation. As a gesture of support, the Istana also committed to using the stamps on all local correspondences sent by Istana during the 2020 year-end festive season.

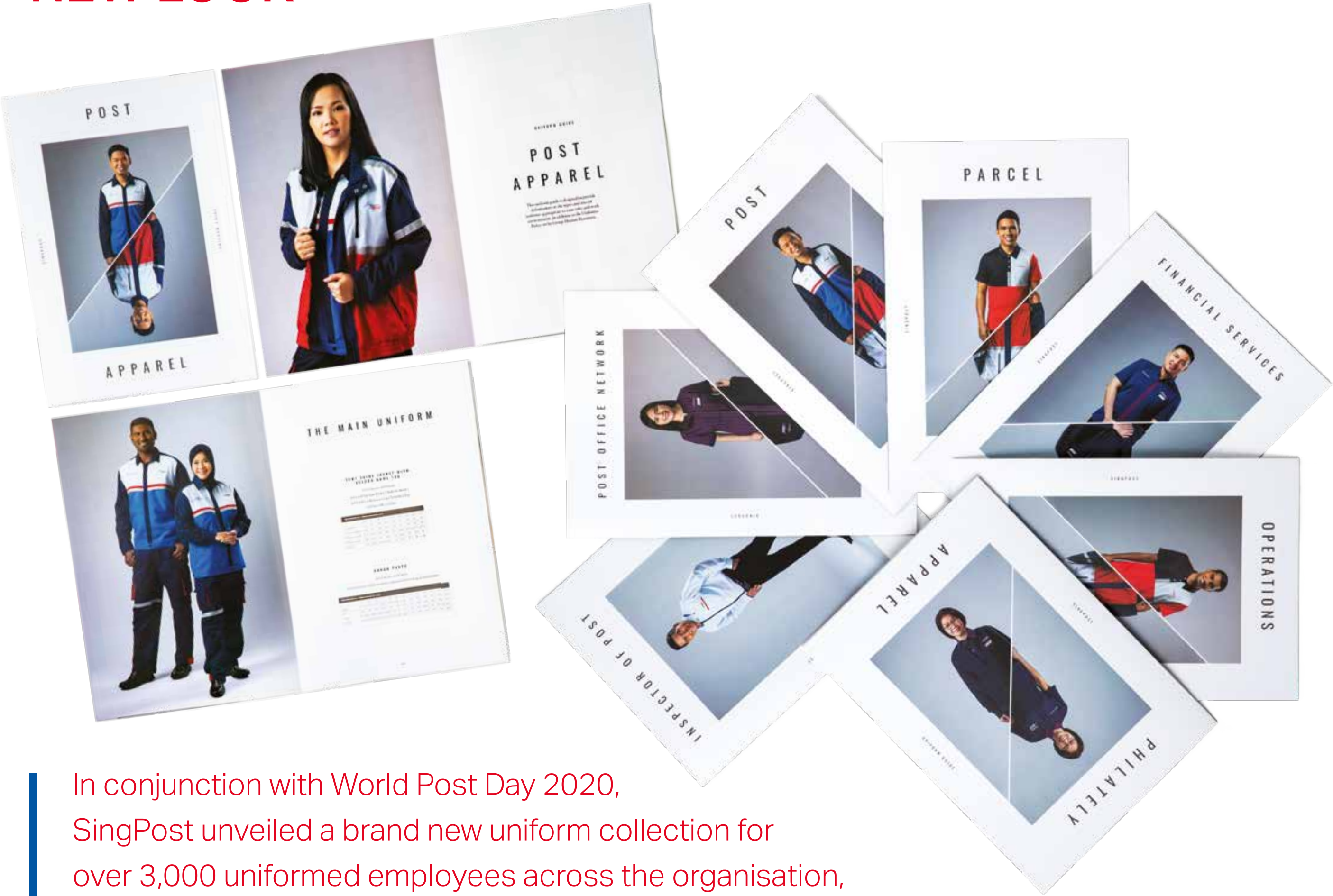
As Singapore's national postal service provider, SingPost is honored to be able to share the talents of these youths – and by extension, all special needs children – with Singapore and the rest of the world.

The initiative demonstrated SingPost's steadfast commitment to furthering the cause of the vulnerable and needy in Singapore, and is the latest representation of its responsibility to the community, which SingPost has upheld for over 160 years.

SingPost Group CEO Mr Paul Coutts (right) presenting a cheque to Mr Phillip Tan, Chairman, Community Chest (left), witnessed by President Halimah Yacob (centre)

Mr Diman Bin Mamat (left), a student at MINDS, presenting his winning artwork to President Halimah Yacob (centre) and SingPost Group CEO Mr Paul Coutts at MINDS Fernvale Gardens School on 13 November 2020

A BRAND NEW LOOK



In conjunction with World Post Day 2020, SingPost unveiled a brand new uniform collection for over 3,000 uniformed employees across the organisation, including postmen, Inspectors of Post, Speedpost parcel ambassadors, mail processing staff and other frontline team members.

It is the first full redesign of the entire suite of postal uniforms since 2011, in the final phase in a year-long refresh of SingPost's frontline image. The first phase of the uniform refresh was completed in 2019, when a new range of uniforms was rolled out for team members from the post offices, financial services, and philatelic stores.

The new look is streamlined to be bold, symbolic and unified, to present a modern and relevant take on the storied history behind Singapore's postal service, even as SingPost embarks on Singapore's urban transformation with its PostPal smart letterbox initiative and the job upskilling of the postman. The new uniform is also designed with safety in mind, featuring several prominent reflective strips as many of its employees are constantly on the road.

To create excitement, promote pride, and build team spirit among its uniformed employees, an internal campaign, *Work Smart Wear Smart,* was launched along with three short and catchy videos, three digital lookbooks and nine uniform guides.

The new uniforms were well received by both staff and members of public, with many applauding the new look as SingPost continues to forge ahead with its innovation and improvements in service quality.

PEOPLE

COVID-19 has posed incredible challenges to SingPost and its people, who have shown resilience and an unfailing commitment towards its national duty as Singapore's postal service provider. SingPost's priority is to ensure the physical and emotional well-being of its people, who continue to be the driving force behind the business.

Winners of Best Ambassador of the Year 2020

E-BUKA PUASA

As the country underwent Circuit Breaker, Muslims in Singapore observed Ramadan amid a most challenging period. The annual traditions of physical gatherings with family and friends to break fast had to be forgone as everyone actively played their part to fight the spread of COVID-19.

SingPost demonstrated its adaptability as the annual Buka Puasa event held at delivery bases went online, in lieu of the physical event held in previous years. On 20 May 2020, the e-Buka Puasa event was graced by then Senior Minister of State, Ministry of Communications and Information & Ministry of National Development Sim Ann, together with representatives from the Union of Telecoms Employees of Singapore (UTES), with over 100 SingPost management and staff members, over videoconferencing.

BEST AMBASSADOR OF THE YEAR 2020

SingPost would not be where it is now without its people. To recognise the efforts of its team members, the annual Best Ambassador of the Year awards was held virtually across the organisation on 9 October 2020. Over 100 staff and leaders across different countries as well as representatives from UTES attended the meaningful and heartwarming celebration via Zoom.

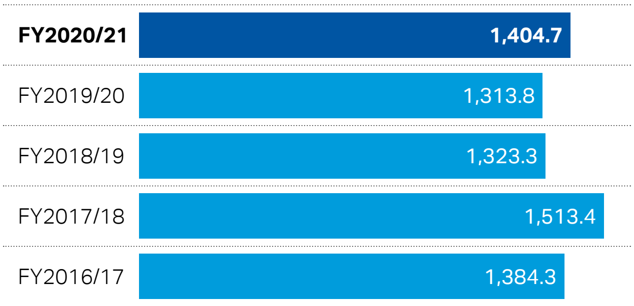
A total of 27 staff were awarded this year, recognised for taking pride in their jobs by living out SingPost's values of Trust, Total Customer, One Team, Top Execution, and Transformation.

GROUP FINANCIALS

INCOME STATEMENT

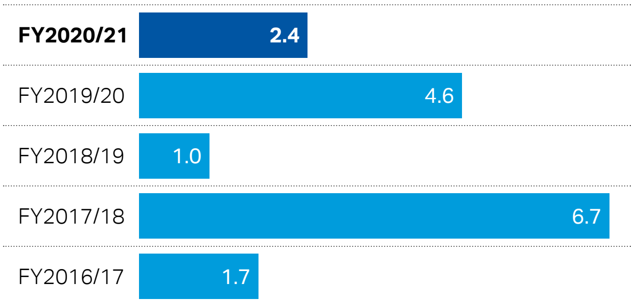
Revenue ($M)[1]

S$1,404.7m



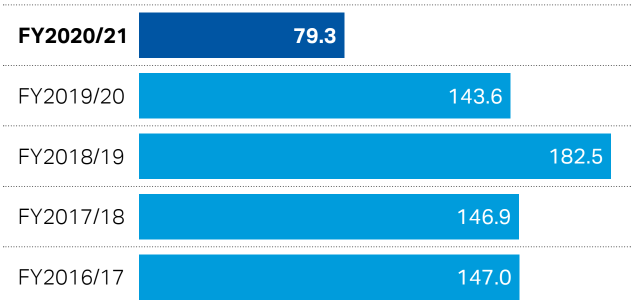
Return on Average Invested Capital (%)

2.4%



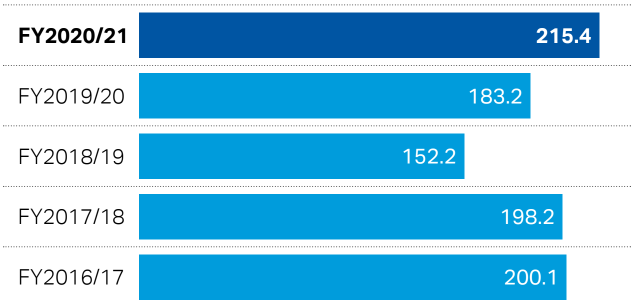
Profit on Operating Activities ($M)[1]

S$79.3m



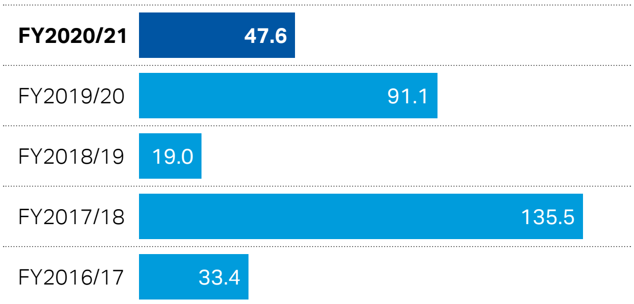
Operating Cash Flow ($M)

S$215.4m



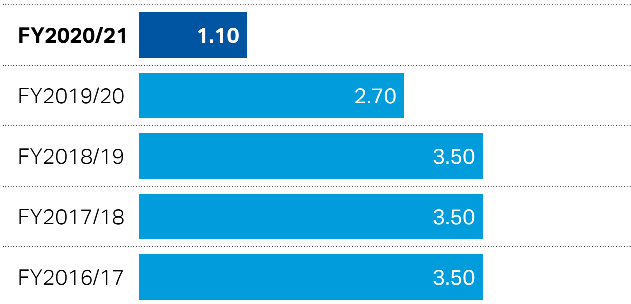
Net Profit ($M)

S$47.6m



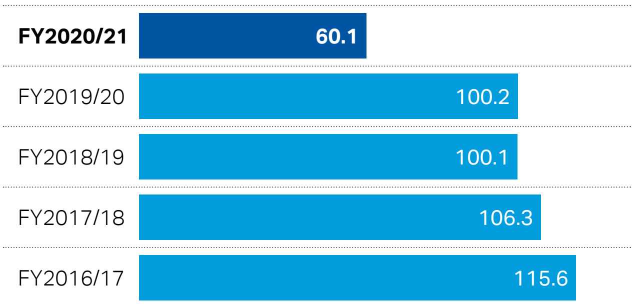
Dividend (cents)

1.10 cents



Underlying Net Profit ($M)

S$60.1m



1 For FY2019/20 and FY2018/19, the consolidated income statement of the Group is presented as "Continuing Operations", which excludes the U.S. Subsidiaries. Discontinued operations arise from U.S. subsidiaries (as defined in announcement dated 19 September 2019), for which results have been re-presented in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year ended 31 March				
	2021	2020	2019	2018	2017
Income Statement (S$ million)					
Revenue[1]	**1,404.7**	1,313.8	1,323.3	1,513.4	1,384.3
Profit on operating activities[1]	**79.3**	143.6	182.5	146.9	147.0
EBITDA[1] [2]	**136.6**	202.3	251.9	225.3	118.1
Net profit[3]	**47.6**	91.1	19.0	135.5	33.4
Exceptional items, net of tax ((loss) / income)[1] [4]	**(12.5)**	(9.1)	37.9	29.2	(82.2)
Underlying net profit[5]	**60.1**	100.2	100.1	106.3	115.6
Balance Sheet (S$ million)					
Total assets	**2,721.8**	2,751.6	2,619.2	2,684.1	2,666.7
Ordinary shareholders' equity	**1,276.8**	1,252.6	1,266.2	1,359.1	1,306.6
Total shareholders' equity	**1,671.4**	1,642.3	1,660.5	1,746.2	1,705.0
Cash and cash equivalents	**501.2**	493.0	392.2	314.1	366.6
Net cash	**(178.9)**	(128.6)	(101.3)	(70.1)	(2.6)
Perpetual securities	**346.8**	346.8	346.8	346.8	346.8
Net cash plus perpetual securities[6]	**167.9**	218.3	245.5	276.8	344.2
Cash Flow (S$ million)					
Net cash inflow from operating activities	**215.4**	183.2	152.2	198.2	200.1
Capital expenditure (cash)	**21.9**	27.1	31.3	62.1	199.8
Free cash flow[7]	**193.6**	156.0	120.9	136.1	0.3
Key Ratios					
EBITDA margin (%)[1]	**9.7**	15.4	19.0	14.9	8.5
Net profit margin (%)[1]	**3.4**	6.9	1.4	9.0	2.4
Return on average invested capital (%)	**2.4**	4.6	1.0	6.7	1.7
Return on average ordinary shareholders equity (%)	**3.8**	7.2	1.4	10.2	2.7
Net debt to ordinary shareholders equity (%)	**N.M.[8]**	N.M.[8]	N.M.[8]	N.M.[8]	N.M.[8]
Net cash plus perpetual securities to total shareholders equity (%)[6]	**10.0**	13.3	14.8	15.8	20.2
EBITDA to finance expense (number of times)[1]	**12.4**	16.0	30.5	21.3	13.3
Per Share Information (S cents)					
Earnings per share – basic	**1.46**	3.39	0.18	5.32	0.85
Earnings per share – underlying net profit[5]	**2.67**	4.45	4.43	4.68	5.28
Net assets per share	**72.2**	71.1	71.7	75.4	72.7
Dividend per share – ordinary	**1.10**	2.70	3.50	3.50	3.50

Notes:

(1) For financial years ended 31 March 2020 and 2019, the consolidated income statement of the Group is presented as "Continuing Operations", which excludes the U.S. Subsidiaries. Discontinued operations arise from U.S. subsidiaries (as defined in announcement dated 19 September 2019), for which results have been re-presented in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*. Accordingly, the key ratios have been re-presented to align the basis of computation.

(2) EBITDA is defined as profit before tax, adding back interest and depreciation and amortisation expenses.

(3) Net profit is defined as profit attributable to equity holders of the Company.

(4) Exceptional items comprised one-off items such as asset impairment, fair value changes on investment properties, gains or losses on sale of investments and property, plant and equipment and M & A related professional fees.

(5) Underlying net profit is defined as net profit before exceptional items, net of tax.

(6) Net cash plus perpetual securities and its ratio to ordinary shareholders equity are presented for comparative purposes.

(7) Free cash flow refers to net cash inflow from operating activities less cash capital expenditure.

(8) N.M. Not meaningful.

FINANCIAL REVIEW AND OUTLOOK

GROUP	Financial Year ended 31 March 2021 S$'000	2020 S$'000	Change %
Revenue	**1,404,681**	1,313,783	6.9
Profit on operating activities	**79,332**	143,605	(44.8)
Share of profit / (loss) of associated companies and joint venture	**989**	(114)	N.M.
Profit on continuing operations	**47,010**	100,274	(53.1)
Loss from discontinuing operations	**–**	(11,994)	N.M.
Exceptional items, net of tax[(1)]	**(12,491)**	(9,122)	36.9
Net profit attributable to equity holders	**47,620**	91,078	(47.7)
Underlying net profit[(2)]	**60,111**	100,200	(40.0)
Basic earnings per share (S cents)	**1.46**	3.39	(56.9)
Underlying earnings per share (S cents)	**2.67**	4.45	(40.0)

Note:
(1) Exceptional items comprised one-off items such as asset impairment, fair value changes on investment properties, gains or losses on sale of investments and property, plant and equipment and M&A related professional fees.
(2) Underlying net profit is defined as net profit before exceptional items, net of tax.
N.M. Not meaningful

REVENUE	Financial Year ended 31 March 2021 S$'000	2020 S$'000	Change %
Post and Parcel	**742,839**	763,079	(2.7)
Logistics	**619,118**	501,223	23.5
Property	**115,428**	121,095	(4.7)
Inter-segment eliminations	**(72,704)**	(71,614)	(1.5)
	1,404,681	1,313,783	6.9

PROFIT ON OPERATING ACTIVITIES	Financial Year ended 31 March 2021 S$'000	2020* S$'000	Change %
Post and Parcel	**43,502**	119,825	(63.7)
Logistics	**11,256**	(5,541)	N.M.
Property	**50,013**	53,909	(7.2)
Others#	**(25,439)**	(24,588)	(3.5)
Profit on operating activities	**79,332**	143,605	(44.8)

* With effect from 1 April 2020, corporate cost allocation has been revised and prior year's numbers have been restated for comparative purposes.
\# Others refer to unallocated corporate overhead items

FINANCIAL REVIEW AND OUTLOOK

Group

Group revenue rose 6.9% for the full year ended 31 March 2021. These were largely led by strong eCommerce volume growth in the Logistics and Domestic Post and Parcel segments, offset by lower International Post and Parcel revenue.

Notwithstanding the higher Group revenue, COVID-19 related disruptions impacted profitability, in particular for the International Post and Parcel segment. Group Profit on operating activities declined 44.8% for the full year.

Post & Parcel

In the Post & Parcel segment, revenue declined 2.7% for the full year. International Post and Parcel volumes continued to be impacted by the constraints on air capacity out from Changi Airport, and revenue declined 3.1% for the full year.

On the other hand, eCommerce revenue contributed 34% of total Domestic Post and Parcel revenues, up from 21% last year.

Notwithstanding the strong revenue performance from the Domestic business, COVID-19 related disruptions impacted profitability for the Post and Parcel segment. The massive disruption to international air freight out of Changi Airport had resulted in significantly higher conveyance costs, and International Post and Parcel's margins were largely eroded for the year. In addition, the Group incurred higher costs for Domestic Post and Parcel as a result of health and safety arrangements for COVID-19 during the year, including temporary housing for our Malaysian colleagues in Singapore.

Consequently, Profit on Operating activities declined 63.7% for the full year.

Logistics

In the Logistics segment, revenue rose 23.5% for the full year. The Logistics entities Couriers Please, Quantium Solutions and SP eCommerce benefited from the increased adoption and rapid growth of eCommerce activities in Asia-Pacific. In particular, Couriers Please has seen solid volume growth in Australia, with revenue rising 50.3% for the full year.

Quantium Solutions and SP eCommerce benefited from the reengineering of processes to improve customer experience, efficiency, and scalability. This resulted in more customers coming on board for eCommerce logistics solutions, including warehousing, fulfilment as well as front-end solutions. This helped cushioned the impact of lower cross-border volumes via Changi Airport for Quantium Solutions.

The freight forwarding entity Famous Holdings, recorded higher volumes as well as higher sea freight rates, resulting in revenue rising 14.5% for the full year.

With improved revenues and economies of scale, the Logistics segment delivered a strong turnaround to a profit of S$11.3 million for the full year.

FINANCIAL REVIEW AND OUTLOOK

Property

In the Property segment, revenue declined 4.7%, largely due to rental rebates provided for eligible tenants amounting to approximately S$3.2 million recognised in the first half of the financial year, as well as lower receipts from car-park and atrium sales.

Accordingly, Profit on Operating activities declined by 7.2% for the full year.

In the first half of the financial year, the retail mall saw a substantial decline in footfall due to the circuit breaker measures and many tenants had to temporarily close as a result. However, the mall's footfall and tenant sales have been on a recovery since the gradual reopening measures and easing of restrictions by the Government. Tenant sales have recovered to around 85% of pre COVID-19 levels.

In spite of a weak leasing market due to the challenging economic environment, committed occupancy at the SingPost Centre retail mall and office remained high.

As at 31 March 2021, committed occupancy for the SPC mall was 94.1%, due to plans to reposition a part of the mall upon the exit of a food and beverage tenant. Since the close of the financial period, a portion of this space has already been taken up, and committed occupancy for the mall stood at 96.0% as at 20 April 2021. Active discussions are ongoing for the remainder of the vacant space.

For the office and enrichment area, committed occupancy stood at 96.6% as at 31 March 2021, and 97.6% as at 20 April 2021.

Others

For the full year, expenses under the Others segment were higher by 3.5% due largely to the reversal of one-off expenses last year. Excluding this, the Others segment would have been stable.

Operating Expenses

Total operating expenses rose 13.6% for the full year, due largely to increase in volume-related expenses as a result of COVID-19 disruptions as well as eCommerce volume growth.

Volume-related expenses rose 18.5% for the full year, due to higher per unit rates for line haul costs as a result of COVID-19 disruptions. There has been a massive disruption to international air freight out of Changi Airport, and this resulted in substantially higher conveyance costs for the Group's International Post and Parcel business. In addition, there were higher eCommerce volumes at Couriers Please and Domestic Post & Parcel, and higher sea freight volumes at Famous Holdings.

Labour and related expenses rose 7.7% for the full year. This was due largely to higher contracted services for eCommerce related deliveries at Couriers Please in line with strong volume growth and higher costs for Domestic Post and Parcel related to COVID-19 disruptions.

The Group recognised approximately S$24.5 million for the Jobs Support Scheme ("JSS") relief for the full year, as part of the Government of Singapore's measures to help businesses in coping with the impact from COVID-19. These were offset against labour and related expenses and have helped the Group mitigate the impact of COVID-19.

Administrative expenses rose 5.6% for the full year, largely due to the roll out of a new information system in Australia to improve customer experience and manage the higher volumes.

Selling-related expenses and Impairment loss on trade receivables was marginally higher by 1.9% for the full year due largely to compensation for delayed deliveries, offset by settlement of related bad debt provision.

Other Income

For the full year, other income was higher at S$9.7 million due largely to foreign exchange translation differences.

FINANCIAL REVIEW AND OUTLOOK

Exceptional items

For the full year, the Group recorded an exceptional loss of S$12.5 million, due to fair value loss on investment properties of S$6.7 million, fair value loss on put option of an indirect subsidiary, professional fees not within the ordinary course of business, as well as an impairment of S$1.2 million on some of Couriers Please's assets due to obsolescence, partly offset by gain on disposal of warrants from an associated company.

For the last financial year, the Group had recorded an exceptional loss of S$9.1 million, due to professional fees not within the ordinary course of business, impairment loss for investment in associated companies of S$3.9 million as well as S$1.5 million fair value loss on investment properties, partly offset by a reversal of provision for contingent consideration of a foreign subsidiary.

Interest Income and Finance Expense

Interest income and investment income was lower at S$3.5 million for the full year, with lower interest income.

Finance expenses were lower at S$11.0 million for the full year, with lower interest expenses.

Share of Results of Associated Companies and Joint Venture

The share of profit from associated companies and joint venture rose to S$1.0 million for the full year, largely due to share of profit for Freight Management Holdings Pty Ltd ("FMH"), with effect from 31 December 2020.

Income Tax Expense

For the full year, income tax expense was lower by 53.2%, largely due to lower profit before tax, as well as the effect of the JSS payouts received, which are exempt from tax.

Discontinued Operations

The Group had deconsolidated the financials for the U.S. Subsidiaries with effect from September 2019. Accordingly, there was no loss from discontinued operations in the current year, compared to a loss of S$12.0 million last year.

Net Profit and Underlying Net Profit

For the full year, net profit declined to S$47.6 million, from S$91.1 million last year, mainly due to COVID-19 related disruptions.

This was partly offset by higher earnings contribution from the Logistics segment, as well as the absence of losses from discontinued operations.

Excluding exceptional items, underlying net profit declined to S$60.1 million for the full year.

	Financial Year ended 31 March		
CASH FLOW	**2021 S$'000**	2020 S$'000	Change %
Net cash inflow from operating activities	**215,433**	183,162	17.6
Net cash used in investing activities	**(67,517)**	(17,763)	(280.1)
Net cash used in financing activities	**(139,701)**	(64,622)	(116.2)
Net increase in cash and cash equivalents	**8,215**	100,777	(91.8)
Cash and cash equivalents at beginning of year	**492,997**	392,220	25.7
Cash and cash equivalents at end of year	**501,212**	492,997	1.7
Free cash flow	**193,572**	156,037	24.1
Cash capital expenditure as a percentage of revenue	**1.6%**	2.1%	

FINANCIAL REVIEW AND OUTLOOK

Operating activities

For the financial year ended 31 March 2021, operating cash flow before working capital changes was S$141.5 million, compared to S$194.6 million last year.

Working capital movement for the year improved significantly to positive S$109.3 million, due largely to favourable movement in trade receivables for eCommerce deliveries from China.

Consequently, net cash inflow from operating activities for the year rose to S$215.4 million, compared against S$183.2 million last year.

Investing activities

Net cash outflow for investing activities was S$67.5 million for the year, compared to S$17.8 million last year, mainly due to the Group's investment in FMH. Capital expenditure declined to S$21.9 million compared to S$27.1 million last year, with careful management of spending amid the COVID-19 operating environment. This was offset by proceeds from maturity of financial assets of S$9.5 million.

Financing activities

Net cash outflow from financing activities for the year amounted to S$139.7 million, compared to outflow of S$64.6 million last year. This was largely due to net repayment of bank loans of S$41.9 million for the year, compared to net proceeds from notes and bank loans of S$73.1 million last year, partly offset by lower dividends and interest paid.

Free cash flow

For the financial year ended 31 March 2021, the Group's free cash flow (operating cash flow less capital expenditure) amounted to S$193.6 million, compared to S$156.0 million in the previous financial year, due to the positive working capital movement as mentioned above.

CAPITAL MANAGEMENT

The Group is committed to an optimal capital structure and constantly reviews its capital structure to balance capital efficiency and financial flexibility.

	Financial Year ended 31 March		
GROUP DEBT AND PERPETUAL SECURITIES	**2021 S$'000**	2020 S$'000	Change %
Total debt	**322,312**	364,424	(11.6)
Cash	**501,212**	492,997	1.7
Net cash	**(178,900)**	(128,573)	39.1
Total shareholders equity	**1,671,423**	1,642,318	1.8
Perpetual securities	**346,826**	346,826	–
Net cash plus perpetual securities to total shareholders equity (%)*	**10.0%**	13.3%	
EBITDA to finance expense (number of times)#	**12.4**	16.0	
– Adjusted to exclude impact of SFRS(I) 16 *Leases*	**20.9**	23.7	

* Presented for comparative purposes.
# Figures are presented as "Continuing Operations" only. Prior year's numbers have been re-presented for comparative purposes.

Total borrowings decreased from S$364.4 million as at 31 March 2020 to S$322.3 million as at 31 March 2021. EBITDA to interest expense stands at 12.4 times, compared to 16.0 times for the corresponding period last year.

FINANCIAL REVIEW AND OUTLOOK

DIVIDEND

The Board of Directors is recommending a final dividend of 0.6 cent per ordinary share for the financial year ended 31 March 2021. Including the proposed final dividend, total dividends for the financial year would be 1.1 cents, which represents a payout ratio of about 40% of underlying net profit. With an uncertain outlook due to the ongoing pandemic, the Group continues to adopt a prudent approach in managing cash flows and conserving cash, for the ongoing execution of the Group's transformation initiatives.

	cents per share
Interim	0.50 cent
Proposed final	0.60 cent
Total dividends paid and proposed in relation to FY 2020/21	**1.10 cents**

OUTLOOK

As the COVID-19 pandemic continues to create disruptions across the global economy, the Group is actively adapting measures to navigate the current environment, including seeking new eCommerce growth opportunities in Singapore, Australia and the Asia-Pacific region.

The Group's performance in certain business segments will continue to be affected by factors beyond its control, including the impact of higher international conveyance costs out of Changi Airport. While the recovery of the International Post and Parcel business will largely be driven by any recovery in the number of flights departing from Singapore, the Group is also actively exploring different ways to improve the performance of the International Post and Parcel segment.

In Singapore, the Group is implementing the Future of Post initiative, which will reengineer the Postal business to capture the broader growing opportunities for smart urban logistics. Public trials have commenced for a key component of this ecosystem, called PostPal, the world's first-ever "Smart Letterbox".

On 31 December 2020, the Group completed the Tranche One acquisition of FMH which will allow it to further scale its Business-to-Business-to-Consumer ('B2B2C') logistics capabilities as well as to make further inroads in the eCommerce market in Australia. This will further entrench Australia as a second home market for the Group.

The Group will continue to execute on its transformation initiatives to reposition itself for the long term while carefully managing expenses, cashflow and liquidity.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Corporate governance in SingPost is a journey and a continual work in progress. The Company recognises that a good corporate governance framework is essential in protecting its shareholders' interests by delivering good corporate performance, underpinned by sustainable benefits for the economy, the environment and society. Both the Board and Management of the Company are committed to achieving the highest standards of corporate governance and promoting effective stewardship in its practices and governance oversight.

This report outlines the Company's corporate governance practices for the financial year ended 31 March 2021 with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (2018 Code). For the financial year ended 31 March 2021, the Company has complied with all the principles of the 2018 Code and substantially all the provisions set out thereunder. Variations in practice from any provision of the 2018 Code are explained in this report. A summary of the Company's compliance with the 2018 Code is also provided on page 75.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Role of the Board

The principal role of the Board is to set the Company's vision and to regularly review its strategic direction, which includes appropriate focus on value creation, innovation and sustainability. The Board's key functions include:

- ensuring the necessary resources are in place for the Company to meet its strategic objectives as well as overseeing the corporate governance of the Company and Management's control and accountability framework
- setting the tone for the Company to ensure that its affairs are conducted with the highest standards of probity and in compliance with the law
- providing entrepreneurial leadership and guidance to Management on the Company's overall strategy, constructively challenging Management and reviewing Management's performance
- overseeing the Company's overall performance objectives, key operational initiatives and corporate governance practices
- approving financial plans, annual budgets, major funding proposals, and major investment and divestment proposals
- establishing and maintaining a sound risk management framework to monitor and manage risks, and to achieve an appropriate balance between risks and the Company's performance
- instilling an ethical corporate culture and ensuring that the Company's values, standards, policies and practices are consistent with the culture as well as to ensure transparency and accountability to key stakeholder groups
- approving the financial results for release to the Singapore Exchange (SGX), the appointment of Directors and key Management personnel, and changes in the composition and terms of reference of Board Committees

In carrying out its duties, the Board is ultimately accountable to shareholders for the performance of the Company.

The role of the Board, as described above, is clearly defined in a document adopted by the Board titled Success Profiles and Role Profiles for an Effective Board.

This is complemented by the Schedule of Matters Reserved for the Board's Decision which sets out a comprehensive list of matters which require Board approval. Matters requiring Board approval are clearly communicated to Management in writing and include the following:

- setting and reviewing financial targets
- entering new business sectors and geographies
- annual business plan and budget
- changes to share capital structure, corporate structure, operational structure
- results, dividend policy and dividend payout
- significant change in accounting policies
- major capital projects and contracts not in the ordinary course of business
- SGXNet announcements
- appointments to Board and Board Committees
- approval of terms of reference of Board Committees and changes thereto
- appointment, remuneration and removal of senior Management including Group Chief Executive Officer (Group CEO)
- succession planning for the Board and Management
- appointment and removal of the Group Company Secretary
- delegation of authority

CORPORATE GOVERNANCE REPORT

Additionally, to optimise operational efficiencies, financial authorisation and approval limits have been established for operating and capital expenditure and the procurement of goods and services. The Board approves transactions exceeding certain threshold amounts while delegating authority to Management for transactions below those limits.

Under the updated Code of Business Conduct and Ethics (which subsumes the Policy on Directors' Conflicts of Interest), Directors must avoid any actual or potential conflicts of interest with the Company, including (as far as possible) situations which could result in an appearance of impropriety. Where a Director's personal or business interest or relationship interferes, or even appears to interfere, in any way with the interests of the Company, such Director must promptly disclose such interest at a meeting of the Directors or by sending a written notice to the Group Company Secretary containing details on the nature, character and extent of the conflict of the interest and recuse himself/herself from participating in any discussion and decision on the matter, at all levels within the Group including, but not limited to, the Company's subsidiaries and any committees and sub-committees that are involved in the proposed transaction in which the Director has an interest or in respect of which the Director is conflicted.

Board Committees

The Board without abdication of responsibility has delegated authority to the following six Board Committees to assist the Board in discharging its responsibilities:

- Audit Committee (AC)
- Board Risk and Technology Committee (BRTC)
- Board Sustainability Committee (BSC)
- Compensation Committee (CC)
- Finance and Investment Committee (FIC)
- Nominations and Corporate Governance Committee (NCGC)

Each Board Committee has written terms of reference which clearly set out the composition, authority and duties delegated by the Board to make decisions (including reporting back to the Board). The terms of reference are reviewed from time to time to ensure relevance. Any changes to the terms of reference for any Board Committee require Board approval. To ensure clarity of roles, the role of each Board Committee chairman is also documented in the Success Profiles and Role Profiles for an Effective Board.

The terms of reference of each Board Committee are available on the Company's corporate website at https://www.singpost.com/about-us/corporate-info/corporate-governance.

The appointment of Board Committee members is carried out carefully to ensure that the Board Committees comprise Directors with the appropriate qualifications and skills, to maximise the effectiveness of the relevant Board Committee. A Board Composition Matrix is used to assess whether the core competencies, skills and experiences of a potential candidate complements those of the existing Directors to ensure that as a group, the Board Committees will have the appropriate balance to support the long-term success of the Company. Board Committee appointments require the approval of the Board.

Audit Committee

The AC comprises three members, all of whom (including the chairman) are non-executive independent Directors. The members of the AC are Mrs Fang Ai Lian (chairman), Mr Bob Tan Beng Hai and Ms Chu Swee Yeok. All members of the AC have recent and relevant accounting or related financial management expertise or experience.

The AC assists the Board in fulfilling its oversight responsibilities on internal controls, financial reporting, compliance and risk management. During the financial year, the activities carried out by the AC included the following:

(a) review and reporting to the Board of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology (IT) controls, and risk management systems
(b) review of the assurance from Group CEO and Group Chief Financial Officer (Group CFO) on the financial records and financial statements
(c) review of the policies and arrangements by which staff and any other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters and by which such matters may be independently investigated and appropriately followed up on
(d) review of the half-year and annual financial statements, voluntary interim business updates for the first and third quarters of the financial year, announcements relating to the Group's financial performance, and the significant financial reporting issues and judgments to ensure the integrity of the financial statements

CORPORATE GOVERNANCE REPORT

(e) review of the scope, plans and results of the internal auditors and considering the effectiveness of the responses and actions taken by Management on the auditor's recommendations and observations
(f) review of the adequacy, effectiveness and independence of the external audit and internal audit function
(g) recommendation to the Board on the proposals to the shareholders on the re-appointment of the external auditor, and approval of the remuneration and terms of engagement of the external auditor, taking into consideration the performance of the external auditor against industry and regulatory standards, which included review of the following:
    (i) the performance, objectivity and independence of the external auditor taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority (ACRA)
    (ii) the scope of audit plans and areas of focus, including the effectiveness of the responses and actions taken by Management on the external auditor's recommendations and observations
    (iii) the nature and extent of the non-audit services provided by the external auditor
(h) review of "interested persons transactions" as defined in Chapter 9 of the Listing Manual of the SGX and approval of those transactions requiring the AC's approval as specified in any Shareholders Mandate established for this purpose

Board Risk and Technology Committee

The BRTC comprises three members, all of whom (including the chairman) are non-executive independent Directors. The members of the BRTC are Mr Steven Leonard (chairman), Mr Bob Tan Beng Hai and Ms Chu Swee Yeok.

The BRTC assists the Board in ensuring that Management maintains a sound system of risk management and material controls to safeguard shareholders' interest and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. During the financial year, the activities carried out by the BRTC included the following:

(a) recommendation to the Board on the Group's levels of risk appetite and risk tolerance for different categories of risk
(b) review and recommendation to the Board for approval of the risk strategy and policies for the management of material risks over a longer time horizon
(c) review of the risks inherent in the Group's business model and strategy, including risks from external factors
(d) monitoring of the Group's current material risk exposures against the risk tolerance levels approved by the Board
(e) review of the Group's overall risk assessment process that supports informed Board decision making
(f) overseeing of Management in the design, implementation and monitoring of the risk management system
(g) review of policies, Management's processes and reports concerning the adequacy and effectiveness of the Group's risk management framework including strategic, operational, compliance, IT and material environmental, social and governance (ESG) / sustainability risks (but excluding the review of financial risks and compliance risks with financial impacts, and the adequacy and effectiveness of the Group's internal controls, which are under the oversight of the AC and the review of the Group's material ESG / sustainability implementation efforts which are under the oversight of the BSC)
(h) review of the Group's framework, processes and resources to identify and manage new and emerging risks as a result of changes in country, technology, social or business conditions
(i) monitoring of the implementation of the Group's risk mitigation plans
(j) review of the robustness of the business contingency planning process within the Group for material risks
(k) review of the adequacy of the insurance and other risk transfer arrangements
(l) review of reports on material risk events together with adequacy of actions taken by Management
(m) consideration of the adequacy, effectiveness and security of the technology infrastructure and data management framework to support the Group's vision
(n) advising on the Group's strategy for acquisitions, investments and capital expenditure in the area of technology and IT
(o) review and recommendation to the Board of plans, policies and proposals relating to matters pertaining to technology and IT, progress of major technology and IT investments

Board Sustainability Committee

Recognising the growing importance of environmental, social and governance (ESG) factors which are integral to the overall long term viability of the Company, the Company seeks to incorporate ESG considerations into its strategies that provide long term benefits to all stakeholders, including shareholders. Toward this end, a BSC, reporting to the Board of Directors, was established in February 2021 to provide oversight and guidance to Management in helping to accelerate the Company's ESG transformation and journey. The Board sets the overall direction for the Company's ESG strategy which is executed by the Group CEO, who is in turn supported by a dedicated Sustainability team responsible for recommending ESG initiatives, collecting data, reporting and communication. The ESG programme is embedded in the Group's business operations across various functions to form a holistic and integrated framework for the organisation.

CORPORATE GOVERNANCE REPORT

The BSC comprises four members, two of whom are independent Directors. The members of the BSC are Mr Simon Israel (chairman), Mr Steven Leonard, Ms Elizabeth Kong Sau Wai and Mr Paul Coutts*.

The Board approves the SingPost purpose statement and delegates oversight to the BSC as regards sustainability matters. The BSC assists the Board in the oversight of the implementation of the SingPost purpose statement which will be approved by the Board. The SingPost purpose statement, once adopted, will serve to guide the Company's actions and behaviours towards the sustainability of the business. It assists the Board in providing counsel, guidance and governance of the Company's strategies, frameworks and programmes related to ESG factors. It reports to the Board in respect of ESG material matters with a view towards managing the risk factors that may erode or challenge the sustainability of SingPost's business in the context of the SingPost purpose statement.

Compensation Committee

The CC comprises three members, the majority of whom (including the chairman) are independent Directors. All members of the CC are non-executive Directors. The members of the CC are Mr Bob Tan Beng Hai (chairman), Mrs Fang Ai Lian and Mr Simon Israel.

The CC assists the Board in fulfilling its responsibilities for developing an appropriate compensation and remuneration framework to attract, motivate and retain talent. The CC considers all aspects of remuneration, including termination provisions in service contracts, to ensure they are fair. During the financial year, key responsibilities of the CC included the following:

(a) exercising supervisory oversight of the overall principles, parameters and governance of the Company's remuneration framework to ensure continued relevance, competitiveness, long-term success of the Company and alignment to shareholders' interests
(b) overseeing and recommending to the Board the remuneration of each non-executive Director and key Management personnel of the Company
(c) review of the Company's obligations arising in the event of termination of executive Directors' and key Management personnel's contracts of service
(d) approval of the design of long-term incentive (LTI) plans and providing broad oversight of the rules, regulations, eligibility, targets to be set, and terms and conditions relating to such plans and administration of LTI plans, taking into account ESG / sustainability metrics for long term value creation
(e) exercising oversight on management development and succession planning for key Management personnel (including the Group CEO), key senior executives as well as high potential talent of the Company

Finance and Investment Committee

The FIC comprises five members, all of whom (including the chairman) are non-executive Directors. The composition of members of the AC and the FIC is mutually exclusive. The members of the FIC are Mr Simon Israel (chairman), Mr Chen Jun, Ms Elizabeth Kong Sau Wai, Ms Lim Cheng Cheng and Mr Steven Leonard.

The FIC provides advisory support to the Board on the overall strategy of the Group's business, investments, divestments, liabilities and treasury policies. During the financial year, the FIC reviewed and provided advisory support to the Board on the following:

(a) mergers and acquisition transactions
(b) review of the progress of the exit of the U.S. businesses
(c) financial offers, treasury and banking facilities
(d) long-term strategic plan for the Group
(e) issuance of S$250,000,000 2.53% Notes due 2030
(f) operational transformation programme

Nominations and Corporate Governance Committee

The NCGC comprises three members, the majority of whom (including the chairman) are independent Directors. The members of the NCGC are Mrs Fang Ai Lian (chairman), Mr Simon Israel and Ms Elizabeth Kong Sau Wai. Mrs Fang is also the Lead Independent Director.

* Mr Paul Coutts ceased to be a member of the BSC with effect from 31 May 2021.

CORPORATE GOVERNANCE REPORT

The NCGC assists the Board in fulfilling its responsibilities on Board succession planning, Board evaluation, training and professional development programmes of Board members, and the selection, nomination, appointment and re-appointment of Directors to the Board. The NCGC also has responsibility to recommend enhancements to the corporate governance principles applicable to the Company and to uphold the same. During the financial year, the activities carried out by the NCGC included the following:

(a) review of the composition of the Board and Board Committees and recommendation of the retirement and re-election of Directors to the Board taking into consideration the benefits of all aspects of diversity, including diversity of skills, sectoral experience, age, gender and cultural ethnicity
(b) determination of the independence of Directors and providing its views to the Board
(c) discussion of the succession plans for Directors, in particular, the appointment and/or replacement of the Chairman and providing its views to the Board
(d) review and recommendation to the Board of the training and professional development programmes for Directors
(e) conduct the evaluation of the Board's and Board Committees' performance including the appraisal of the Chairman
(f) review of relevant policies of the Board covering the corporate governance principles applicable to the Board (including review of the existing policy and guidelines on dealings in the Company's securities)
(g) development of a separate distinctive Chairman Skills Matrix to guide succession planning of the role of the Chairman, taking into account the skills and experience of the Board as a whole
(h) development of a Director candidature profile for future enrolment of new Directors on the Board

Under Provision 4.1(a) of the 2018 Code, one of the responsibilities of the NCGC is to make recommendations to the Board on relevant matters relating to the review of succession plans for Directors, including the Group CEO and other key Management personnel. Succession planning for the Group CEO is, however, under the purview of the CC (which also reviews succession plans for key Management personnel) instead of the NCGC. Such an arrangement allows the CC to consider succession planning holistically with other human resource related issues such as remuneration and talent retention and recruitment. The undertaking of the review of succession plans for the Group CEO and key Management personnel by the CC instead of the NCGC does not detract from the underlying principle that there should be a formal and transparent process for the appointment of the Group CEO and the key Management personnel, as both the NCGC and CC consist of a majority of independent Directors.

Board and Board Committee Meetings

The Board meets regularly. Board and Board Committee meetings are scheduled well in advance of each year in consultation with the Directors to ensure optimal attendance rates. Ad hoc Board and Board Committee meetings are convened as and when warranted by particular circumstances between these scheduled meetings. The Board is invited to participate in strategy workshops with Management to plan the Group's long-term strategy. When exigencies prevent Directors from attending in person, Directors participate by telephone or video conference. Directors who are unable to attend a Board meeting can discuss related issues with the Chairman and the Group CEO and have the opportunity to provide their feedback on the materials and proposed resolutions. For the financial year ended 31 March 2021, six Board meetings were held. The Board and Board Committee meetings have been conducted via video conference and other audio-visual means in view of the COVID-19 situation.

The agenda of each Board and Board Committee meeting is set by the respective chairmen in consultation with the Group CEO. A specific amount of time is pre-allocated to each agenda item to ensure sufficient attention is given to every agenda item. The agenda of every Board meeting includes an update from the chairman of each Board Committee on significant matters relating to the scope of the respective Board Committees. Directors are provided with relevant information prior to each meeting by way of timely upload of the meeting materials via a secure portal accessible on tablet devices issued to every Director.

At every Board meeting, the Board sets aside time for discussion without the presence of Management (except the executive Director). Where necessary, the non-executive Directors also meet without any executives present, and the chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate. For the financial year ended 31 March 2021, the non-executive Directors met three times. This included a session facilitated by the Lead Independent Director to discuss the performance of the Chairman. If there are situations of conflict of interest, the Director in question will recuse himself/herself from the discussion and abstain from participating in any Board decision. No materials involving the issues of conflict are provided to such Director.

Between Board meetings, Board approvals for matters in the ordinary course of business are obtained through the circulation of Directors' resolutions in writing. Management will, upon request by any of the Directors, schedule a meeting to discuss and provide further information to Directors either in a group or on a one-on-one basis concerning the matter. For parity of information, comments received from any of the Directors are shared with all the other Directors. Additionally, to avoid any wrongful perception of undue influence, the Chairman will not be the first to sign on any resolution.

CORPORATE GOVERNANCE REPORT

The attendance of each Director at Board meetings, Board Committee meetings and the Annual General Meeting (AGM) held in respect of the financial year ended 31 March 2021 is as follows:

			Board Committees[1]					
Name of Directors	**Board**	**Non-Executive Directors**	**AC**	**BRTC**	**CC**	**FIC**	**NCGC**	**AGM**
Number of Meetings held	6	3	4	4	4	9	4	
Directors in service as at 31 March 2021								
Simon Israel	6/6	3/3	–	–	4/4	9/9	4/4	✓
Paul Coutts[2]	6/6	–	4/4	4/4	4/4	9/9	4/4	✓
Chen Jun	6/6	3/3	–	–	–	7/9	–	✓
Chu Swee Yeok	6/6	3/3	4/4	4/4	–	–	–	✓
Fang Ai Lian	6/6	3/3	4/4	–	4/4	–	4/4	✓
Elizabeth Kong Sau Wai	6/6	3/3	–	–	–	9/9	4/4	✓
Steven Leonard	5/6	2/3	–	4/4	–	9/9	–	✓
Lim Cheng Cheng	6/6	3/3	–	–	–	9/9	–	✓
Bob Tan Beng Hai	6/6	3/3	4/4	4/4	4/4	–	–	✓

Notes:
(1) The BSC was established in February 2021 and will commence its meetings in the next financial year.
(2) Mr Paul Coutts attended meetings of the Board Committees as appropriate, although he is not a member of the Board Committees.

Access to Information

Board members require timely access to complete and adequate information to be effective. Meeting materials are provided to Directors via a secure portal accessible on tablet devices prior to each meeting. In general, the materials are provided a week in advance of meetings and the Directors can access Board and Board Committee papers prior to, at and post meetings. Minutes of Board Committee meetings are also circulated to the Board to keep all Directors updated on the activities of each Board Committee.

Management attends Board and Board Committee meetings to respond to any queries that Directors may have. The Board is briefed and updated on the execution of the Company's strategic plan, performance of its investments, financing plan and variance in budgets, amongst other matters. Directors are encouraged to, and do seek additional information from Management as and when needed to make informed decisions. Management responds to such requests in a timely manner. The Group CEO and Management provide the Board with updates on significant events relating to the Company, analyst reports on the Company and information concerning industry-related developments.

Directors have separate and independent access to Management and the Group Company Secretary. Procedures are in place for Directors and Board Committees to seek independent professional advice if necessary at the Company's expense.

Role of the Group Company Secretary

The Group Company Secretary has a direct reporting line to the Chairman and serves as a focal point for communication with the Board, Group CEO, Management and the Company's various stakeholders. The role is clearly defined in the Success Profiles and Role Profiles for an Effective Board.

The Group Company Secretary is the primary point of contact between the Company and the SGX. The Group Company Secretary is also responsible for ensuring the Company's compliance with its Constitution and applicable rules and requirements under the Companies Act and the SGX listing rules. The appointment and removal of the Group Company Secretary is a matter requiring the approval of the Board.

The Board relies on the Group Company Secretary to advise them not only on Directors' statutory duties under the law, disclosure obligations and listing rules requirements, but also in respect of corporate governance requirements and practices and effective board processes. The chairmen of the various Board Committees and individual Directors look to the Group Company Secretary to provide specialist skills and technical knowledge in these areas. The specialised role of the Group Company Secretary has therefore become interwoven with the corporate governance landscape of the Company.

CORPORATE GOVERNANCE REPORT

Board Induction, Training and Development

The NCGC ensures that new Directors are made aware of their duties and obligations. All Directors receive a formal letter upon appointment informing them of their role and duties as Directors and advising on disclosure obligations under the Companies Act, Cap. 50 and the SGX listing rules. Together with the appointment letters, newly-appointed Directors also receive a manual containing, *inter alia*, the terms of references of Policies on the Board Committees, Code of Business Conduct and Ethics (which subsumes the Policy on Directors' Conflicts of Interest), Board Renewal and Tenure, and Proper Handling of Disclosure of Directors' Interest, Company's Constitution, Success Profiles and Role Profiles for an Effective Board, Schedule of Matters Reserved for the Board's Decision, Market Disclosure Policy and Policy on Diversity and Inclusivity. These documents are uploaded to a tablet device issued to every Director for easy reference.

Newly-appointed Directors will undergo an in-house induction programme organised by Management. The programme familiarises incoming Directors with the Group's businesses and strategic objectives. The programme includes presentations on the Company's strategic plans and financial performance by the Group CEO and the Group CFO, and presentations by Management on their respective businesses, directions and corporate governance practices. If required, facility visits are arranged for Directors to better understand the Group's business operations. The induction programme not only serves its objective of thoroughly acquainting the incoming Directors with the nature and workings of the Group's business, but also serves as a platform for the new Directors to get to know members of Management and to ask questions.

The Board recognises the importance of ongoing professional development for the Directors, and has a Policy on Professional Development. The NCGC is tasked to review and decide on training and professional development programmes for the Board. Depending on the individual Director's background and development needs, Directors are provided with opportunities to attend relevant courses and seminars to develop and maintain their skills and knowledge at the Company's expense. If required, briefings by external consultants or counsels will be organised for the Board. Unless the NCGC is of the view that training is not required because he/she has other relevant experience, a new Director who has no prior experience as a director of an issuer listed on the SGX will be required to undergo training in his/her roles and responsibilities as prescribed by the SGX.

During the financial year, the development/training programmes, courses and seminars for the Directors included the following:

- E-Learning on Corporate Governance Roles and Responsibilities in Personal Data Protection Act 2012
- SID Directors Virtual Conference 2020
- Management Briefing on e-Commerce Logistics
- E-Learning on Cybersecurity Awareness – a Series of Online Security Awareness Training Programmes conducted by SingPost Information System Security Team
- Management Briefing on International Post and Parcel business

BOARD MATTERS

Principle 2: Board Composition and Guidance

Board Composition

The Board consists of nine members who collectively have a wealth of experience and a broad range of expertise relevant to the Group's businesses and transformation strategy, including eCommerce, logistics, accounting, finance, legal, business and management, strategic planning and investments, digital and information technology, and global business experience. All are non-executives except for the Group CEO. The Board believes that the present size and composition of the Board and Board Committees are appropriate for the foreseeable requirements of the Group's businesses.*

Review of Directors' Independence

The Board, taking into account the views of the NCGC, determines the independence of each Director on an annual basis or as and when circumstances require, based on the requirements under the SGX listing rules and the 2018 Code. Each Director is required to complete an independence checklist and declare whether he/she considers himself/herself independent based on the criteria under the SGX listing rules and the 2018 Code. Such declarations are put before the NCGC which then determines the Directors' independence. Such great importance is placed on Directors' independence that it is also incorporated in the Board Evaluation.

Based on the recommendations of the NCGC, the Board considers the Chairman Mr Simon Israel as non-independent and considers Ms Lim Cheng Cheng, Mr Chen Jun and Mr Paul Coutts (who is the Group CEO)* as non-independent. The other five Directors are considered independent and make up a majority of the Board. In accordance with the Board's Code of Business Conduct and Ethics, each member of the NCGC and of the Board recused himself/herself from the deliberations on his/her independence.

* Mr Paul Coutts ceased to be an executive, non-independent Director with effect from 31 May 2021, and will cease to be Group CEO with effect from 31 August 2021 (or such earlier date as may be agreed). As at 1 June 2021, the Board consists of eight members.

CORPORATE GOVERNANCE REPORT

Mr Simon Israel is the former Chairman of the Board of Singapore Telecommunications Limited (Singtel), which is a substantial shareholder of the Company. Mr Simon Israel stepped down as the Chairman of Singtel in July 2020. Mr Simon Israel was not appointed as a nominee Director of Singtel to the SingPost Board. Mr Simon Israel was also not directly associated with Singtel in that he was not accustomed or under an obligation whether formal or informal, to act in accordance with the directions, instructions or wishes of Singtel in relation to the corporate affairs of the Company. Nevertheless, to provide added assurance to the Company's stakeholders, Mr Simon Israel is treated by the Company as a non-independent Director.

Ms Lim Cheng Cheng is the Group Chief Corporate Officer of Singtel. Prior to that, she was the Group Chief Financial Officer of Singtel till 31 March 2021. Ms Lim Cheng Cheng is a nominee of Singtel to the SingPost Board. Mr Chen Jun is a Senior Vice President of Alibaba Group Holding Limited, which is a substantial shareholder of the Company. Mr Chen Jun is a nominee of Alibaba Group to the SingPost Board.

The Board Renewal and Tenure Policy provides that no Director should serve more than six years, though an additional term of up to a maximum of three years may be permitted to accommodate the transition or the retention of critical skills set. The Board recognises that board renewal is a continuous process. None of the Directors on the Board has served for more than nine years as at 31 March 2021.

Save for the Group CEO who is an executive Director, the other eight members of the Board are non-executive Directors.* The strong proportion of non-executive Directors avoids undue influence of Management over the Board and ensures that appropriate checks and balances are in place.

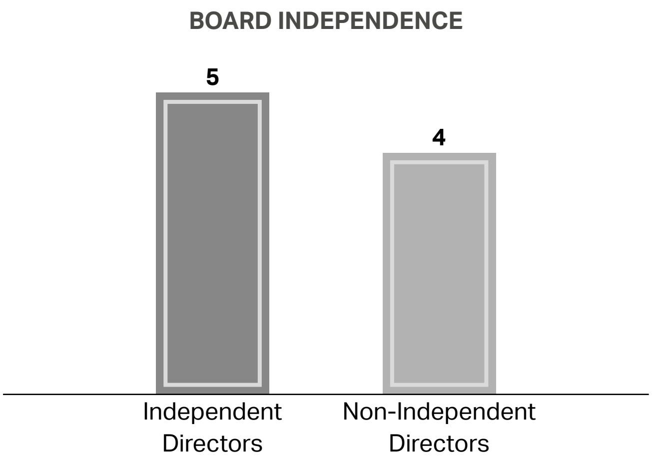
Non-executive Directors are neither Management nor employees of the Company. Nevertheless, non-executive Directors are expected to be familiar with the Company's business and stay informed of its activities so that they may constructively challenge Management. They also review and assess Management's performance against pre-set goals as well as participate in deliberations relating to the appointment, reward and compensation of the Group CEO and key Management personnel.

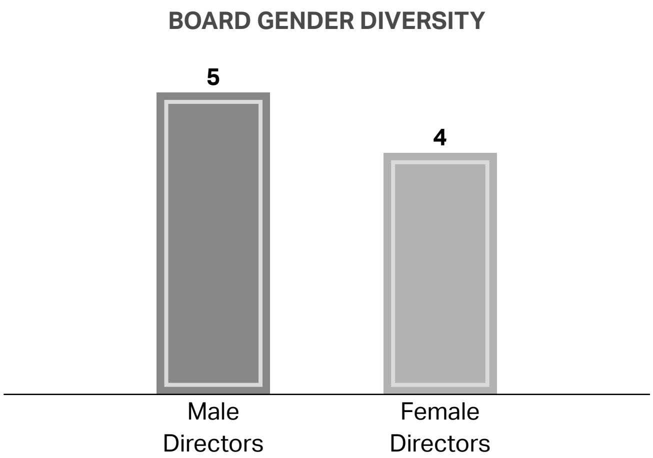
In addition to the role and duties of the non-executive Directors, the independent Directors provide an independent and objective check on Management as well as safeguard the interests of minority shareholders. In certain cases, the independent Directors are required to make certain decisions and determinations under the SGX listing rules. For the financial year ended 31 March 2021, five of the nine Directors of the Company are independent.*

The independent Directors and their immediate family members have no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

Board Diversity

The Board recognises the benefit of diversity in fostering robust discussions and guarding against groupthink which in turn leads to better decision-making. The Board seeks to achieve and maintain a culture of diversity and inclusivity. In terms of gender diversity, female representation on the Board (four out of nine Directors) is one of the highest on the boards of companies publicly listed on the SGX. The Board is ethnically diverse and their ages range from 39 to 71.*





* Mr Paul Coutts ceased to be an executive, non-independent Director with effect from 31 May 2021, and will cease to be Group CEO with effect from 31 August 2021 (or such earlier date as may be agreed). As at 1 June 2021, the Board consists of eight members.

CORPORATE GOVERNANCE REPORT

The Company has put in place a Policy on Diversity and Inclusivity since May 2018 which commits to giving due consideration to the benefits of diversity when seeking to appoint candidates to the Board and to senior Management. The Policy defines "diversity" to refer not only to gender but also to skill-sets, sectoral experience, cultural ethnicity, age, background and other relevant personal attributes important in providing a range of perspectives, insights and challenge needed to support good decision-making. The Policy also requires that any professional bodies engaged to assist with the search process will be required to be given explicit instructions of the Company's commitment to diversity to ensure the search for talent is conducted accordingly. In furtherance of this commitment, the Board will exercise best endeavours to appoint at least one female Director to the NCGC and to the CC to safeguard against gender bias in the nomination process, and to advance the interest of female employees and support mentoring and development opportunities for female executives, ensuring unbiased career progression. The Board has maintained its target for the financial year ended 31 March 2021 as female Directors are represented on both the NCGC and CC.

BOARD MATTERS

Principle 3: Chairman and Chief Executive Officer

Separation of the Role of Chairman and Group CEO

The Chairman and the Group CEO are separate persons. Mr Simon Israel's appointment as Chairman is a non-executive appointment totally separate from the office of the Group CEO, which is held by Mr Paul Coutts. The roles of Chairman and the Group CEO are deliberately kept distinct through a clear division of responsibilities to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. There is no family relationship between the two.*

The respective roles of the Chairman and the Group CEO are clearly defined in the Success Profiles and Role Profiles for an Effective Board.

The Board and Management are mindful of the division of responsibilities between leadership of the Board and the executives responsible for managing the Company's business.

Role of the Chairman

The Chairman leads the Board to ensure its effective and comprehensive deliberations on matters brought to the Board, including strategic issues, talent management and succession planning. The Chairman sets the agenda for Board meetings and ensures complete and accurate information is provided to the Board to facilitate good decision-making in particular on strategic issues. He ensures appropriate relations within the Board, and between the Board and Management, in particular, between the Board and the Group CEO. At meetings, he promotes a culture of open dialogue and debate, facilitating the effective contribution of all Directors and promotes high standards of corporate governance. The Chairman also monitors the translation of the Board's decisions and directions into executive action, providing guidance on the transformation of the Group. The Chairman maintains effective communication with shareholders and fosters good relationships with stakeholders such as the staff union, SingPost staff, government, regulators, customers and other partners. At shareholder meetings, the Chairman ensures constructive dialogue between shareholders, Directors and Management.

The Chairman plays an important leadership role by providing clear oversight, advice and guidance to the Group CEO and Management and has a significant impact on Board performance. With such a broad range of responsibilities, a separate distinctive Chairman Skills Matrix has been developed to guide the succession planning of the role of the Chairman, taking into account the skills and experience of the Board as a whole.

Role of the Group CEO

The Group CEO, who is an executive Director, is responsible for making strategic proposals to the Board and implementing the Group's strategies and policies as well as the Board's decisions. He assumes the executive responsibility for the day-to-day management of the Group, with the support of Management. When working with the Board, the Group CEO is expected to forge a productive and synergistic relationship, where both the Board and the Group CEO work in partnership for the long term success of the Company.*

Regulatory Approvals

The appointments of the Chairman, the Directors and the Group CEO require the prior written approval of the Info-communications Media Development Authority of Singapore (IMDA). The Company duly sought and obtained the approval of IMDA in respect of all new appointments.

* Mr Paul Coutts will cease to be Group CEO with effect from 31 August 2021 (or such earlier date as may be agreed).

CORPORATE GOVERNANCE REPORT

Role of the Lead Independent Director

As the Chairman, Mr Simon Israel, is a non-independent Director, Mrs Fang Ai Lian was elected by the independent Directors as the Lead Independent Director. The role of the Lead Independent Director is clearly defined in the Success Profiles and Role Profiles for an Effective Board. The responsibilities of the Lead Independent Director set out therein include carrying out the functions of the Chairman in relation to any matter where it would be inappropriate for the Chairman to serve in such capacity or if the Chairman is unable to do so, and playing an additional facilitative role within the Board. The Lead Independent Director ensures the affairs of the Board and the Company are managed in a manner that reflects effective corporate governance. The Lead Independent Director also meets with the non-executive Directors without the Chairman present at least annually and leads the appraisal on the Chairman's and the Group CEO's performance on such other occasions as are deemed appropriate, as well as helps the CC design and assess the Chairman's remuneration.

The Lead Independent Director serves on the NCGC, leading the independent Directors in meetings periodically without the presence of the other Directors, and provides feedback to the Chairman after such meetings. The Lead Independent Director is also available to the shareholders or other stakeholders of the Company to address any concerns relating to matters that would be inappropriate for the Chairman, the Group CEO or the Group CFO to resolve, or that such persons may not be able to resolve adequately. The Lead Independent Director also facilitates communication between the Board and shareholders or other stakeholders of the Company.

BOARD MATTERS

Principle 4: Board Membership

Succession Planning and Nomination Process

The NCGC has the responsibility of establishing a formal and transparent search and nomination process for the selection, appointment and re-appointment of Directors. The NCGC also evaluates and reviews the Board succession plans for Directors, in particular, the Chairman, to ensure progressive renewal of the Board. When tasked to search for a new Director, the NCGC will first review the Company's emerging strategic priorities, then review the experience and expertise of the current Board composition in order to identify critical competency gaps that need to be filled that are aligned to the emerging strategic priorities of the Company. Taking into account the commitment towards Board diversity, potential candidates are then identified through professional search agencies, and consultation with Directors and shareholders. The NCGC also considers recommendations received from shareholders and members of the public. After a candidate has been identified by the NCGC, a Board Composition Matrix is used to assess whether the core competencies, skills and experiences of the candidate complements those of the existing Directors. The NCGC will then make its recommendation to the Board and arrange to meet with the shortlisted candidates to (i) assess the suitability of each candidate; (ii) communicate to the candidates the level of commitment expected (including time commitment); and (iii) provide sufficient information for the candidates to make an informed decision on accepting the role. The Board will then deliberate on the recommendation of the NCGC. Upon the Board's approval, the Company will seek IMDA's approval, in accordance with the requirement set out in the Postal Services Act, Cap. 237A.

During the financial year, the NCGC developed a Director candidature profile for future enrolment of new Directors on the Board.

The Board does not encourage the appointment of alternate Directors. No alternate Director has been or is currently appointed to the Board.

The review of succession plan for key Management personnel falls under the roles and responsibilities in the CC's terms of reference. On an annual basis, the CC conducts a succession planning review of the Group CEO and key Management positions to assess readiness of potential successors, as well as their corresponding development plans.

Directors' Time Commitment

The NCGC is tasked with ensuring and determining that Directors who have multiple board representations and other principal commitments, have given sufficient time and attention to the affairs of SingPost and to decide if a Director has been adequately carrying out, and is able to continue carrying out the duties of a Director of the Company. In doing so, the NCGC considers the other directorships held by the Directors and their principal commitments. The NCGC also takes into account both the results of the assessment of the effectiveness of the individual Directors and their actual conduct during Board and Board Committee meetings and ad-hoc discussions when making this determination.

CORPORATE GOVERNANCE REPORT

Accordingly, the Board has set, as a general guidance, that the maximum number of listed company board representation which any Director holds should not exceed five. The Board however recognises that depending on the Directors' other principal commitments, the capacity of each Director may differ greatly. Therefore under the terms of the Code of Business Conduct and Ethics, Directors are also to consult the Chairman of the Board and the chairman of the NCGC prior to accepting any appointments to the boards of directors or advisory boards of any public or privately held company or any other principal commitments so that such appointments may be considered by the Board in accordance with corporate governance guidelines. For the financial year ended 31 March 2021, the NCGC has determined that all the Directors have devoted a satisfactory amount of time and attention to the Company and have discharged their duties adequately. Inclusive of their appointment to the SingPost Board, none of the Directors hold more than five appointments on the boards of listed companies as at 31 March 2021.

Rotation and Re-election/Re-appointment of Directors

The Board subscribes to the principle that all Directors should stand for re-election at regular intervals and at least once every three years. The Company's Constitution requires new Directors to retire and stand for re-election at the AGM immediately following their appointment. The Constitution also requires a Director to retire and stand for re-election at the AGM if, were he/she not to do so, he/she would at the next AGM have held office for more than three years (over three years re-election rule). Finally, the Constitution requires one-third of the remaining Directors starting from those with the longest term in office since their appointment or re-election to retire from office by rotation at each AGM (1/3 rotation rule). Retiring Directors are eligible for re-election.

The NCGC deliberates the suitability of the Directors for re-election and takes into consideration their competencies, past contribution and performance. The NCGC's recommendations will then be made to the Board for their approval. Shareholders are provided with relevant information on the Directors who will be standing for re-election at each AGM.

At the forthcoming AGM, the NCGC has nominated and recommended Mr Chen Jun, Ms Elizabeth Kong Sau Wai and Mr Bob Tan Beng Hai to retire pursuant to the 1/3 rotation rule. There is no Director who is required to retire pursuant to the over three years re-election rule. All of them, being eligible for re-election, have offered themselves for re-election. The Board has endorsed the recommendations of the NCGC.

Name	Retiring and standing for re-election pursuant to:
Mr Chen Jun *(last re-elected on 18 July 2019)*	1/3 rotation rule (Article 98(b))
Ms Elizabeth Kong Sau Wai *(last re-elected on 18 July 2019)*	1/3 rotation rule (Article 98(b))
Mr Bob Tan Beng Hai *(last re-elected on 18 July 2019)*	1/3 rotation rule (Article 98(b))

The profiles of the Directors are set out on pages 16 to 19 of this Annual Report. In addition, the Notice of AGM sets out information on the Directors proposed for re-election at the AGM. Detailed information on these Directors (including information as set out in Appendix 7.4.1 of the Listing Manual of the SGX) can be found in the "Additional Information on Directors Seeking Re-Election" section on pages 218 to 225 of this Annual Report.

BOARD MATTERS

Principle 5: Board Performance

Board Evaluation

The Board reviews its performance annually. Each year a process is undertaken by the NCGC to evaluate the effectiveness of the Board as a whole and its Board Committees and the contribution by each individual Director to the effectiveness of the Board.

As in previous years, an external facilitator was appointed to carry out the evaluation for the financial year ended 31 March 2021. Other than its role as assessor on Board effectiveness, Aon Hewitt, an international consulting firm, is an independent service provider with no connection with the Company or with any of its Directors. As Aon Hewitt had conducted the Board evaluation previously, a factor in appointing Aon Hewitt was consistency in having the same external facilitator to evaluate the performance for year on year comparison.

CORPORATE GOVERNANCE REPORT

The external facilitator proposed the approach and evaluation criteria which was endorsed by the NCGC and approved by the Board. The approved evaluation methodology covered the same measures that the Singapore Governance and Transparency Index is based on, namely board size, board independence, CEO-chairman separation, board competencies, board duties and responsibilities, board and committee meeting (e.g. times and attendance), selection of Directors (e.g. transparency of the process), succession planning process, appraisal of Directors, remuneration and shareholders/investor relations, communications and transparency.

The process involved Directors first completing a comprehensive online questionnaire covering various aspects of board processes and effectiveness encompassing, amongst others, board and committee evaluation, board strategy and priorities, Directors self/peer evaluation, Chairman evaluation, risk management, board composition, information management, managing Company's performance, CEO performance and succession planning, director development and management and representation of shareholders and corporate social responsibility. The responses from the Directors were then collated and a gap analysis was conducted by Aon Hewitt to confirm that the Board had met its performance objectives. The Chairman will act on the results of the evaluation in consultation with the NCGC.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Principle 7: Level and Mix of Remuneration

Principle 8: Disclosure on Remuneration

Remuneration Strategy, Principles and Framework

The objective of the Company's remuneration framework is to attract, reward, motivate and retain a talented and high performing workforce in order to achieve the Group's business objectives and to attract and motivate Directors to provide good stewardship of the Group.

The Group's remuneration framework is designed to incentivise the delivery of the Group's business priorities and shareholder value creation. It is structured to provide an appropriate balance between the fixed and performance related components.

A balanced scorecard approach is used to measure the Group's success in executing the long-term business strategy and the performance of the Management.

The following table sets out the guiding principles of the remuneration strategy and its implementation:

Guiding Principles	Details
Alignment with Shareholders' Interest	• Align interests between employees and shareholders • Design incentive payout structure to align incentive payments with the long-term performance of the Group
Provide Market Competitive Pay	• Offer competitive packages to attract and retain talented and experienced individuals • Align total compensation with the market, subject to affordability
Pay-for-Performance	• Instill and drive a pay-for-performance culture • Measure performance against a balanced scorecard, comprising financial and non-financial metrics

CORPORATE GOVERNANCE REPORT

Remuneration Governance

In performing the duties as required under its terms of reference, the CC ensures that the remuneration practices are in line with the Group's long-term strategy, performance and corporate values.

The CC is responsible for reviewing and recommending to the Board a general framework of remuneration (including termination terms) and the specific remuneration packages for each Director (including the Group CEO) and key Management personnel. No individual Director is involved in deciding his/her own fees. Each year, the CC also approves the annual increment pool and variable bonus pool for distribution to all eligible employees. The CC also considered and took into account the impact of the COVID-19 pandemic to the business performance when determining the annual increment pool and variable bonus pool for distribution.

The CC has access to both internal and external expert advice on human resource matters whenever there is a need to consult. During the financial year ended 31 March 2021, Mercer (Singapore) Pte Ltd and Willis Towers Watson Consulting (Singapore) Pte Ltd were engaged as remuneration consultants to provide advice on market practices and benchmark data. The Group does not have any relationship with the remuneration consultants which will affect their independence and objectivity.

Level and Mix of Remuneration

The remuneration of non-executive Directors takes into account factors such as the effort and time spent, contributions and respective responsibilities of the Directors. These Directors receive a basic retainer fee, additional fees for appointment to Board Committees and attendance fees for attending Board and Board Committee meetings. The Directors' remuneration is reviewed annually against peer companies to ensure its competitiveness and the quantum of the fees will only be paid upon approval by the shareholders at the AGM.

The Group CEO, who is an executive Director, is not paid Directors' fees. The Group CEO's terms of employment and rewards, including long-term incentives in the form of SingPost shares, are reviewed by the CC and approved by the Board.*

The level and structure of remuneration of the non-executive Directors, Group CEO and key Management personnel are disclosed in the respective tables below. The Group exercises clawback of certain incentive components of remuneration from the Group CEO and key Management personnel in situations such as the inaccurate assessment of financial targets and performance attained or misconduct resulting in financial loss to the Group.

Remuneration of Non-Executive Directors

The fees for non-executive Directors comprised a basic retainer fee, additional fees for appointment to Board Committees and attendance fees for attending Board and Board Committee meetings and Board Strategy Workshop. The framework for determining non-executive Directors' fees for the financial year ended 31 March 2021 is the same as the previous financial year and is set out below:

	S$ (per annum)
Basic Retainer Fee	
Chairman	165,000
Director	65,000
Fee for appointment to Audit Committee and Finance and Investment Committee	
Committee Chairman	40,000
Committee Member	25,000
Fee for appointment to Board Risk and Technology Committee	
Committee Chairman	30,000
Committee Member	20,000
Fee for appointment to Nominations and Corporate Governance Committee and Compensation Committee	
Committee Chairman	20,000
Committee Member	15,000
Attendance fee for Board/ Board Committee meeting (per meeting)	1,200
Attendance fee for Board Strategy Workshop	3,000

* Mr Paul Coutts ceased to be an executive, non-independent Director with effect from 31 May 2021, and will cease to be Group CEO with effect from 31 August 2021 (or such earlier date as may be agreed).

CORPORATE GOVERNANCE REPORT

The aggregate Directors' fees payable to non-executive Directors for the financial year ended 31 March 2021 is S$1,185,600. In view of the continued uncertainty around the COVID-19 pandemic, the Board will extend the voluntary 10 per cent cut in Directors' fees for another year. Details are set out in the table below:

Name of Directors	Directors' Fees (S$'000)	Directors' Fees After Voluntary Reduction (S$'000)
Simon Israel	262.6	236.3
Chen Jun	105.6[1]	95.0
Chu Swee Yeok	126.8	114.1
Fang Ai Lian	161.6	145.4
Elizabeth Kong Sau Wai	127.8	115.0
Steven Leonard	141.6	127.4
Lim Cheng Cheng	108.0[2]	97.2
Bob Tan Beng Hai	151.6	136.4
Total	1,185.6	1,067.0

Notes:
(1) Director's fee payable to Mr Chen Jun will be paid fully in cash to Alibaba Investment Limited, a subsidiary of Alibaba Group Holding Limited.
(2) Director's fee payable to Ms Lim Cheng Cheng will be paid fully in cash to Singapore Telecommunications Limited.

There is no employee of the Company or its subsidiaries who is a substantial shareholder of the Company, or is an immediate family member of a Director, the Group CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during the financial year ended 31 March 2021.

Remuneration of Group CEO/Executive Director and Key Management Personnel

The Group adopts a remuneration strategy that supports a pay-for-performance philosophy. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders, and promotes the long-term success of the Company. The Company's executives participate in an annual performance review process that assesses the individual's performance against set performance targets. Performance against these targets which include both financial and non-financial measures is a key factor determining their remuneration.

The remuneration structure for the Group CEO and key Management personnel consists of the following components:

Fixed Component

Fixed pay comprises base salary and annual wage supplement. Base salary is determined based on the individual's responsibilities, competencies and experience and is aligned to the median of the market. The CC proposes the compensation of the Group CEO and key Management personnel for the Board's approval on an annual basis. In FY2020/2021, the Company implemented a pay reduction of 5% for the senior Management and pay freeze for all middle Management, as the Company focused on tightening operations and financial prudence to cope with the unprecedented uncertainties.

CORPORATE GOVERNANCE REPORT

Variable Component

Variable component refers to the performance bonus (PB) which links rewards to the achievement of organisational targets. The PB is structured to support the Group's business strategy and shareholder value creation through the delivery of corporate targets, namely, financial outcomes, business initiatives, risk management and leadership. The overall PB pool is a function of the business units' relative performance against their respective balanced scorecard. Individual PB is determined based on a blended qualitative assessment of their performance which includes the demonstration of the SingPost values and competencies.

Long-term Incentives

Long-term incentives (LTI) are designed to align employees' interests with that of shareholders. It is intended to drive longer term business priorities, shareholder value creation and talent retention. The long-term incentives are granted in the form of restricted shares with reference to the desired remuneration structure target and valued based on the Monte Carlo Model and Cashflow Discounting Model. There are two types of LTI awards – the Restricted Share Award (RSA) and Performance Share Award (PSA). The RSA is granted to a broader group of executives and key talents whereas the PSA is granted to senior Management to reinforce the delivery of shareholder returns. A greater portion of the remuneration for the senior Management is delivered in long-term incentives to ensure alignment with shareholders' interests. Notably, accelerated vesting may be activated upon early achievement of performance levels in Year 3, to motivate the Management in attaining business priorities and shareholder value creation earlier.

Provident Fund

This component refers to statutory contributions to the Singapore Central Provident Fund, in line with local legislative requirements. It is not directly linked to performance.

Benefits

The Company strives to provide benefits that are comparable with market practice and these may include medical, flexible benefits, car allowance or group insurances.

The employment contracts of the Group CEO and key Management personnel do not contain any special or exceptional clauses providing for additional compensation payments in the event of termination. For the financial year ended 31 March 2021, there were no termination, retirement and post-employment benefits granted to Group CEO and key Management personnel.

Remuneration of Executive Director / Group CEO

The following information relates to the remuneration of the Group CEO for the financial year ended 31 March 2021:

						SingPost Restricted Share Plan[6]	
Name of Executive	**Fixed Component[1] (S$'000)**	**Variable Component[2] (S$'000)**	**Provident Fund[3] (S$'000)**	**Benefits[4] (S$'000)**	**Total Compensation[5] (S$'000)**	**No. Awarded & Accepted ('000)**	**Value (S$'000)**
Paul Coutts* *Group CEO*	911.5	500.0	0.0	300.2	1,711.7	1,597.2	859.7

* Mr Paul Coutts will cease to be Group CEO with effect from 31 August 2021 (or such earlier date as may be agreed).

CORPORATE GOVERNANCE REPORT

Remuneration of Other Key Management Personnel

The following information relates to the remuneration of the Company's top five key Management personnel (who are not Directors or the Group CEO) for the financial year ended 31 March 2021:

Name of Executive	Fixed Component(1) %	Variable Component(2) %	Provident Fund(3) %	Benefits(4) %	Total Compensation(5) %	SingPost Restricted Share Plan(6) No. Awarded & Accepted ('000)	Value (S$'000)
S$500,000 to below S$750,000							
Phang Heng Wee Vincent *CEO, Postal Services & Singapore*	68	25	2	5	100	327.4	176.2
Lai Tak Loi, Richard *Group CFO*	68	24	2	6	100	307.5	165.5
Lim Jui-I *CEO, Quantium Solutions*	76	13	3	8	100	275.5	148.3
S$250,000 to below S$500,000							
Linda Hoon Siew Kin *Chief Legal Officer & Group Company Secretary*	76	15	3	6	100	134.2	86.0
Puar Huan Kiap *Group Chief Information Officer*	88	–	3	9	100	–	–

Aggregate compensation paid to the top five key Management personnel as at 31 March 2021 (which includes fixed and variable pay, benefits, provident fund contribution and fair value of long-term incentive grants) is approximately S$3.5 million.

Notes:
(1) Fixed Component refers to base salary earned and annual wage supplement, if applicable, for the financial year ended 31 March 2021. The Company implemented a pay reduction of 10% for the Group CEO and 5% for the senior Management in FY2020/2021.
(2) Variable Component refers to performance bonus paid in the financial year ended 31 March 2021.
(3) Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore Central Provident Fund.
(4) Benefits are stated on the basis of direct costs to the Company. These include medical benefits, flexible benefits, car allowance, pension allowance, long service awards and housing benefits, where applicable.
(5) Total Compensation excludes the value of restricted shares.
(6) The SingPost Restricted Share Plan comprises two types of awards granted in the financial year ended 31 March 2021, i.e. Performance Share Awards and Restricted Share Awards. The restricted shares valuation adopted simulation methodologies consistent with assumptions that apply under the Monte Carlo Model and Cashflow Discounting Model.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board and Management ensure that the Group implements and maintains a sound system of risk management and internal controls. The Group's policy is to establish an organisational philosophy and culture that ensures that effective risk management is an integral part of its activities and a core management capability. The Board is responsible for the governance of risk across the Group. The BRTC assists the Board in the oversight of the Group's risk management framework and policies.

The Group adopts an Enterprise Risk Management (ERM) Framework which sets out the components for managing risks in an integrated, systematic and consistent manner. The ERM Framework and related policies are reviewed annually.

The BRTC has scheduled meetings which are attended by the Group CEO, the Group CFO, CEO (Postal Services & Singapore), the Group Chief Information Officer, Chief Legal Officer and Senior Vice President (Group Internal Audit), as well as key Management personnel, all of whom are responsible for directing and monitoring the development, implementation and supervision of ERM practices across the Group.

CORPORATE GOVERNANCE REPORT

Management Committee meetings are held on a monthly basis to discuss operational, business and strategic matters. During these meetings, key projects and operational risks are identified and discussed, along with proposed mitigating measures to address these risks to ensure residual risks are mitigated to an acceptable level. Follow-ups are then performed in subsequent meetings to ensure mitigating actions are executed. Any significant issues identified from these meetings are brought to the attention of the BRTC.

The Group has in place a structured and systematic approach to risk management, and aims to mitigate the exposures through appropriate risk management strategies and internal controls. Risk management in the Group is a continuous, iterative and integrated process which has been incorporated into various planning, approval, execution, monitoring, review and reporting systems. The Group adopts a top-down as well as bottom-up approach on risk management to ensure the strategic, business, operational, financial, reporting, compliance and IT risk exposures are identified and appropriately managed.

On a quarterly basis, the respective risk owners will review the adequacy and effectiveness of the mitigation controls of their respective top tier risks and present their respective risk alerts and updates on their mitigation plans to the BRTC. Critical technology matters such as IT (Cyber) security and risks associated with data strategy management will also be discussed in length between the BRTC and Management including Group Chief Information Officer.

The Board has oversight over the SingPost Group's key top tier risks and on an annual basis, the Group's Risk Heat Map containing the top tier risks and Group Enterprise Risk Management initiatives are presented to the Board and updated on a half-yearly basis.

During the financial year ended 31 March 2021, the BRTC reviewed the Enterprise Risk Management (ERM) framework to ensure it remains relevant to the Group's circumstances. The ERM framework consists of ERM Governance, ERM Process and ERM Monitoring. Both ERM Process (risk alerts reporting) and ERM Monitoring (quarterly reports circulated to BRTC) were performed on a quarterly basis.

The BRTC also assists the Board in fulfilling its oversight responsibilities on risk management by reviewing:

(a) the overall risk management system and process and provide comments on changes as and when appropriate for management consideration having regard to costs and benefits
(b) the Group's risk appetite statements, risk profiles, guidelines and limits
(c) periodically the Group's material exposures and concur on management assessment on the adequacy and effectiveness of the mitigation measures implemented by risk owners

The Group's risk appetite statement (RAS) reflects the nature and extent of risks the Group is willing to take in pursuing its strategic objectives and addresses the management of material risks faced by the Group. Alignment of the Group's risk profile to the Group's RAS is achieved through various communication and monitoring mechanisms (including key performance indicators set for Management) put in place across the Group. During the financial year ended 31 March 2021, the Board approved the Group's RAS regarding the Group's perspectives on the risks surrounding strategy, sustainability and growth, financial, people and culture.

The key internal controls of the Group include:

- establishment of risk management systems and policies
- establishment of policies and approval limits for key financial and operational matters, and the rules relating to the delegation of authorities; documentation of key processes and procedures
- segregation of incompatible functions which give rise to a risk of errors or irregularities not being promptly detected
- safeguarding of assets
- maintenance of proper accounting records
- ensuring compliance with appropriate legislation and regulations
- having qualified and experienced persons to take charge of important functions

The Company's approach to risk management is set out in the Sustainability section under ERM Approach of the Annual Report on pages 82 to 89.

The Board has received written assurance from the Group CEO and the Group CFO that, as at 31 March 2021, the Group's financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances.

CORPORATE GOVERNANCE REPORT

Written assurance has also been received by the Board from the Group CEO, the Group CFO and other relevant key Management personnel that the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective as at 31 March 2021 to address the risks which the Group considers relevant and material to its operations and finances.

The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective as at 31 March 2021 to address the risks which the Group considers relevant and material to its operations and finances. This opinion is arrived at based on the framework established and maintained by the Group, the work performed by the internal and external auditors, reviews carried out by Management, various Board Committees and the Board, and assurances received from the Group CEO, the Group CFO and other relevant key Management personnel.

The Board notes that the internal controls and risk management systems provide reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, fraud or other irregularities.

The Board has overall responsibility to shareholders for ensuring that the Group is well managed and guided by its strategic objectives. In presenting the Group's periodic financial statements to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects.

ACCOUNTABILITY AND AUDIT

Principle 10: Audit Committee

The AC comprises three Directors, all of whom are non-executive independent Directors. All members of the AC, including the AC chairman, have recent and relevant accounting or related financial management expertise and experience. The AC does not comprise members who were partners or directors of the incumbent external auditor, Deloitte & Touche LLP within the past two years. The AC also does not comprise any member who has any financial interest in Deloitte & Touche LLP. The AC's key responsibilities are outlined in the "Board Committees" section of this Report.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to and the full cooperation of Management. It also has full discretion to invite any Director or executive officer to attend its meetings. In addition, the AC has direct access to the external auditor. If required, the AC has authority to seek external resources to enable it to discharge its functions properly, including obtaining legal and other professional advice and services.

The Group's Internal Audit Department (IAD) performs detailed work to assist the AC in the evaluation of material internal controls of the Group. The external auditor, in the course of conducting its normal audit procedures on the statutory financial statements of the Group, also reviews the Group's material internal controls to the extent of their scope as laid out in their audit plan. If any material internal control weaknesses are noted by the external auditor, these weaknesses and the external auditor's recommendations are reported to the AC.

The AC reviews the overall scope of both internal and external audits and the assistance given by the Group's officers to the auditors. It meets with the Group's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal controls. The AC also meets with the internal and external auditors, without the presence of Management, at least annually.

The AC has reviewed the half-year and annual financial statements of SingPost and the Group, the voluntary interim business updates for the first and third quarters of the financial year, and the related SGXNet announcements for the financial year ended 31 March 2021, as well as the auditor's reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the AC.

During the year, the AC has reviewed the performance of the external auditors using the Audit Quality Indicators Disclosure Framework published by ACRA as reference. The AC has also reviewed with Management all the non-audit services provided by the external auditor to SingPost and the Group in the financial year ended 31 March 2021. Based on the nature and extent of the services provided, the AC is of the opinion that the independence of the external auditor was not impaired by the provision of these non-audit services. The external auditor has also provided a confirmation of its independence to the AC. Accordingly, the AC has recommended the re-appointment of the external auditor at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

During the financial year, the AC has reviewed with the Group CFO and the external auditor the changes to accounting standards and issues which are relevant to the Group and have a direct impact on the Group's financial statements.

The AC has reviewed the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2021, as well as the Independent Auditor's Report thereon before submitting them to the Board for its approval. The AC has discussed with Management the accounting principles that were applied and also considered the appropriateness of the critical accounting estimates and judgments made in preparing the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the AC:

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Assessment of impairment of goodwill and other intangible assets	The AC considered the approach and methodology applied to the valuation models used in the goodwill impairment assessment as well as the assessment of indicators of impairment of intangible assets. The AC reviewed the recoverable amounts of the cash-generating units (CGUs) which involves significant judgment about the future cash flow projections of the business with consideration of the potential financial impact of the COVID-19 pandemic, the appropriate terminal growth rates and discount rates applied to the future cash flow projections. The impairment review was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2021. Refer to page 104 of the Annual Report.
Valuation of investment properties	The AC considered the approach and methodology applied to the valuation models used in assessing the valuation of investment properties. The AC reviewed the data, estimates and assumptions including the potential impact of COVID-19 used in each valuation model as well as the independence and competence of the valuer appointed to perform the valuations. The valuation of investment properties was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2021. Refer to page 105 of the Annual Report.

Whistle-blowing Policy

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud, corruption and other forms of unethical behavior or conduct. The Group has put in place whistle-blowing policies and arrangements by which staff and any other persons may, in confidence, raise concerns about possible improprieties including concerns about the Group's accounting, internal controls, auditing matters and the conduct of officers or staff including Management and Directors. The AC periodically reviews these policies and arrangements. Details of the whistle-blowing policy, arrangements and procedures for raising such concerns are posted on the Company's corporate intranet and corporate website for easy reference by staff and any other persons. New staff are briefed on these during the staff orientation programme.

All reportable incidents including allegations of fraudulent practices are brought to the attention of the chairman of the AC and the Chairman of the Board and are investigated promptly, professionally, fairly and honestly.

In respect of the Board, the Code of Business Conduct and Ethics requires Directors to communicate any suspected violations promptly to the Chairman of the Board and the chairman of the NCGC. If the suspected violations involve the Chairman of the Board or the chairman of the NCGC, communication should be made to the chairman of the AC whereupon suspected violations will be investigated by the Board or by a person or persons designated by the Board and appropriate action will be taken in the event it is determined that any violation has occurred.

CORPORATE GOVERNANCE REPORT

In addition, the Group adopts a zero-tolerance approach to bribery and corruption and is committed to acting professionally, transparently and fairly with integrity in all of the Group's business dealings and relationships as well as implementing and enforcing effective systems to counter bribery and corruption. The Group's Anti-Bribery and Corruption Policy (ABC Policy) sets out guiding principles to conduct the businesses with honesty, fairness and high ethical standards. The ABC Policy applies to the Board members as well as employees of the Group. The Company also has a Code of Conduct that sets forth certain standards and rules of conduct that apply to all employees. The Code of Conduct describes the importance of protecting the interests of the Company, safeguarding sensitive and confidential information, preventing any conflict of interest, and not engaging in illegal, corrupt or fraudulent activities, as an employee of the Company. All employees are expected to strictly adhere to the rules of conduct contained in the staff manual including the code, as well as comply with Company policies, laws and regulations.

The Code of Business Conduct and Ethics and the ABC Policy are accessible from the Company's corporate website.

Internal Audit

The Group's IAD covers the audits of the Company and its subsidiaries. The IAD's objectives, scope of authority and responsibilities are defined in the Group's Internal Audit Charter, which has been approved by the AC. The IAD is independent of the activities it audits, and does not undertake any operational responsibility or authority over any of the activities within its audit scope.

The IAD is headed by the Senior Vice President (Group Internal Audit) and staffed by suitably qualified and experienced executives. Its primary line of reporting is to the chairman of the AC, although it would also report administratively to the Group CEO. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function.

Under the Group's Internal Audit Charter, the IAD has unfettered access to all of the Group's documents, records, properties and personnel, including direct access to the AC.

Annually, the Group's internal audit plan is formulated based on a risk-based approach to review the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management system. The plan is developed in consultation with, but independent of Management and is aligned with the Group's Enterprise Risk Management framework. This plan is reviewed and approved by the AC.

The AC reviews the adequacy and effectiveness of the internal audit function on an ongoing basis, and is of the view that the internal audit function is independent, effective and adequately resourced. The AC ensures that the IAD is adequately resourced, has appropriate standing within the Group and is able to perform its functions effectively and objectively.

The IAD adopts the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors (IIA). The IAD has a Quality Assurance programme to ensure conformance to IIA Standards. Internal Quality Assurance reviews are conducted on an annual basis. External reviews are carried out once every 5 years by external qualified professionals. The last review was successfully completed in FY2018/2019. The quality assessment review conducted in FY2020/2021 concluded that the internal audit scope of activities conforms with the IIA Standards.

Training and development opportunities are provided for IAD staff to ensure their technical knowledge and skill sets remain current and relevant. Support is also given to IAD staff to achieve and maintain their certification and relevant professional accreditations (e.g. Certified Internal Auditor, Certified Fraud Examiner, Certified Information Systems Auditor, Chartered Accountant, etc.). IAD staff also attend external trainings and seminars conducted by reputable public accounting and auditing firms, and professional associations such as IIA, Association of Certified Fraud Examiners, and Singapore Accountancy Commission.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

Principle 12: Engagement with Shareholders

The Company treats all shareholders fairly and equitably and is committed to upholding a practice of fair, transparent and timely disclosure. The Company publicly releases all price-sensitive and trade-sensitive information via SGXNet prior to any meetings with individual analysts or investors with the view to ensure parity of information. Such information is also posted on the Company's corporate website after each release.

On 8 May 2020, the Company announced that it will discontinue announcing the unaudited financial statements of the Group for each quarter of its financial year following the amendments to Rule 705(2) of the Listing Manual of the SGX. Instead, it will announce its financial results on a semi-annual basis. The Company will continue to keep shareholders updated on material developments relating to the Group in compliance with its continuing disclosure obligations, as well as engage its shareholders and investors, having considered their need for information in the absence of quarterly results announcements. To this end, the Company will announce voluntary business updates for the first and third quarters of each financial year.

Conduct of Shareholder Meetings

Due to the COVID-19 situation in Singapore, the AGM in respect of the financial year ended 31 March 2020 was convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (Order).

In view of the ongoing COVID-19 situation in Singapore, shareholders will not, as a precautionary measure, be able to attend the AGM in respect of the financial year ended 31 March 2021 (2021 AGM) in person, and the 2021 AGM will again be held by way of electronic means pursuant to the Order. Alternative arrangements relating to attendance at the 2021 AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of, or live at, the 2021 AGM, addressing of substantial and relevant questions in advance of, or live at, the 2021 AGM and voting by appointing the Chairman of the Meeting as proxy at the 2021 AGM, will be put in place for the 2021 AGM. The Company's usual practice for the conduct of general meetings is otherwise set out below.

The Company encourages shareholder participation at general meetings, which serve as a platform for engagement with the Board and Management. The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings.

The Company disseminates information on its general meetings through notices sent to shareholders and published in the local press and via SGXNet. Annual Reports and Letters/Circulars are normally sent to shareholders at their written request and are posted on the Company's corporate website. The meetings are usually held in a central location in Singapore to ensure convenient access for shareholders.

Under the Company's Constitution and pursuant to the Companies Act, the CPF Board and relevant intermediaries (as defined in Section 181 of the Companies Act, Cap . 50) may appoint more than two proxies to attend, speak and vote on their behalf. A registered shareholder who is unable to attend may appoint up to two proxies, who need not be shareholders of the Company, to attend and vote on his/her behalf.

Shareholders are informed of the rules, including the voting procedures that govern general meetings. The Company has implemented electronic polling and the voting procedures are carefully explained to the shareholders by the independent scrutineer at the start of the meeting together with a test run to ensure familiarity with the electronic polling device and procedure. All resolutions are put to vote by poll.

Where a physical meeting is held, Board members and the respective chairman of all the Board Committees, together with Management, are present and available at general meetings to address shareholders' queries. The Company's external auditor is also present to address shareholders' queries relating to the conduct of audit and the preparation and content of the auditor's report. Shareholders also have the opportunity to communicate with the Directors and Management after the meeting.

At each AGM, Management presents an update to shareholders on the Company's progress, performance and prospects. Presentation materials are also released via SGXNet and posted on the Company's corporate website for the benefit of shareholders.

CORPORATE GOVERNANCE REPORT

Separate resolutions are tabled on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. In the event that there are resolutions which are interdependent and linked, the Board will explain the reasons and material implications in the notice of the meeting. Shareholders present are given an opportunity to clarify or direct questions on issues pertaining to the proposed resolutions before the resolutions are voted on. To ensure transparency in the voting process, the detailed results of all resolutions put to vote, showing the number of votes cast for and against each resolution, and the respective percentages, are tallied and disclosed live on-screen to shareholders immediately after the vote has been cast. The results are also announced via SGXNet after the conclusion of the meeting.

Minutes of the general meetings are posted on the Company's corporate website as soon as practicable after such meetings. The minutes record substantial and relevant comments or queries from shareholders and responses from the Chairman, Board members and Management.

Provision 11.4 of the 2018 Code provides that a company's constitution should allow for absentia voting at general meetings of shareholders. Presently, absentia voting (such as by mail, email or fax) is not permitted under the Company's Constitution. The Company does not intend to amend its Constitution to provide for absentia voting until security, integrity and other pertinent issues relating to absentia voting are satisfactorily resolved. Nevertheless, the Company is of the view that notwithstanding its deviation from Provision 11.4 of the 2018 Code, shareholders are treated fairly and equitably and have the opportunity to communicate their views on matters affecting the Company. For instance, shareholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings if they are unable to attend.

Dividend Policy

The Company's dividend policy is based on a payout ratio ranging from 60% to 80% of underlying net profit for each financial year. The dividend policy is published on the investor relations (IR) section of the Company's corporate website at https://www.singpost.com/about-us/investor-relations/dividend-information. Other than the dividend policy, the Company also discloses its dividend payment history on its corporate website.

Following the discontinuation of quarterly results announcements, the Company has changed its dividend payout from a quarterly to a half-yearly basis.

While the Company's dividend policy remains relevant, due to the uncertain outlook caused by the ongoing COVID-19 pandemic the Board has proposed a final dividend of 0.6 cents per ordinary share for the financial year ended 31 March 2021 (subject to shareholders' approval at the Annual General Meeting of the Company to be convened). Including the proposed final dividend, total dividends for the financial year would be 1.1 cents which represents a payout ratio of about 40% of underlying net profit. This is outside our dividend policy payout ratio range, but it is necessary to take a prudent approach through these special times to conserve cash for the ongoing execution of the Group's transformation initiatives.

Communication with Shareholders

The Company proactively engages its shareholders and strives to ensure effective communication with the investment community.

The Company's IR activities and conduct are guided by its Market Disclosure Policy, which contains the principles, guidelines and procedures governing market disclosure, as well as the IR Policy, which describes the principles and practices for the Company to provide current and prospective investors with information necessary to make well-informed investment decisions.

The Company makes timely disclosures of new material information to all shareholders on SGXNet in compliance with the requirements of the SGX listing rules. Where there is inadvertent disclosure made to a select group, the Company will make the same disclosure publicly to all others as promptly as possible via SGXNet.

Management and the IR team proactively engage analysts and investors to keep them updated on the business strategy, operational and financial performance, and material corporate developments. These take the form of one-on-one and group meetings, conference calls, site visits as well as participation in conferences and non-deal roadshows.

In FY2020/2021, SingPost ranked 12th position in The Singapore Governance and Transparency Index (SGTI) and was an ASEAN Corporate Governance Scorecard (ACGS) Award Winner.

CORPORATE GOVERNANCE REPORT

SingPost has always utilised both face-to-face and virtual means for such engagements. With the onset of safe distancing measures and travel restrictions during the COVID-19 pandemic, Management has shifted towards virtual platforms to maintain active engagement with the investment community.

In FY2020/2021, Management and IR engaged over 100 investors through face-to-face meetings, video and audio conferences, and virtual briefings or webcasts. While Management would typically conduct around four overseas non-deal roadshows on top of local meetings and conferences, these meetings were conducted virtually due to travel restrictions.

Over the course of the year, SingPost participated in five virtual investor conferences. This included events co-organised by the SGX and investment banks, such as the SGX-CLSA Singapore Corporate Virtual Access Day in November 2020.

Besides discussing financial and operational performance, Management also spent time updating investors on SingPost's ESG initiatives.

SingPost also recognises the importance and value of regular engagement with retail shareholders, and holds annual meetings for retail investors with the Securities Investors Association Singapore (SIAS) to provide an opportunity for investors to interact with Management.

In July 2020, in collaboration with SIAS, retail shareholders were invited to a virtual SingPost-SIAS dialogue session. Group CEO and Group CFO presented SingPost's financial and operational performance via video conference and engaged in a question-and-answer session with the attendees.

In December 2020, members of SingPost Management met with SIAS management to discuss ways to improve investor outreach and further engage retail investors.

SingPost believes in developing and fostering strong relationships with research analysts, who play an important role in communicating key messages to the investing community, media and general public. Nine research firms covered SingPost during the year.

To facilitate better understanding of the Group's business operations, SingPost organises regular site visits for investors and analysts, which included visits to the SingPost Regional eCommerce Logistics Hub for a first-hand look at automation systems used for eCommerce order picking and parcel sorting. With the onset of safe distancing measures, Management has been using virtual platforms to showcase the capabilities of the Logistics Hub.

SingPost conducts briefings for analysts for each financial results announcement. The public may access an audio webcast or playback of each of the results briefing, and a transcript will be published under the IR section of the corporate website as soon as practicable.

To ensure timely and accurate dissemination of information, the IR section of the corporate website is regularly updated and contains all SGXNet announcements, periodic financial statements, investor presentations and AGM-related materials, including minutes of the AGM and the full voting results.

Shareholders and potential investors can contact the IR team directly with any queries via the contact details published on the IR section of the Company's corporate website. In addition, they are able to sign up for an email alert service, and be updated whenever there are any announcements.

Furthermore, the Lead Independent Director is available to shareholders and can be contacted at lid@singpost.com where shareholders have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. The contact details of the Lead Independent Director are published on the IR section of the Company's corporate website.

Based on the above, the Company has in place a framework which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Company has put in place practices that enable regular communication and engagement with stakeholders, so as to understand and address their needs and interests. Platforms used to communicate and engage with stakeholders include a current website and other social media tools. Formal materiality assessment exercises with internal and external stakeholders were conducted from FY2017/2018 to FY2018/2019 to identify environment, social and governance (ESG) topics that matter to them. The results from the materiality assessments and ongoing engagements continue to influence sustainability efforts in the Company. The basis for and methods of engagement with the stakeholders, along with the key areas of focus for each stakeholder group, can be found on pages 76 to 80 of the Sustainability section of this Annual Report (including the maintenance of a current corporate website).

DEALINGS IN SECURITIES

In line with the SGX listing rules, the Company has a policy and guidelines that set forth standards and procedures for dealing in the Company's securities, which have been disseminated to employees of the Group and Directors of the companies within the Group.

The policy and guidelines applicable for the financial year ended 31 March 2021 provide that no dealings in the Company's securities by the Directors and officers of the Group can take place during the period of one month immediately preceding the announcement of the Company's half year and full year financial statements, and ending once the announcement of the relevant results (Closed Periods) is made. Further, if at any relevant time (including an "open" trading period), they are aware of or privy to any material undisclosed price-sensitive and/or trade-sensitive information which is the subject of an impending Company's announcement or potential media release, they should not trade in the Company's securities until the information is appropriately disseminated to the market.

During an open trading period, Directors shall provide prior notice to the Company and obtain pre-clearance from the Company's Chairman, Group CEO and Group Company Secretary prior to the execution of any such trade in the securities of the Company. For any persons other than Directors, pre-clearance should be obtained from the Group CEO and Group Company Secretary prior to the execution of any such trade in the securities of the Company.

The Company will also not purchase or acquire its securities during the Closed Periods and at any time after a price-sensitive or trade-sensitive development has occurred or has been the subject of a decision until the price-sensitive or trade-sensitive information has been publicly announced.

Directors and officers are also required to comply with insider trading laws at all times even when dealing in the Company's securities outside the prohibited trading period. The policy and guidelines also discourage trading on short-term considerations.

Directors are also prohibited from disposing the Company's securities, directly or indirectly held, within a period of twelve (12) months of their cessation as Directors of the Company.

The Company issues periodic reminders to its Directors, relevant officers and employees on the restrictions in dealings in the Company's securities.

Directors and senior Management are prohibited from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under its equity-based remuneration schemes. Such associated products include structured instruments, financial products, arrangements or derivatives involving SingPost securities or unvested entitlements.

SUMMARY OF DISCLOSURES

SUMMARY OF DISCLOSURES OF CODE OF CORPORATE GOVERNANCE 2018 (2018 CODE)

Rule 710 of the SGX Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the 2018 Code in their annual reports for financial years commencing on or after 1 January 2019. This summary of disclosures describes the Company's corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the 2018 Code.

Provision	Page reference in SingPost Annual Report 2020/21
BOARD MATTERS	
The Board's Conduct of Affairs	
Principle 1	
1.1	Pages 51, 52, 55, 69 and 70
1.2	Pages 57, 58 and 59
1.3	Pages 51 and 52
1.4	Pages 52 to 55
1.5	Pages 55, 56 and 61
1.6	Pages 55 and 56
1.7	Pages 51 and 56
Board Composition and Guidance	
Principle 2	
2.1	Pages 57 and 58
2.2	Pages 57 and 58
2.3	Pages 57 and 58
2.4	Pages 57 and 58
2.5	Pages 55 and 60
Chairman and Chief Executive Officer	
Principle 3	
3.1	Page 59
3.2	Page 59
3.3	Pages 60 and 73
Board Membership	
Principle 4	
4.1	Pages 55, 57, 60 to 62 and Pages 218 to 225
4.2	Pages 54 and 60
4.3	Pages 60 and 61
4.4	Pages 55, 57 and 58
4.5	Pages 16 to 19, 57, 60 and 61
Board Performance	
Principle 5	
5.1	Pages 61 and 62
5.2	Pages 61 and 62
REMUNERATION MATTERS	
Procedures for Developing Remuneration Policies	
Principle 6	
6.1	Pages 54 and 63
6.2	Page 54
6.3	Page 54
6.4	Page 63

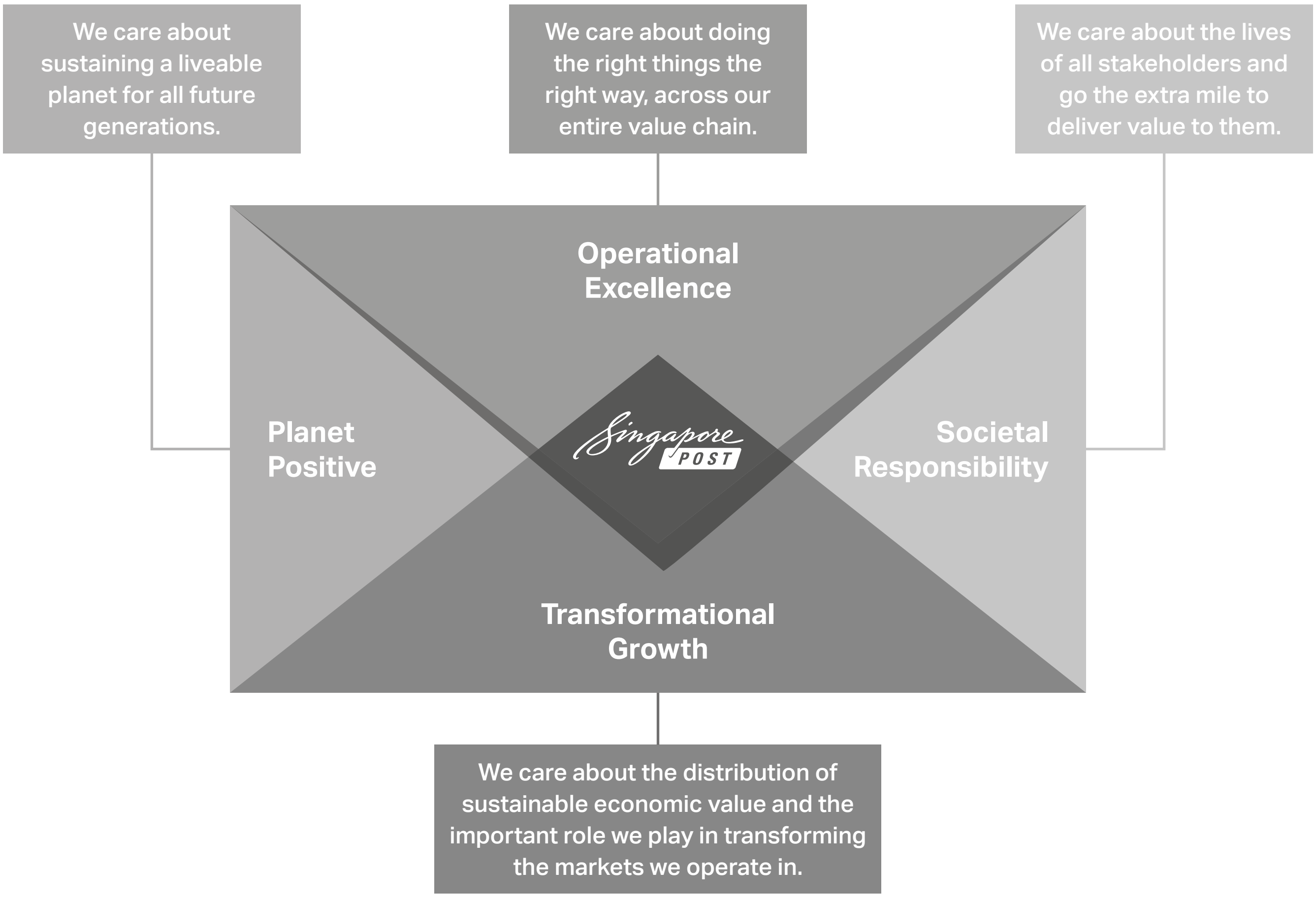
Provision	Page reference in SingPost Annual Report 2020/21
Level and Mix of Remuneration	
Principle 7	
7.1	Page 64
7.2	Page 63
7.3	Page 62
Disclosure on Remuneration	
Principle 8	
8.1	Pages 63 to 66
8.2	Page 64
8.3	Pages 63 to 66 and Pages 97 to 101
ACCOUNTABILITY AND AUDIT	
Risk Management and Internal Controls	
Principle 9	
9.1	Pages 53, 66 and 67 and Pages 82 to 89
9.2	Pages 67 and 68
Audit Committee	
Principle 10	
10.1	Pages 52, 53, 68 and 69
10.2	Pages 52 and 68
10.3	Page 68
10.4	Page 70
10.5	Page 68
SHAREHOLDER RIGHTS AND ENGAGEMENT	
Shareholder Rights and Conduct of General Meetings	
Principle 11	
11.1	Page 71
11.2	Page 72
11.3	Pages 56 and 71
11.4	Page 72
11.5	Page 72
11.6	Page 72
Engagement with Shareholders	
Principle 12	
12.1	Pages 72 and 73
12.2	Pages 72 and 73
12.3	Pages 72 and 73
MANAGING STAKEHOLDERS RELATIONSHIPS	
Engagement with Stakeholders	
Principle 13	
13.1	Page 74 and Pages 76 to 80
13.2	Page 74 and Pages 76 to 80
13.3	Page 74 and Pages 76 to 80

SUSTAINABILITY

As a trusted organisation connecting people, businesses and communities for over 160 years, SingPost is committed to managing and operating our business and resources in a sustainable manner.

SingPost's Sustainability Report, prepared in accordance to the Global Reporting Initiative ("GRI") standards – 'Core option' reporting requirements, as well as the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard listing requirements, is published annually within five months of its financial year-end. The Sustainability Report communicates the Company's sustainability performance including the strategic approach and data on our material environment, social and governance ("ESG") factors.

Sustainability at SingPost is delivered through four interlinking pillars – **Planet Positive**, **Operational Excellence**, **Societal Responsibility**, and **Transformational Growth**.



The FY2020/21 Sustainability Report, which will provide details of our sustainability efforts and performance, will be published within five months of the financial year.

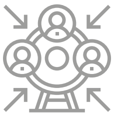
STAKEHOLDER ENGAGEMENT

SingPost regularly engages with its stakeholders to better understand their needs and interests, and updates on developments in the business. The table below lays out the basis and methods of engagement with our stakeholders, along with key focus areas for each stakeholder and our responses.

SUSTAINABILITY

Stakeholders	Basis for engagement	Methods of engagement and frequency	Key areas of focus/ stakeholder concerns	SingPost's response
Shareholders *Institutional investors, equity analysts, retail investors, and Securities Investors Association of Singapore (SIAS)*	Provide opportunities for investors to engage with management; allow investors to gain a better understanding of the company's business, operations and upcoming strategies Reach a wider network of investors to broaden and diversify shareholder base	Regular meetings, conferences with investors, roadshows, retail investor day; including through virtual means Half-yearly results briefings for analysts Annual general meetings SGX announcements, the annual report, circulars, press releases – as appropriate	Business sustainability in the short and long term Total shareholder returns Practices and targets for environment, social and governance factors	Develop and implement strategy to improve the Group's financial performance Implement framework to address environment, social and governance matters laid out in SingPost's Sustainability Report
Customers *Corporates, retail customers, general public*	Meet or exceed customer needs; brand loyalty; public and education; adoption of processes and products Provide consistent and high service quality; resolve complaints	Network of post offices, mySAM portal and kiosks, SingPost apps, call centre, e-feedback forms Regular engagement by sales team Conduct customer satisfaction survey at frontline touchpoints Conduct annual customer service surveys e.g. B2B customer satisfaction surveys to measure corporate *Voice of Customer* and *Service Quality* Engagement with the general public through traditional and digital media platforms, as well as focus group discussions and outreach programmes Provide convenient access to services with online and offline channels, call centres, and Smart Post Offices with automated lobbies	Service quality Product and service offerings	Implement measures to raise reliability and service standards of the postal operations Net Promoter Score (NPS) surveys undertaken upon completion of a service transaction, to measure Quality of Service, at post offices, contact centre and for parcel delivery Develop and introduce new technologies and infrastructure, e.g. – Launched one-year public trial of smart letterboxes, PostPal – Ongoing development of SingPost's Future of Post vision Provide residents with an online channel – *MyPostman* – to know their neighbourhood postmen better and provide feedback on their service Introduce innovative product and service offerings

SUSTAINABILITY

Stakeholders	Basis for engagement	Methods of engagement and frequency	Key areas of focus/ stakeholder concerns	SingPost's response
 **Employees** *Full-time, contract and temporary workers*	Ensure understanding and alignment with the company's goals and strategy, and update on corporate/strategic developments Drive greater employee loyalty through job satisfaction, retention and productivity Ensure a safe and healthy workplace to prevent accidents and injuries, and maintain a healthy working environment	Half-yearly town hall staff meetings Regular management meetings Internal announcements and memos from GCEO and Management Committee – as appropriate Leverage digital tools to engage staff on new programmes and benefits, e.g. intranet updates, HR skills development app and digital onboarding programmes and webinars Monthly Workplace Safety and Health (WSH) Committee meetings with participation from employees, contractors and union representatives Monthly safety inspections at all work sites to improve or maintain high WSH standards Annual WSH campaigns to promote safety awareness and improve workplace safety culture Implementing Safe Management Measures at workplaces and complying with COVID-19 regulations	Fair HR policies and practices Total Workplace Safety and Health (TWSH) Programs to achieve worker's well-being at the workplace Pandemic Response and measures to protect workers at work Career advancement, learning and development, remuneration and welfare Community spirit within the workplace and morale during pandemic	Implement HR framework to guide employee engagement: – Providing top talent – Rewarding for performance – Instilling a lean HR operating system – Developing and growing our talent – Engaging every employee in the Group's transformation Certified bizSAFE Level 3 organisation Collaboration with WSH Council and consultants to implement TWSH programmes at selected Mail Delivery Bases (Jurong and Kallang Regional Base) LinkedIn Learning was launched to offer a wider breadth of learning resources and support development needs of employees, on demand and virtually Enhanced employee benefits experience via implementation of online claims and teleconsultation apps; arranged onsite health screening before circuit breaker period and wellness and health webinars for employees Established a Monitoring Plan and trained Safe Management Officer (SMO) to conduct regular Safe Management Measures checks at workplaces

SUSTAINABILITY

Stakeholders	Basis for engagement	Methods of engagement and frequency	Key areas of focus/ stakeholder concerns	SingPost's response
Trade union *Union of Telecoms Employees of Singapore (UTES)*	Staff representation, mutual trust and openness Consult and collaborate on workplace decisions	Regular dialogues with union representatives	Welfare of union workers	Regular engagement to develop a good and collaborative relationship Completed and endorsed the Collective Agreement with UTES
Government/ Regulators *e.g. Infocomm Media Development Authority (IMDA), Singapore Exchange (SGX), Ministry of Manpower (MOM), National Environment Agency (NEA)*	Adherence to regulators' requirements Contribute towards public good	Meetings – as appropriate Regulator enquiries – as appropriate Annual quality of service audits Participation in initiatives led by government agencies – as appropriate	Adherence to regulations Service quality standards and obligations as the public postal licensee Prompt redress of complaints by public/ customers Collaborations for public interest	Open and collaborative approach Review of systems and process to maintain high service standards
Universal Postal Union (UPU)	Adherence to regulators' requirements Discuss matters impacting SingPost's interest in international mail distribution system	Participation in UPU meetings – as scheduled Participation in UPU working groups and committees – as appropriate	Obligations as a UPU member Compliance to regulations and service quality standards	Regular engagement to address matters impacting SingPost's interests
Suppliers *e.g. airlines, international postal agencies, delivery partners, amongst others*	Meet SingPost's requirements Cost efficiency Meet or exceed quality standards and code of conduct	Tender documents and requirements (Requests for Proposal, Invitation to Quote) – as appropriate	Transparent procurement policies	Provide clear expectations in tender requirements Regular review of procurement policy and practices

SUSTAINABILITY

Stakeholders	Basis for engagement	Methods of engagement and frequency	Key areas of focus/ stakeholder concerns	SingPost's response
 **Local communities and community partners**	Contribute towards the well-being of the community, especially during pandemic	Ongoing community-support initiatives Regular meetings with community partners and non-profit organisations	Create positive social impact Promote environmental sustainability	Launched #HereWithYou campaign emphasising SingPost's focus on prioritising the health and safety of its staff, customers and communities, as it continues to serve Singapore as the national postal essential service in the pandemic Several initiatives involving physical engagements, especially with the seniors, were put on hold due to COVID-19; new initiatives requiring less physical interactions were introduced instead Partnered with People's Associations for the *Masks Sewn With Love* initiative, allowing the public to send their hand-sewn masks for free Launched the first *We Care* charity stamp series with proceeds, and SingPost's matching donations, going to charity Annual donations and sponsorships
 **Partners** *e.g. business partners, community partners*	Explore collaborations with partners to create shared value	Meetings – as appropriate Regular engagement by relevant business and support units – as appropriate	Partnerships for common goals	Existing and new partnerships, e.g. AXA@POST, a post assurance partnership between AXA and SingPost

The Company's corporate website, www.singpost.com, is updated on a timely basis to provide stakeholders with current and relevant information. A dedicated "Contact Us" section offers multiple avenues of contact such as mailing address, phone numbers, live chat, and feedback channel.

SUSTAINABILITY

COMMUNITY ENGAGEMENT

SingPost has a stake in the well-being of the communities it operates in, and mobilises its resources, people and competencies, to promote environmental stewardship and contribute towards the society at large.

Community Support

SingPost stepped up its efforts to support the community during the COVID-19 outbreak.

During the circuit breaker, SingPost supported *Masks Sewn With Love*, an islandwide initiative for volunteers to sew and donate masks to the needy. SingPost collected home-sewn masks through its posting boxes and consolidated them for distribution to beneficiaries such as vulnerable children and the elderly. More than 180,000 home-sewn masks were collected and delivered through SingPost's network.

SingPost also partnered Temasek Foundation on its distribution of hand sanitisers as part of its *Stay Prepared* initiative. Pamphlets containing information on hygiene and the collection of hand sanitisers were delivered to households across Singapore.

It was also during that period when SingPost sponsored the delivery of 33 cartons of donations to families of migrant workers who were suffering from COVID-19. Other sponsorships included envelopes and stamps for Tzu Chi's mask initiative.

In the past few years, SingPost has rolled out initiatives under its Silver Programme that addresses issues arising from Singapore's ageing population. These included the Postman Home Visits initiative, where postmen performed checks on the vulnerable elderly during their delivery rounds; dementia awareness training for its frontliners; and courses under People's Association Seniors for Smart Nation programme led by volunteers from various departments.

SingPost also continues to run its Food Distribution Initiative, for 11 years now, tapping on its delivery network to distribute unsold food to collection centres for seniors and families in need. Due to COVID-19 restrictions, these initiatives have been put on hold.

Philanthropy

SingPost continues to contribute to the community through cash and in-kind donations.

Asia's first charity stamps, with proceeds and matching donations from SingPost donated to Community Chest in support of the Movement of the Intellectually Disabled of Singapore (MINDS), were launched during the year.

SingPost has been a partner of Community Chest's employee payroll donation matching programme, SHARE, since 2004, and has contributed over S$10,000 towards the programme in the year. SingPost will continue to offer placement of donation tins in the post offices to collect public donations, with a collaboration with Ang Mo Kio Family Service Centre for the year. The Group also supported the annual UTES – U Care Bursary awards, contributing S$80,000 towards bursaries for 243 children, including 103 children of our employees.

SUSTAINABILITY

ENVIRONMENTAL STEWARDSHIP

As a global player in eCommerce logistics, the Group is sensitive to the environmental impact of its operations and is committed to reducing it. It targets to reduce 35% of absolute greenhouse gas emissions by 2030, from FY2018/19 base levels.

SingPost continues to explore ways to improve energy efficiency at its sites. It will be installing solar photovoltaic systems at the Regional eCommerce Logistics Hub, expected to be operationally ready in early 2022. It has taken steps to optimise the chillers in its properties and is exploring replacing the chillers with a next-gen refrigerant to minimise energy consumption.

It continues to look at solutions to improve fleet efficiency, and is putting in place a fleet management system. SingPost is also proceeding with the pilot use of electric vehicles in its delivery, and expects to implement the trial in 2021.

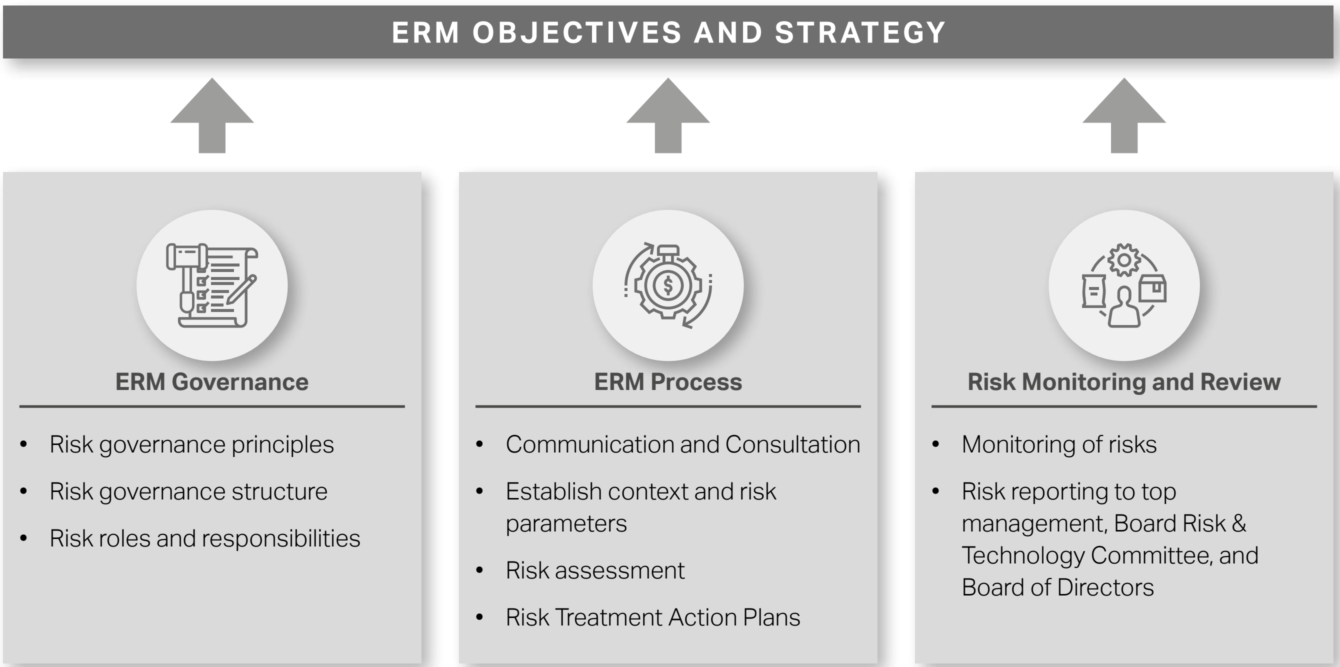
As part of its efforts to advocate the use of environmentally friendly products, such cleaning products certified by the Singapore Green Building Council are now being used in SingPost Centre.

ReCYCLE, a nationwide e-waste recycling initiative with its partner Singtel, collected 21,815 kg of e-waste during the year from 61 collection points islandwide. With the national e-waste management system introduced by the National Environment Agency in 2021, the ReCYCLE initiative will be discontinued in May 2021.

ENTERPRISE RISK MANAGEMENT (ERM) APPROACH

ERM Framework of the SingPost Group ("The Group")

The Group's ERM framework is modelled largely on the ISO 31000:2018 Risk Management – Principles and Guidelines, and covers the key strategic, operational, financial, compliance and information technology risks facing SingPost. The ERM framework is supported by appropriate risk policies, procedures and provides guidance to the Group's various business units and support units on managing risks.



ERM Framework

SUSTAINABILITY

Risk Governance

The Group's ERM programme and internal controls are reviewed on a regular basis and, where appropriate, refined by Key Management with guidance from the Board Risk and Technology Committee (BRTC) and the Board of Directors (Board).

The Board, through the BRTC, has an overall responsibility for risk governance and ensures that Management maintains a robust system of risk management and internal controls to safeguard stakeholders' interests and the company's assets and resources.

In addition, the BRTC sets the tone on the appropriate risk culture and provides guidance on the enterprise risk management system and the corresponding policies and procedures. The BRTC meets quarterly.

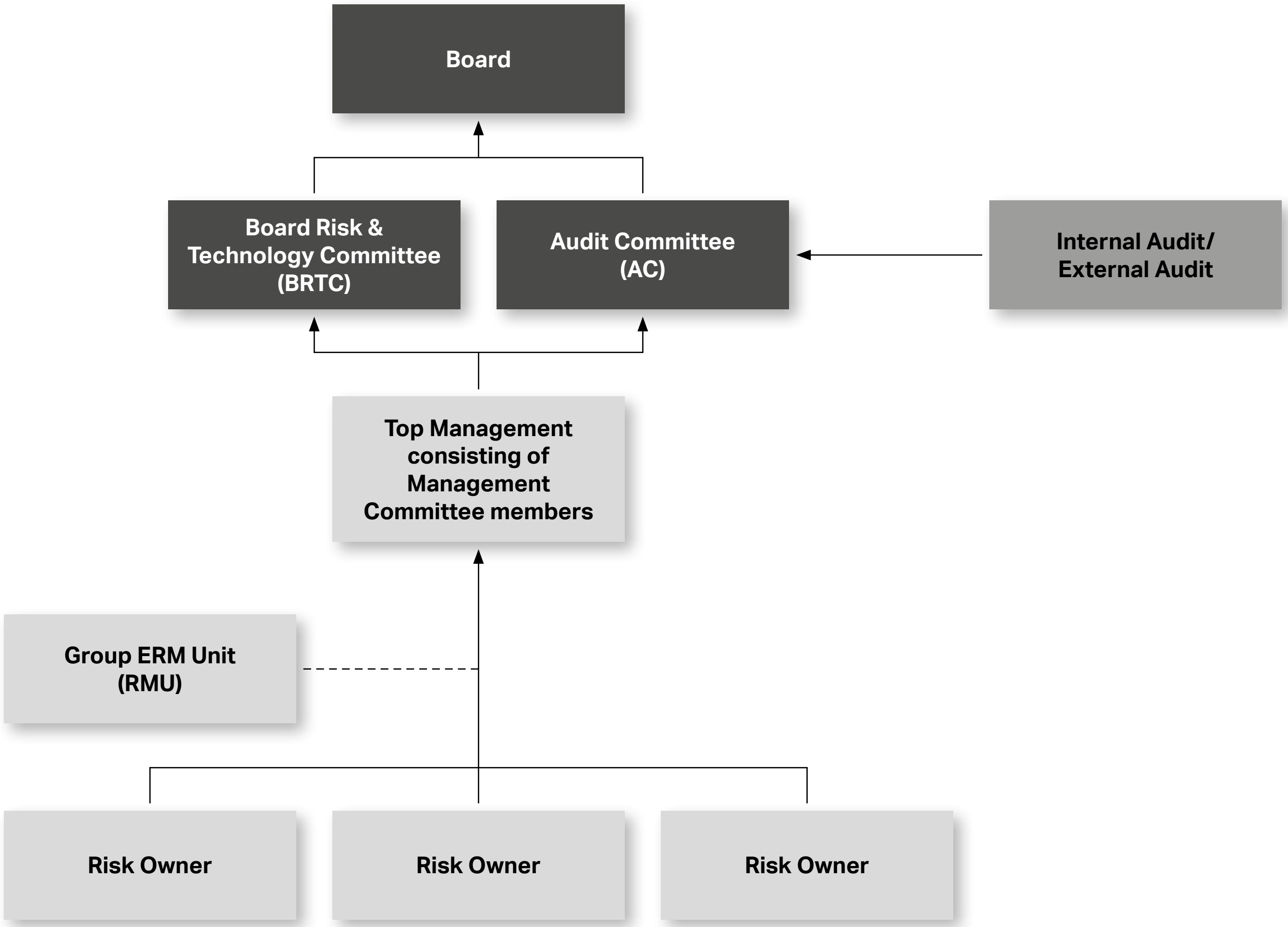
The purpose of risk governance is to embed and build on the four lines of defence (as illustrated in the diagram below), which is a prerequisite to promote a robust system of risk management and effective internal controls.

Four Lines of Defence

Risk Governance Structure

The adoption of the above four lines of defence develops a risk governance structure. It embeds the Group's existing organisational structure with assigned risk roles and responsibilities.

SUSTAINABILITY



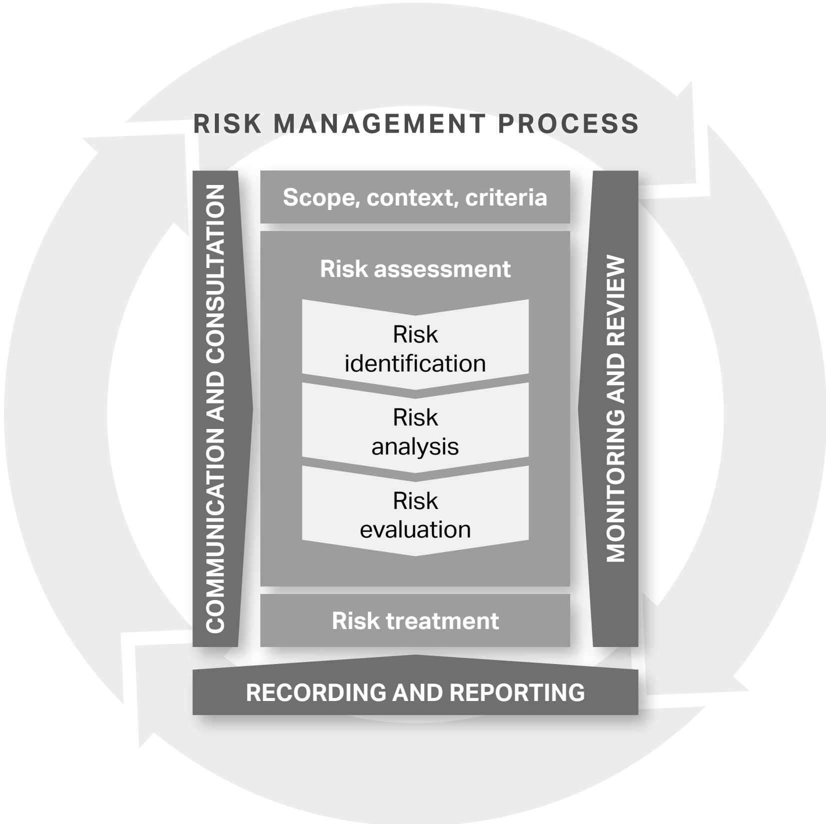
Legend:
1st and 2nd line of defence | 3rd line of defence | 4th line of defence | —— Reporting line | - - - - Information Sharing line

ERM Process

The ERM process aims to achieve the following:

- A structured, disciplined and systematic approach to managing risks;
- Robustness of risk information;
- Accountability for outcomes and risk treatment action plans; and
- Sustainability

SUSTAINABILITY



Risk Appetite Statements

The Group's risk appetite statement reflects the nature and extent of risks the Group is willing to take in pursuing its strategic objectives. During the financial year ended 31 March 2021, the Board approved the following risk appetite statements:

1. **Strategy**

   The Group is committed to upholding its reputation as a trusted organisation while placing customers at the core of its business. This will include investments into people, innovation, infrastructure, cyber and data security to the benefit of all stakeholders.

2. **Sustainability & Growth**

   The Group aims to strengthen its market position in Singapore and the rest of Asia-Pacific by taking measured risks that balances risk and reward in line with its strategic objectives and initiatives. The Group will also proactively seek to diversify its business while actively managing its risks.

3. **Financial**

   The Group aims to deliver value to shareholders with sustainable profitable growth. The Group is committed to maintain a strong financial position and targets an investment grade credit rating with adequate liquidity to meet its operational and financing obligations and longer-term goals.

4. **People & Culture**

   The Group aims to be an employer of choice where it engages, develops, grows and rewards talent, apart from providing employees and stakeholders a safe and healthy work environment. The Group is committed to complying with laws and regulations of all countries in which it operates, and to conduct business with integrity, fairness and high ethical standards in all business dealings and relationships.

SUSTAINABILITY

Key Material Risks To The Group

The Group categorises its risk profile into five key areas: **Strategic**, **Financial**, **Operational**, **Compliance and Information Technology**.

Strategic Risks

A large part of the Group's strategic risks comprises of market-driven forces, evolving business landscapes, changing customer demands, concentration of key customers, disruptive technology and declining letter volume.

Risk Name:	The Group manages by:
Concentration (The Group recognises the risk of over-reliance on revenue generated by its postal business unit and its products.)	• Diversifying transshipment origin, trade lanes and destination countries. • Strengthening and optimising a regional transhipment hub to serve our postal eCommerce customers. • Develop and grow our Post and Parcel global transshipment hub to serve eCommerce customers (from Platforms to Brands). • Diversifying the Group's income streams to prevent over-reliance on a particular business unit.
Declining Letter Volume (The Group recognises the risk of technological advancements replacing physical letters, this poses a threat to the Group's most profitable revenue stream.)	• Product streamlining for operational optimisation to mitigate e-substitution and to position Post and Parcel for other growth areas. • Commercial sale integration and reviewing of incentive schemes to optimise sales opportunities and customer relationship management. • Seeking basic postage and bulk mail scheme rate revisions. • Harmonizing the processing capability for both letters and parcels to create synergies and agility through the seasonal spikes. Processing will be automated along with application of smart technologies in infrastructure to enhance efficiency.
Merger & Acquisition (The Group recognises the merger and acquisition (M&A) risk is the risk arising from the process of buying and integrating businesses.)	• Adopting a disciplined investment evaluation and decision process governed by the Group M&A policy. • Ensuring more members of our management team to be represented as Board directors of our associates. This allows the sharing of commercial experience as well as best practices in corporate governance and reporting.

SUSTAINABILITY

Financial Risks

The Group has diversified global businesses, partially funded by external debts in addition to shareholders' funds. This exposes the Group to liquidity risk, interest rate risk and foreign currency risk. The Group has established policies, guidelines and control procedures to manage and report exposure to such risks.

Risk Name:	The Group manages by:
Treasury (The Group's business and operations may be exposed to unfavourable movements in foreign exchange rates, interest rates, that may result in potential financial losses.)	**Liquidity Management** • Monitoring and maintaining a level of cash and cash equivalents to finance operations and to mitigate the effects of fluctuations in cash flows. • Maintaining funding flexibility with credit facilities available to meet short-term obligations as they fall due. **Interest Rate** • Reviewing the Group's interest rate exposures on Group's debt obligations and interest-bearing financial assets. • Maintaining a prudent mix of fixed and floating interest rates for the outstanding borrowings or debts to manage fluctuations in the interest rate environment. • Placing cash balances with reputable banks and financial institutions with different maturities to manage interest income on different interest rate terms. **Foreign Currency** • Constantly reviewing foreign currency exposure from fluctuations arising from the Group's operations and subsidiaries, and associates in foreign countries. • Using a hedging framework, matching currencies and hedging instruments to hedge known exposure from foreign currency exchange rate fluctuations.
Credit Management (The Group recognises that weak credit control management over customers, customers' slow payment or non-payments when customers' accounts receivables are due may result in potential significant bad debts.)	• Being highly selective of the type of customers to which the Group is prepared to provide credit to. • Credit analysis and robust screening of such customers to ensure credit worthiness. • Understanding the risk exposure and applying suitable credit terms. • Ensuring strict compliance by all customers to the credit terms with deviations granted only on exceptional basis and in accordance to Accounts Receivable Approval Matrix. • Escalating to Group Chief Financial Officer on monthly and quarterly basis, customers' whose accounts receivable are overdue. • Trade Credit Insurance policy is in place to insure for high valued customers.

SUSTAINABILITY

Operational Risks	
The Group's operations are exposed to a variety of operational risks relating to workplace safety and health, talent retention and with the increased reliance on information systems and technology as a business enabler, a service disruption of critical information technology (IT) systems or malicious and deliberate attempt of hackers to breach our IT systems could adversely affect the Group's business continuity and reputation.	
Risk Name:	**The Group Manages by:**
Workplace Safety and Health (The Group recognises the importance of taking reasonably practicable safety and health measures at its workplaces to prevent severe injury or death of staff and/or customers.)	• Establishing a Workplace Safety and Health (WSH) committee to review workplace safety and health performance of each business and support units. • Reviewing near misses, investigating incidents and mapping action plans for improvements. • Conducting safety awareness workshops across for all operational employees. • Conducting WSH inspection at all workplaces to identify hazards and ensure compliance to WSH Act and relevant regulations. • COVID-19 safe management measures are in place at all workplaces.
Talent Retention (The Group recognises the importance of retaining personnel with key institutional knowledge, information, experience, skills, and connections for key positions in the SingPost management group to ensure operational effectiveness and business sustainability.)	• Robust approach to talent identification, assessment and development allows the Group to have a holistic organisational view of our talent pipelines and bench strength. The identified pool of talent are offered accelerated development opportunities that include formal learning, coaching and mentoring as well as action learning projects to enhance their skills and competencies and prepare them to successfully take on the challenges of the future. • Succession Planning for key executive and critical roles identified across the business, allows the Group to be aware of and systematically mitigate any short term or long term risks arising from potential unavailability of talent so that appropriate steps to recruit or accelerate development of the Group's internal talent may be taken. This annual exercise is conducted jointly with the talent identification and assessment process with the involvement of the Management team as well as Board Committee. • In line with the Group's strong performance based culture, there is effective rewards differentiation for top performers to ensure competitive compensation positioning vis a vis the market. Long term incentive programmes are also offered to key talent pools as a form of our commitment to invest in their growth and development over a longer term.
Business Continuity (The Group recognises the importance and the need to recover from a business/operational disruption quickly to minimise impact to our customers, operations and assets.)	• Establishing Business Continuity Management Council structure with Business Continuity Management (BCM) Framework to drive the business continuity plan (BCP) efforts from top down. • Continuously reviewing and monitoring the effectiveness of the BCP via annual testing of the BCPs.
IT Security (The Group recognises that cyber threats remain a key concern as attackers become increasingly creative with attack methods and may result in significant data losses.)	• Maintaining an IT security framework to address evolving IT security threats such as hacking, malware, and loss of data. • Dedicated IT security expertise to keep abreast on the latest developments, innovation and threats in technology, and assessing their risks and impact.
Critical IT Systems Failure (The Group recognises that unplanned outage/ downtime and/or performance deficiency of Critical IT systems may lead to negative customer experience, disruption to major operations, and/or regulatory actions or fines by the regulators.)	• Conducting periodic disaster recovery testing on all critical IT systems. • Ensuring that IT servers are centrally and continuously monitored with appropriate escalations to be performed on any critical IT systems failure. • Monitoring mechanisms to mitigate poor performing critical systems.

SUSTAINABILITY

Compliance Risks	
The Group's business operations are exposed to a variety of compliance risks relating to postal regulation and associated government regulations.	
Risk Name:	**The Group Manages by:**
Data Privacy (The Group recognises that data privacy breaches may undermine customer confidence and result in litigation from customers and/or regulatory fines and penalties.)	• Maintaining an accountability-based data privacy framework to work in conjunction with the IT security framework to safeguard personal data collected, processed and disclosed. • Maintaining governance structure to ensure oversight is provided by the group management and the board on the adequacy of the Group's privacy programme and control measures. • Developing and implementing data privacy focused policies and procedures group wide. Examples are – handling of privacy incidents and personal data breaches, data subject access rights, classification of personal data. • Conducting regular mandatory trainings to all employees on the Group's data privacy framework and associated policies and procedures to create awareness and compliance. • Assigning clear line of accountability to all privacy liaison officers at BU and SU levels to assist in the maintaining of data privacy and personal data protection procedures and processes.
Postal Regulatory (The Postal Service is required to meet stringent Quality of Service (QoS) standards for basic letter delivery services set by the Infocomm Media Development Authority (IMDA). IMDA's Postal QoS framework is one of the most stringent in the world. The Postal Service is required to comply with the Postal Services Act, Postal Licence conditions, Postal Competition Code, Postal Services Regulations, Directions and Guidelines issued by the IMDA. Non-compliance with the above may result in the imposition of financial penalties.)	• Having regular engagements with the Postal Regulator, IMDA and other government agencies. • Internal communications campaigns to educate, remind and encourage best behaviour. • Regular reminders to staff to comply with established protocols, guidelines and directions, enhanced by strict disciplinary action taken for non-compliance. • Continually monitoring and assessing the impact of Postal Regulatory developments as the business evolves to minimise impact to the business.
Governance (Fraud, Bribery and Corruption) (The Group recognises that fraud, bribery and corrupt acts committed by employees/officers and non-compliance with internal governance/ Standard Operating Procedures, may result in financial loss and/or reputation damage to the Group.)	• Maintaining a zero-tolerance policy and "tone from the top" towards fraud, bribery and corruption. • Conducting trainings and creating internal control/fraud awareness via quarterly newsletters. • Conducting annual declaration exercise by all staff covered under the anti-bribery and corruption policy. • Establishing whistle-blowing escalation process where SingPost Group Internal Audit manage and investigate whistleblowing incidents and all whistle-blowing reports received are reported to SingPost Audit Committee on a quarterly basis. • Assisted in the revamp of the Code of Ethics which will be embedded into the Code of Conduct (owned by HR) to give emphasis on ethical behavior and integrity of individual employee. • Set up the Ethics Committee at Management level to evaluate staff issues or concerns of an ethical nature, reviewing remediation and strengthening processes.
Payment Services Act ("PSA") (The Group is required to meet regulatory requirements for offering payment services under the PSA and notices and guidelines released by the Monetary Authority of Singapore. Non-compliance with the above may result in financial penalties or in the worst case, a suspension of the licence resulting in stoppage of the business.)	• Developing and implementing policies and procedures. Examples are – Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) as required, safeguarding requirements, issuance of receipts, etc. • Developing a checklist and ensuring that all products and services offered or to be offered by the Group will adhere to the PSA. • Conducting training to all employees on the PSA and associated policies and procedures to create awareness and compliance. • Continually monitoring and assessing the impact of PSA and the changes of the PSA to minimise impact to the business.

SUSTAINABILITY

OUR PEOPLE ARE OUR PRIDE AND WE WILL ALWAYS BE #HEREWITHYOU

It has been an unprecedented year where we had to redefine "normal" as we adapted to new ways of working and learnt to thrive under challenging circumstances. Against such a backdrop, our people have shown courage, resilience, collaborative spirit and unfailing commitment towards our national obligations that have kept SingPost relevant and alive. Our people are our pride.

Our paramount focus last year was supporting our employees as they navigated the pandemic safely and successfully adapt to the changing demands of their roles. Welfare, wellness and lifelong learning underlined our focus and key message to our staff that we are #HereWithYou.

The SingPost Board of Directors and Senior Management contributed towards a COVID-19 Relief Fund that was distributed to the ground staff who were impacted by the Malaysian government's announcement of Movement Control Order (MCO), quarantine orders or additional workload due to reduced manpower. An additional Solidarity Bonus was also paid out to all junior staff to support and motivate them during the difficult period. SingPost also provided accommodation arrangements and daily allowances for our Malaysian staff who stayed on in Singapore after the MCO was announced, to help lessen the strain on them.

Health and well-being offerings were strengthened in the last financial year to provide convenient and virtual access to medical help and wellness resources. Employees could seek medical consultations with panel doctors virtually through a newly introduced Teleconsult App, and also submit claims seamlessly through an improved medical claims portal and a brand-new mobile claims app.

With employees having to adjust to the new normal brought about by the pandemic, wellness webinars were organised throughout the year for staff to learn about mental and physical wellness from professionals of the Singapore Counselling Centre, learning about various coping mechanisms to ride through the anxieties and challenges they were facing. SingPost also introduced a new "Wellness leave", giving each staff two additional leave days a year to encourage employees to balance their personal and professional priorities.

With the national vaccination programme underway, SingPost organised vaccination education talks, delivered by medical experts to build awareness amongst staff and encourage take-up so as to better protect themselves, their families and the community.

Engagement and morale were kept high with virtual staff events such as the annual Buka Puasa event for our Muslim colleagues, Chinese New Year e-red packets and festive giveaways for employees. The most anticipated event by frontline team members was the Best Ambassadors of Year event, recognising exemplary contributions by frontline staff across the various business and support units in the SingPost Group.

Along with health and well-being, SingPost continued to invest in the upskilling of our employees, enabling them to grow professionally and be agile as they adapted to working from home and social distancing. To this end, SingPost introduced LinkedIn Learning, an on-demand learning solution designed to offer access to expert content and learning modules across a wide range of personal effectiveness, business and leadership skills.

SingPost also collaborated closely with its union, Union of Telecoms Employees (UTES), to continue upskilling its postal frontline staff in the areas of digital readiness, as part of its commitment towards the Company Training Committee formed in 2019. Team members were trained in the use of smart device applications as well as service excellence modules, while supervisors underwent training on driving performance and managing effective work teams.

With face-to-face training suspended due to COVID-19, SingPost successfully transited to conduct virtual training sessions for frontline staff, as well as manager development and leadership programmes, including iLEAD, in order to maintain the momentum in building a future-fit workforce.

In recognition of SingPost's focus and commitment towards learning, SingPost received the **SkillsFuture Employer Awards 2020 (non-SME category)**, the country's highest skills accolade recognising exemplary employers who lead the way in championing their employees' skills development and building a culture of lifelong learning at the workplace.

SingPost remains committed to its people, enabling them to achieve their potential as the organisation emerges stronger together from this crisis to thrive in the new world.

SUSTAINABILITY

WORKPLACE SAFETY & HEALTH

2020 was truly a challenging year in more ways than one. The arrival of COVID-19 on Singapore's shores was a serious disruption to SingPost's operations, given the very real threat to the health and safety of the frontline team and their family members.

Despite the tumultuous year, FY20/21 presented SingPost with an opportunity to forge a sense of unity in battling the pandemic. Collectively, each and every employee has contributed in one way or another to ride the waves of challenges.

The COVID-19 related health and safety protocols have given team members a strong sense of collective focus towards Workplace Safety and Health (WSH). With that notion taken into consideration, SingPost has constantly sought to improve every aspect of its workplace safety and health, with the commitment to continue to do so even after the pandemic.

Numerous initiatives were also implemented in FY20/21 with the aim of bolstering up WSH performance at SingPost. An example was the *"Defensive Riding Webinar"* where SingPost aimed to inculcate a greater sense of safety awareness among all motorists at all Mail Delivery Bases. The *"Protect our Limbs" Safety Campaign* was also launched to promote the importance of wearing appropriate Personal Protective Equipment (safety shoes, gloves & etc.) at all workplaces.

Another notable initiative was the collaboration with the WSH Council to put in motion *"Total Workplace Safety & Health" (TWSH)*. This programme was initiated to improve the work, safety and health of the workforce whilst adopting the best practices used in Singapore. The objective of the collaboration was done to ensure the well-being of all employees and to ultimately achieve a more productive and healthier workforce.

In its commitment to ensure a continuous focus on WSH, the SingPost Group WSH Committee also reached a milestone of its 100th committee meeting, achieved through the dedication and commitment of all partners and members.

In the face of current safe management measures in place to contain the spread of COVID-19, SingPost remains steadfast in ensuring the highest level of compliance in WSH management.

PROFILES OF KEY EXECUTIVES

MR PHANG HENG WEE VINCENT, 47
Chief Executive Officer, Postal Services & Singapore

Mr Phang joined SingPost in April 2019 as Chief Executive Officer for Postal Services and Singapore, which encompasses all of SingPost's core Domestic and International Post and Parcel business, as well as Logistics activities in Singapore. In this role, Mr Phang is responsible for leading the postal service through a comprehensive and customer-centric suite of logistics, mail and parcel solutions for our customers both domestically and internationally. Mr Phang has more than 20 years of regional experience in the supply chain, logistics, industrial and technology industries in Asia, having served in various senior leadership roles including Group CEO of ST Logistics. Mr Phang holds a Master in Engineering (First Class) in Aeronautical Engineering from the Imperial College, UK and has also attended the Advanced Management Programme at Harvard Business School in 2014.

MR LAI TAK LOI RICHARD, 50
Group Chief Financial Officer

Mr Lai oversees all financial and strategic investment matters of the Group, including financial reporting, taxation, risk management, treasury and investor relations functions. He is also in charge of the Property portfolio, driving the direction and profitability of this business segment. Mr Lai has close to 30 years of experience in the financial, property and banking industries; having held key roles in finance, banking, asset management, mergers & acquisitions (M&A) and logistics, as well as appointed CFO of several SGX-listed entities. He joined the Group from GuocoLand Limited, part of the Hong Leong Group Malaysia, where he served for almost four years as CFO. He also served as Deputy CEO and subsequently appointed CEO of Mapletree Logistics Trust Management before leaving to start his own real estate capital management firm, LABRO Capital. Mr Lai was previously a banker in various capacities with various banks and financial institutions including Standard Chartered Bank, Schroders and Arab-Malaysian Merchant Bank (now known as AmInvestment Bank Berhad). Mr Lai holds a Bachelor in Economics (Honours) with a major in Accounting and Finance from the University of Manchester, United Kingdom. Mr Lai is a member of Malaysian Mensa Society.

MR LIM JUI-I, 42
Chief Executive Officer, Quantium Solutions

Mr Lim Jui-I joined SingPost in September 2017 as Group Chief Transformation Officer, responsible for the transformation blueprint across the SingPost business. Besides overseeing the change management process and providing strategic and commercial leadership to identify and drive growth opportunities across the Group, he was also responsible for strategic investments and integration. In June 2019, Mr Lim was appointed Chief Executive Officer (CEO) of Quantium Solutions, the international eCommerce logistics arm of SingPost. Mr Lim is currently responsible for growing and strengthening Quantium Solutions, alongside SPeCommerce (SPEC) and CouriersPlease (our last-mile courier express parcels business in Australia), as an Asia Pacific centric end-to-end eCommerce solutions provider. Mr Lim joined SingPost from Toll Global Forwarding (TGF), where he was Director of Strategy & Development for Toll's global freight forwarding network. Prior to TGF, Mr Lim worked at Toll Holdings, Linfox and YCH Group in various strategy, business development and country roles. He holds a Master of Engineering and a Bachelor of Science in Applied & Engineering Physics from Cornell University in the USA.

PROFILES OF KEY EXECUTIVES

MR PUAR HUAN KIAP, 59
Group Chief Information Officer

Mr Puar joined SingPost in January 2020 as Group Chief Information Officer, responsible for all aspects of SingPost digital, innovation and information technology strategy whilst leading the Group Technology division globally. He brings with him over 30 years of experience acquired from various global organisations. His most recent appointment before SingPost was Head of Information Systems and Technology with Mapletree Investment Pte. Ltd. (Mapletree) where he led the company through a transformation. Amongst many other initiatives, he helped to digitally transform Mapletree using latest technologies, helped in costs reductions and improve service level by bringing resources in-house, and streamlining processes to improve operation efficiency and productivity. Prior to Mapletree, Mr Puar was the Senior IS Director for Covidien Medical and before that, he took on various senior roles in IT across industries spanning from fashion, retail, automotive and electronics. Mr Puar holds a Bachelor of Engineering from University of Aberdeen in the United Kingdom, and a Master of Management Technology from the University of Singapore.

MS LINDA HOON SIEW KIN, 58
Chief Legal Officer & Group Company Secretary

Ms Hoon joined SingPost in August 2018 as Chief Legal Officer and Group Company Secretary, in which she leads the Legal, Compliance and Company Secretarial functions reporting to the Group CEO. In this role, Ms Hoon leads a team of professionals at the Group corporate office, to handle the legal advisory and compliance governance across the Group. Her responsibilities include corporate governance; regulatory and statutory governance and legal risk management of SingPost. Ms Hoon has more than 3 decades of legal, compliance and company secretarial experience, mostly in-house with major regional listed companies. Ms Hoon has a Bachelor as well as Master's degree in Law from the National University of Singapore and was admitted to the Singapore Bar in 1987. She has also obtained a Master's of Science in Management from the Essec Business School in 2018. Ms Hoon attended the General Management Programme in Harvard Business School in 2002.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

The directors present their statement to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2021.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 108 to 215 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Mr Simon Claude Israel (Chairman)
Mr Paul William Coutts (Group Chief Executive Officer)
Mr Bob Tan Beng Hai
Mr Chen Jun
Ms Elizabeth Kong Sau Wai
Mrs Fang Ai Lian
Mr Steven Robert Leonard
Ms Lim Cheng Cheng
Ms Chu Swee Yeok

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 was 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, other than as disclosed under "Share Options" and "Restricted Share Plan" on pages 97 to 101 of this statement.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

(a) According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, none of the directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.3.2021	At 1.4.2020	**At 31.3.2021**	At 1.4.2020
Company				
Singapore Post Limited				
(4.25% Senior Perpetual Cumulative securities)				
Mrs Fang Ai Lian	**250,000**	250,000	**–**	–

(b) According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, certain directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the Singapore Post Share Option Scheme and unvested restricted shares of the Company granted pursuant to Singapore Post Restricted Share Plan 2013 as set out below and under "Share Options" and "Restricted Share Plan" on pages 97 to 101 of this statement.

	Number of unvested restricted shares held by director	
	At 31.3.2021	At 1.4.2020
Unvested performance share awards		
Paul William Coutts	**3,723,637**	2,722,970
Unvested restricted shares awards		
Paul William Coutts	**1,063,314**	466,744

(c) The directors' interests in the shares and convertible securities of the Company as at 21 April 2021 were the same as those as at 31 March 2021.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

SHARE OPTIONS

The Singapore Post Share Option Scheme was adopted on 21 March 2003, and a new scheme, known as Singapore Post Share Option Scheme 2012 was adopted on 29 June 2012; collectively known as the "Scheme". The Scheme is administered by the Compensation Committee comprising Mr Bob Tan Beng Hai (Chairman), Mr Simon Claude Israel and Mrs Fang Ai Lian during the financial year ended 31 March 2021.

Employees (including executive directors), subject to certain conditions, are eligible to participate in the Scheme. The Scheme provides a means to recruit, retain and give recognition to employees who have contributed to the success and development of the Company and / or the Group.

The principal terms of the Scheme are as follows:

- The exercise price of the granted options is equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive trading days immediately preceding the date of grant of that option.

- The value of the share option is determined using the Trinomial option pricing model (taking into account relevant assumptions).

- Granted options shall be exercisable, in whole or in part, during the exercise period applicable to that option and in accordance with the vesting schedule applicable to that option or other conditions (if any) that may be imposed by the Compensation Committee in relation to that option. Options may be exercised, in whole or in part in respect of 1,000 shares or any multiple thereof, by a participant giving notice in writing, accompanied by a remittance for the aggregate subscription cost in respect of the shares for which that option is exercised. The method of settlement could be in cheque, cashier's order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company. There are no restrictions on the eligibility of the persons to whom the options have been granted to participate in any other share option or share incentive scheme, whether or not implemented by any of the other companies within the Group or any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

- The vesting schedule for the share options granted to eligible employees (including executive directors) effective from 20 May 2014 are as follows:

Vesting period	Proportion of Total Share Options that are exercisable
Before / On first anniversary of date of grant	0 per cent
After first anniversary and before second anniversary of date of grant	Up to 30.0 per cent of grant
On / After second anniversary and before third anniversary of date of grant	Up to another 30.0 per cent of grant **OR** Up to 60.0 per cent of grant if share options were not exercised after the first vesting year
On / After third anniversary till tenth anniversary of date of grant	Balance **OR** 100.0 per cent of grant if share options were not exercised after the first and second vesting years

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

SHARE OPTIONS (continued)

- The share options granted to eligible employees (including executive directors) effective 26 June 2006 to 10 March 2014 have a four-year vesting schedule and the details are as follows:

Vesting period	Proportion of Total Share Options that are exercisable
Before / On first anniversary of date of grant	0 per cent
After first anniversary and before second anniversary of date of grant	Up to 25.0 per cent of grant
On / After second anniversary and before third anniversary of date of grant	Up to another 25.0 per cent of grant **OR** Up to 50.0 per cent of grant if share options were not exercised after the first vesting year
On / After third anniversary and before fourth anniversary of date of grant	Up to another 25.0 per cent of grant **OR** Up to 75.0 per cent of grant if share options were not exercised after the first and second vesting years
On / After fourth anniversary till tenth anniversary of date of grant	Balance **OR** 100.0 per cent of grant if share options were not exercised after the first, second and third vesting years

- On 11 May 2012, 17 January 2014, 7 March 2014 and 1 April 2014, performance share options were granted to key management staff. Vesting of these options is based on the Company's performance against a set of stretched targets on the Group's profit and the Company's target share price performance.

- The total number of shares over which options may be granted under the Scheme on any date, when added to the nominal amount of shares issued and issuable and in respect of all options granted under the Scheme, shall not exceed 5.0 per cent of the issued share capital of the Company on the day preceding that date.

Since the adoption of the Scheme to 31 March 2020, a total of 178,687,936 share options have been granted. Detail of the options are set out in the Directors' Statement for the respective financial years.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

SHARE OPTIONS (continued)

During the financial year ended 31 March 2021, no share options were granted. At the end of the financial year, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding are as follows:

			Number of ordinary shares under options outstanding				
Date of Grant	Exercise Period	Exercise Price	Balance At 1.4.20 ('000)	Granted during financial year ('000)	Options exercised ('000)	Options forfeited ('000)	Balance At 31.3.21 ('000)
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
29.06.10	30.06.11 to 29.06.20	S$1.140	333	–	–	333	–
26.07.11	27.07.12 to 26.07.21	S$1.100	400	–	–	–	400
11.05.12	19.05.14 to 11.05.22	S$1.030	482	–	–	–	482
10.08.12	11.08.13 to 10.08.22	S$1.070	884	–	–	57	827
17.01.14	18.01.17 to 17.01.24	S$1.350	1,736	–	–	53	1,683
07.03.14	08.03.17 to 07.03.24	S$1.330	375	–	–	–	375
20.05.14	21.05.15 to 20.05.24	S$1.450	2,662	–	–	64	2,598
07.08.14	08.08.15 to 07.08.24	S$1.760	259	–	–	–	259
13.05.15	14.05.16 to 13.05.25	S$1.910	250	–	–	250	–
19.05.15	20.05.16 to 19.05.25	S$1.890	3,871	–	–	344	3,527
20.05.16	21.05.17 to 20.05.26	S$1.570	2,437	–	–	472	1,965
Total Share Options			**13,689**	**–**	**–**	**1,573**	**12,116**

No option has been granted to controlling shareholders of the Company or their associates.

No key management personnel or employee has received options of 5% or more of the total number of shares available under the Scheme during the financial year. No other director or employee of the Company and its subsidiaries (as defined in the SGX-ST Listing Manual) has received options of 5% or more of the total number of shares available to all directors and employees of the Company and its subsidiaries under the Scheme during the financial year.

No option was granted at a discount during the financial year.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

SHARE OPTIONS (continued)

Restricted Share Plan

The Singapore Post Restricted Share Plan 2013 (the "Plan") was implemented with the approval of shareholders at the Extraordinary General Meeting held on 28 June 2013. The duration of the Plan is 10 years commencing from 28 June 2013. Amendments to the Plan to prescribe performance conditions were duly approved by the shareholders at the Company's annual general meeting held on 20 July 2017.

Enhancements to the Plan (the "Enhanced Plan") were subsequently designed to reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain staff whose contributions are essential to the well-being of the Group. The Enhanced Plan allow fully paid shares to be granted to non-executive directors of the Group and associated companies.

The release schedule for the shares granted to eligible employees (excluding non-executive directors) prior to FY2017/18 is as follows:

Vesting Period	Vesting Date	Percentage of Shares that will be Released on Vesting Date
From award date to date before first anniversary of award date	First anniversary of award date	30% (rounded to nearest whole share)
From first anniversary of award date to date before second anniversary of award date	On second anniversary of date of award	30% (rounded to nearest whole share)
From second anniversary of award date to date before third anniversary of award date	On third anniversary of date of award	Balance 40%

- 100% of the restricted shares granted to non-executive directors vest after one year from the date of grant.

Since the adoption of the Plan to 31 March 2020, a total of 5,839,118 restricted shares were granted.

During the financial year ended 31 March 2021, no restricted shares were granted under the Plan. There is no outstanding unvested restricted shares as at the start of the financial year.

Enhanced Plan

Following shareholders' approval to the Enhanced Plan at the Company's annual general meeting held on 20 July 2017, participants will receive fully paid SingPost shares provided that prescribed performance targets are met within a prescribed performance period. Shares granted from financial year 2017/18 onwards comprises of two types of awards:

(a) Performance Share Award; and

(b) Restricted Share Award.

The Performance Share Award, granted to senior management, has two long-term performance hurdles: Return on Equity and Absolute Total Shareholder Returns. The Restricted Share Award, granted to a broader group of executives and key talents, has one long-term performance hurdle: Underlying Net Profit. The performance period for both types of awards is three or four years depending on when the performance hurdles are met.

The performance conditions incorporate stretched targets aimed at delivering long-term shareholder value. Depending on achievement of the respective performance hurdles, 0% to 200% of the awards may vest.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

SHARE OPTIONS (continued)

Enhanced Plan (continued)

Performance Share Awards

Since the adoption of the Enhanced Plan, a total of 4,180,094 shares have been granted.

During the financial year ended 31 March 2021, 1,571,047 shares were granted. Details of the grants are as follows:

Date of Grant	Balance As At 1.4.20 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.21 ('000)
18.01.18	359	–	–	–	359
31.05.18	2,278	–	–	–	2,278
31.05.19	1,292	–	–	–	1,292
01.06.20	–	1,571	–	–	1,571
Total	**3,929**	**1,571**	**–**	**–**	**5,500**

Restricted Share Awards

Since the adoption of the Enhanced Plan, a total of 5,710,852 restricted shares have been granted.

During the financial year ended 31 March 2021, 4,192,854 shares were granted. Details of the grants are as follows:

Date of Grant	Balance As At 1.4.20 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.21 ('000)
18.01.18	899	–	–	101	798
31.05.18	1,080	–	–	111	969
31.05.19	2,562	–	–	193	2,369
01.06.20	–	4,193	–	238	3,955
Total	**4,541**	**4,193**	**–**	**643**	**8,091**

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

AUDIT COMMITTEE

At the date of this statement, the members of the Audit Committee are as follows:

Mrs Fang Ai Lian (Chairman)
Mr Bob Tan Beng Hai
Ms Chu Swee Yeok

All members of the Audit Committee were non-executive and independent directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap 50.

The Audit Committee has reviewed the overall scope, plans and results of both internal and independent audits and the assistance given by the Company's officers to the auditors. It has met with the Company's internal and independent auditors to discuss the results of their respective examinations and evaluations of the Company's system of internal accounting controls.

The Audit Committee has also reviewed the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2021 as well as the independent auditor's report thereon prior to their submission to the Board of Directors for approval.

Pursuant to the requirements of the SGX-ST, the Audit Committee, with the assistance of the internal auditors, has reviewed the guidelines and procedures that were set up to identify, report and where necessary, seek appropriate approval for interested person transactions of the Group. Interested person transactions of the Group during the financial year have also been reviewed by the Audit Committee.

The Audit Committee has recommended to the Board of Directors that the independent auditor, Deloitte & Touche LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

AUDITOR

The auditor, Deloitte & Touche LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Mr Simon Claude Israel
Chairman

Mr Paul William Coutts
Director

Singapore

28 May 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Singapore Post Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 108 to 215.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

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 Financial Statements* section of our report. We are independent of the Group 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our audit performed and responses thereon
Assessment of impairment of goodwill and other intangible assets *Refer to Notes 3(b) and 27 to the financial statements.* As at 31 March 2021, the goodwill and other intangible assets amounted to S$270.9 million and S$43.6 million respectively. Management's assessment of the recoverable amounts of the cash-generating units ("CGUs") involves significant judgement about the future cash flow projections of the business and the appropriate terminal growth rates and discount rates applied to these future cash flow projections. In arriving at the recoverable amounts, management has considered strategies and plans that have been approved by the Board and are in the process of being implemented. The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy and the economies of the countries in which the Group operates in. There remains significant uncertainty as to the duration of the pandemic and its future impact on those economies. Management has considered the performance of the different CGUs during the current financial year to develop the future cash flow projections. Overall, management has assessed that there is no impairment of goodwill and other intangible assets as the recoverable amount is higher than the carrying value as at 31 March 2021.	Our audit procedures focused on evaluating the key assumptions used by management in performing the impairment review. These procedures included: • evaluating the appropriateness of allocation of goodwill and other intangible assets to the different CGUs; • challenging management's future cash flow projections through comparison with recent performance, historical trend analyses, expectations of future development of the business and market including the impact arising from COVID-19 and publicly available industry and economic data; • involving our specialists to evaluate the appropriateness of management's assumptions, which include terminal growth rates and discount rates, by developing an independent expectation using economic and industry forecasts and rates of comparable companies with consideration for specific jurisdiction factors; • comparing current year's actual results against prior year's forecasts to assess whether assumptions made in prior year on hindsight had been reasonable; and • performing sensitivity analysis over the recoverable amounts of the Group's CGUs, based on reasonably possible changes in the key assumptions as set out above. Based on the procedures performed, we noted management's key estimates and assumptions used in the impairment assessment of goodwill and other intangible assets to be within a reasonable range of our expectations. We have evaluated the adequacy of the Group's disclosures made in relation to goodwill and other intangible assets and found them to be adequate.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

Key Audit Matter	Our audit performed and responses thereon
Valuation of investment properties *Refer to Notes 3(c) and 24 to the financial statements.* As at 31 March 2021, the Group's investment properties amounted to S$1,010.8 million, representing 37.1% of the Group's total assets. These investment properties are stated at their fair values based on independent external valuations. The net fair value loss on investment properties recognised during the year amounted to S$6.7 million. The valuation of these investment properties (primarily Singapore Post Centre, and the Group's warehousing and self-storage facilities located in Singapore) is inherently subjective as it involves judgement in determining the appropriate valuation methodologies to be used, the underlying assumptions to be applied and consideration of terms and conditions and restrictions in the property agreements. The assumptions on which the property values are based, are influenced by the tenure and tenancy details for each property, prevailing market yields, comparable market transactions and market conditions, including consideration of impact from COVID-19.	We obtained an understanding of the Group's process for selection of the external valuer. We evaluated the qualifications and competence of the external valuer and read the engagement terms to determine whether there were any matters that might have affected their independence and objectivity or imposed a limitation on the scope of their work. We also read and considered the external valuer's reports to confirm whether the valuation approach used was appropriate. We held discussions with the valuer to understand the basis of valuation techniques, assumptions applied and the impact of COVID-19 on the properties' valuations. With the involvement of our internal valuation specialists, we evaluated the appropriateness of the valuation techniques used by the external valuer for the key investment properties. We benchmarked and challenged the key assumptions used in their valuation by reference to externally published industry data, where available, and we also considered whether these assumptions are consistent with the current market environment. Based on the procedures performed, the valuation methodologies used are in line with generally accepted market practices and the estimates and assumptions used are within a reasonable range of our expectations. We also considered the adequacy of the disclosures in the financial statements regarding the key assumptions used in the valuation and the relationships between the key unobservable inputs and fair values and found them to be adequate.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shariq Barmaky.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants

Singapore

28 May 2021

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2021

	Note	Group 2021 S$'000	Group 2020 S$'000
Continuing operations			
Revenue	4	**1,404,681**	1,313,783
Labour and related expenses	5	**(304,215)**	(282,399)
Volume-related expenses	6	**(842,225)**	(710,526)
Administrative and other expenses	7a	**(108,677)**	(102,880)
Depreciation and amortisation	7b	**(68,725)**	(67,979)
Selling-related expenses		**(9,389)**	(9,528)
Impairment loss on trade and other receivables		**(1,856)**	(1,503)
Operating expenses		**(1,335,087)**	(1,174,815)
Other income		**9,738**	4,637
Profit on operating activities		**79,332**	143,605
Share of profit / (loss) of associated companies and joint venture	22	**989**	(114)
Exceptional items	8	**(12,491)**	(9,122)
Interest income and investment income (net)	9	**3,470**	6,872
Finance expenses	10	**(11,031)**	(12,648)
Profit before income tax		**60,269**	128,593
Income tax expense	11	**(13,259)**	(28,319)
Profit after tax from continuing operations		**47,010**	100,274
Discontinued operations			
Loss after tax from discontinued operations	12	**–**	(11,994)
Profit after tax		**47,010**	88,280
Profit attributable to:			
Equity holders of the Company		**47,620**	91,078
Non-controlling interests		**(610)**	(2,798)
		47,010	88,280
Earnings per share attributable to ordinary shareholders of the Company	13		
From continuing and discontinued operations:			
– Basic		**1.46 cents**	3.39 cents
– Diluted		**1.46 cents**	3.39 cents
From continuing operations:			
– Basic		**1.46 cents**	3.92 cents
– Diluted		**1.46 cents**	3.92 cents

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Group	
	2021	2020
	S$'000	S$'000
Profit after tax	**47,010**	88,280
Other comprehensive income / (loss) (net of tax):		
Items that may be reclassified subsequently to profit or loss:		
Deconsolidation of a foreign subsidiary's other capital reserve	**–**	1,622
Currency translation differences:		
– Gain / (loss) on translation of foreign operations	**16,706**	(10,878)
– Deconsolidation of foreign subsidiaries	**–**	2,115
– Transfer to profit or loss arising from disposal of associated companies	**–**	(75)
Items that will not be reclassified subsequently to profit or loss:		
Equity investments at fair value through other comprehensive income		
– Fair value gain / (loss)	**20,367**	(410)
– Gain on sale	**–**	5
Revaluation gain on property, plant and equipment upon transfer to investment properties	**672**	301
Other comprehensive income / (loss) for the year (net of tax)	**37,745**	(7,320)
Total comprehensive income for the year	**84,755**	80,960
Total comprehensive income attributable to:		
Equity holders of the Company	**78,728**	84,015
Non-controlling interests	**6,027**	(3,055)
	84,755	80,960

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2021

	Note	Group		Company	
		2021 S$'000	2020 S$'000	**2021 S$'000**	2020 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	15	**501,212**	492,997	**418,831**	431,056
Financial assets	16	**6,505**	9,501	**6,505**	9,501
Trade and other receivables	17	**166,411**	262,067	**124,048**	218,392
Derivative financial instruments	18	**40**	2,109	**40**	2,109
Inventories		**558**	331	**83**	36
Other current assets	19	**18,669**	18,628	**7,338**	8,913
		693,395	785,633	**556,845**	670,007
Non-current assets					
Financial assets	16	**111,124**	95,841	**12,581**	19,104
Trade and other receivables	20	**8,626**	8,641	**245,919**	246,723
Investments in associated companies and joint venture	22	**97,469**	35,334	**21,891**	18,534
Investments in subsidiaries	23	**–**	–	**322,397**	319,371
Investment properties	24	**1,010,804**	1,008,020	**956,362**	951,501
Property, plant and equipment	25	**405,448**	441,474	**251,953**	277,410
Right-of-use assets	26	**70,163**	73,218	**21,816**	21,101
Intangible assets	27	**314,532**	297,363	**–**	–
Deferred income tax assets	31	**4,248**	2,277	**–**	–
Other non-current asset	19	**5,958**	3,834	**–**	–
		2,028,372	1,966,002	**1,832,919**	1,853,744
Total assets		**2,721,767**	2,751,635	**2,389,764**	2,523,751
LIABILITIES					
Current liabilities					
Trade and other payables	28	**506,011**	506,952	**447,532**	457,542
Current income tax liabilities		**19,752**	40,531	**9,380**	27,540
Contract liabilities	30	**34,759**	31,957	**22,342**	20,190
Lease liabilities	29	**23,656**	19,346	**12,911**	9,179
Derivative financial instruments	18	**1,173**	932	**1,173**	932
Borrowings	29	**9,466**	156,963	**–**	149,750
		594,817	756,681	**493,338**	665,133
Non-current liabilities					
Trade and other payables	28	**22,308**	13,206	**254,715**	2,042
Borrowings	29	**312,846**	207,461	**–**	200,000
Contract liabilities	30	**23,319**	30,712	**23,319**	30,962
Lease liabilities	29	**60,189**	66,820	**9,649**	12,281
Deferred income tax liabilities	31	**36,865**	34,437	**21,971**	21,621
		455,527	352,636	**309,654**	266,906
Total liabilities		**1,050,344**	1,109,317	**802,992**	932,039
NET ASSETS		**1,671,423**	1,642,318	**1,586,772**	1,591,712
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	32	**638,762**	638,762	**638,762**	638,762
Treasury shares	32	**(29,724)**	(29,724)	**(29,724)**	(29,724)
Other reserves	33	**103,005**	73,310	**46,836**	42,859
Retained earnings		**564,708**	570,206	**584,072**	592,989
Ordinary equity		**1,276,751**	1,252,554	**1,239,946**	1,244,886
Perpetual securities	34	**346,826**	346,826	**346,826**	346,826
		1,623,577	1,599,380	**1,586,772**	1,591,712
Non-controlling interests	23	**47,846**	42,938	**–**	–
Total equity		**1,671,423**	1,642,318	**1,586,772**	1,591,712

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2021

Group	Note	Share capital S$'000	Treasury shares S$'000	Retained earnings S$'000	Other reserves S$'000	Total S$'000	Perpetual securities S$'000	Total S$'000	Non-controlling interests S$'000	Total S$'000
		Attributable to ordinary shareholders of the Company								
Balance at 1 April 2020		**638,762**	**(29,724)**	**570,206**	**73,310**	**1,252,554**	**346,826**	**1,599,380**	**42,938**	**1,642,318**
Total comprehensive income for the year		**–**	**–**	**47,620**	**31,108**	**78,728**	**–**	**78,728**	**6,027**	**84,755**
Transactions with owners, recognised directly into equity										
Acquisition of non-controlling interests		**–**	**–**	**–**	**(1,867)**	**(1,867)**	**–**	**(1,867)**	**(429)**	**(2,296)**
Adjustment to other reserves		**–**	**–**	**–**	**(2,498)**	**(2,498)**	**–**	**(2,498)**	**–**	**(2,498)**
Distribution of perpetual securities	34	**–**	**–**	**(14,875)**	**–**	**(14,875)**	**14,875**	**–**	**–**	**–**
Distribution paid on perpetual securities	34	**–**	**–**	**–**	**–**	**–**	**(14,875)**	**(14,875)**	**–**	**(14,875)**
Dividends paid to shareholders	35	**–**	**–**	**(38,243)**	**–**	**(38,243)**	**–**	**(38,243)**	**–**	**(38,243)**
Dividends paid to non-controlling interests in a subsidiary		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(690)**	**(690)**
Employee share option scheme:										
– Value of employee services	33b(i)	**–**	**–**	**–**	**2,952**	**2,952**	**–**	**2,952**	**–**	**2,952**
Total		**–**	**–**	**(53,118)**	**(1,413)**	**(54,531)**	**–**	**(54,531)**	**(1,119)**	**(55,650)**
Balance at 31 March 2021		**638,762**	**(29,724)**	**564,708**	**103,005**	**1,276,751**	**346,826**	**1,623,577**	**47,846**	**1,671,423**
Balance at 1 April 2019		638,762	(30,174)	572,774	78,024	1,259,386	346,826	1,606,212	47,392	1,653,604
Total comprehensive income / (loss) for the year		–	–	91,078	(7,063)	84,015	–	84,015	(3,055)	80,960
Transactions with owners, recognised directly into equity										
Transfer upon disposal of investment		–	–	5	(5)	–	–	–	(407)	(407)
Distribution of perpetual securities	34	–	–	(14,915)	–	(14,915)	14,915	–	–	–
Distribution paid on perpetual securities	34	–	–	–	–	–	(14,915)	(14,915)	–	(14,915)
Dividends paid to shareholders	35	–	–	(78,736)	–	(78,736)	–	(78,736)	–	(78,736)
Dividends paid to non-controlling interests in a subsidiary		–	–	–	–	–	–	–	(992)	(992)
Employee share option scheme:										
– Value of employee services	33b(i)	–	–	–	2,804	2,804	–	2,804	–	2,804
– Treasury shares re-issued	32	–	450	–	(450)	–	–	–	–	–
Total		–	450	(93,646)	2,349	(90,847)	–	(90,847)	(1,399)	(92,246)
Balance at 31 March 2020		638,762	(29,724)	570,206	73,310	1,252,554	346,826	1,599,380	42,938	1,642,318

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2021

Company	Note	Attributable to ordinary shareholders of the Company						
		Share capital S$'000	Treasury shares S$'000	Retained earnings S$'000	Other reserves S$'000	Total S$'000	Perpetual securities S$'000	Total equity S$'000
Balance at 1 April 2020		**638,762**	**(29,724)**	**592,989**	**42,859**	**1,244,886**	**346,826**	**1,591,712**
Total comprehensive income for the year		**–**	**–**	**44,201**	**1,025**	**45,226**	**–**	**45,226**
Transactions with owners, recognised directly into equity								
Distribution of perpetual securities	34	**–**	**–**	**(14,875)**	**–**	**(14,875)**	**14,875**	**–**
Distribution paid on perpetual securities	34	**–**	**–**	**–**	**–**	**–**	**(14,875)**	**(14,875)**
Dividends paid to shareholders	35	**–**	**–**	**(38,243)**	**–**	**(38,243)**	**–**	**(38,243)**
Employee share option scheme:								
– Value of employee services	33b(i)	**–**	**–**	**–**	**2,952**	**2,952**	**–**	**2,952**
Total		**–**	**–**	**(53,118)**	**2,952**	**(50,166)**	**–**	**(50,166)**
Balance at 31 March 2021		**638,762**	**(29,724)**	**584,072**	**46,836**	**1,239,946**	**346,826**	**1,586,772**
Balance at 1 April 2019		638,762	(30,174)	585,832	40,127	1,234,547	346,826	1,581,373
Total comprehensive income for the year		–	–	100,803	383	101,186	–	101,186
Transactions with owners, recognised directly into equity								
Transfer upon disposal of investment		–	–	5	(5)	–	–	–
Distribution of perpetual securities	34	–	–	(14,915)	–	(14,915)	14,915	–
Distribution paid on perpetual securities	34	–	–	–	–	–	(14,915)	(14,915)
Dividends paid to shareholders	35	–	–	(78,736)	–	(78,736)	–	(78,736)
Employee share option scheme:								
– Value of employee services	33b(i)	–	–	–	2,804	2,804	–	2,804
– Treasury shares re-issued	32	–	450	–	(450)	–	–	–
Total		–	450	(93,646)	2,349	(90,847)	–	(90,847)
Balance at 31 March 2020		638,762	(29,724)	592,989	42,859	1,244,886	346,826	1,591,712

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2021

	Group	
	2021	2020
	S$'000	S$'000
Cash flows from operating activities		
Profit after tax	**47,010**	88,280
Adjustments for:		
Income tax expense	**13,259**	28,391
Impairment loss on trade and other receivables	**1,856**	1,012
Amortisation of contract liabilities	**(9,075)**	(7,934)
Amortisation of intangible assets	**456**	507
Depreciation	**68,269**	67,472
Fair value loss on put option redemption liability	**3,501**	–
Fair value loss on investment properties	**6,670**	1,551
Gains on disposal of investments and property, plant and equipment	**(17)**	(31)
Gain on disposal of warrants from an associated company	**(3,356)**	–
Provision for restructuring costs	**480**	943
Share-based staff costs	**2,952**	2,804
Interest expense	**11,031**	13,508
Interest income	**(2,927)**	(5,885)
Impairment of property, plant and equipment	**1,209**	–
Impairment of associated companies	**115**	3,882
Impairment of loans to associated companies	**1,103**	–
Share of (profit) / loss of associated companies and joint venture	**(989)**	114
	94,537	106,334
Operating cash flow before working capital changes	**141,547**	194,614
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Inventories	**(227)**	361
Trade and other receivables	**87,868**	(41,197)
Trade and other payables	**17,222**	71,585
Contract liabilities	**4,484**	(5,945)
Cash generated from operations	**250,894**	219,418
Income tax paid	**(35,461)**	(36,256)
Net cash provided by operating activities	**215,433**	183,162

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2021

	Group	
	2021	2020
	S$'000	S$'000
Cash flows from investing activities		
Additions to property, plant and equipment and investment properties	**(21,861)**	(27,125)
Deconsolidation of subsidiaries, net of cash disposed (Note 14)	**–**	(3,934)
Dividends received from associated company	**430**	543
Interest received	**3,147**	6,371
Investment in an associated company	**(59,407)**	–
Loan to an associated company	**(108)**	(1,158)
Proceeds from sale of financial assets	**–**	741
Proceeds from divestment of an associated company (net of capital gain tax)	**–**	139
Proceeds from disposal of property, plant and equipment	**399**	160
Proceeds on maturity of financial assets	**9,500**	6,500
Repayment of loans by an associated company	**383**	–
Net cash used in investing activities	**(67,517)**	(17,763)
Cash flows from financing activities		
Acquisition of non-controlling interests	**(2,296)**	–
Distribution paid to perpetual securities	**(14,875)**	(14,915)
Dividends paid to shareholders	**(38,243)**	(78,736)
Dividends paid to non-controlling interests in a subsidiary	**(690)**	(992)
Interest paid	**(9,105)**	(16,072)
Repayment of principal portion of lease liabilities	**(32,588)**	(26,995)
Proceeds from bank loans and notes	**409,869**	628,364
Repayment of bank loans and notes	**(451,773)**	(555,276)
Net cash used in financing activities	**(139,701)**	(64,622)
Net increase in cash and cash equivalents	**8,215**	100,777
Cash and cash equivalents at beginning of financial year	**492,997**	392,220
Cash and cash equivalents at end of financial year	**501,212**	492,997

Significant non-cash transactions

In the current financial year, contingent consideration amounting to S$1,508,000 (2020: S$Nil) in relation to the acquisition of subsidiaries in prior financial years was settled by way of offset against escrow deposits for the acquisition of those subsidiaries.

During the current financial year, there was an additional investment in an associated company amounting to S$3,356,000 (2020: S$Nil) which was settled with proceeds from the disposal of warrants from the associated company amounting to S$3,356,000 (2020: S$Nil).

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Singapore Post Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 10 Eunos Road 8, Singapore Post Centre, Singapore 408600.

The principal activities of the Company consist of the operation and provision of post & parcel, eCommerce logistics and property. Its subsidiaries are principally engaged in provision of business mail solutions and distribution of mail, investment holding and provision of electronic platform and recyclable lockers for merchandise distribution.

These financial statements were authorised for issue on 28 May 2021 in accordance with a resolution of the Board of Directors of Singapore Post Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"). SFRS(I)s are issued by the Accounting Standards Council and comprise standards and interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board. All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I)s in these financial statements unless otherwise stated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Adoption of new and revised standards

On 1 April 2020, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. Pronouncements issued, but not yet effective, as at 31 March 2021 have not been early adopted in the financial statements except for the amendment to SFRS(I) 16 which has been applied by the Group and Company in advance of its effective date. The adoption of these new and revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

Amendment to SFRS(I) 16: COVID-19-Related Rent Concessions

In May 2020, the Accounting Standards Council Singapore issued COVID-19-Related Rent Concessions (Amendment to SFRS(I) 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to SFRS(I) 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying SFRS(I) 16 if the change were not a lease modification. The amendment is effective for annual periods beginning on or after 1 June 2020, with early application permitted.

In the current financial year, the Group has applied the amendment to SFRS(I) 16 in advance of its effective date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Adoption of new and revised standards (continued)

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

(i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) Any reduction in lease payments affects only payments originally due in on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

(iii) There is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in SFRS(I) 16:46B, and has not restated prior period figures.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over the entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and of net assets of a subsidiary attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary at the acquisition date.

If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries (continued)*

(ii) *Acquisitions (continued)*

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

Please refer to the paragraph "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

(iii) *Disposals of subsidiaries or businesses*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.16 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as equity transactions.

(c) *Associated companies and joint ventures*

Associated companies are entities over which the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties.

Investments in associated companies and joint venture are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) *Associated companies and joint ventures (continued)*

Investments in associated companies and joint venture are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Goodwill on associated companies and joint venture represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the associated companies and joint venture and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associated companies' and joint venture's post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associated companies and joint venture are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint ventures, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company or joint venture.

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associated companies and joint ventures to ensure consistency of accounting policies adopted by the Group.

Investments in associated companies and joint ventures are derecognised when the Group loses significant influence and joint control respectively. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures are recognised in profit or loss.

Please refer to Note 2.16 for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.4 Leases

As a *lessee*, the Group leases various retail outlets, warehouse space and machinery from non-related parties.

As a *lessor*, the Group leases retail and office space to non-related parties.

(a) *When the Group is the lessee:*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Leases (continued)

(a) When the Group is the lessee (continued):

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Leases (continued)

(a) When the Group is the lessee (continued):

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.20.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

The Group has applied the amendment to SFRS(I) 16 *Leases: COVID-19-Related Rent Concessions*. The Group applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances.

(b) When the Group is the lessor:

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

2.5 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

(a) Post and Parcel

Revenue is recognised from post and parcel related activities which includes collecting, sorting, transporting and distributing domestic and international mail as well as sale of philatelic products, agency services, financial services and parcel deliveries in Singapore.

Revenue from sale of goods is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied which is the point when control of goods has transferred to the customer. Under the Group's standard contract terms, customers do not have a right of return.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Revenue recognition (continued)

(a) Post and Parcel (continued)

Revenue from the rendering of services is recognised when the services are rendered and the contracted performance obligation is satisfied. Such revenue can be recognised at a point in time or over time depending on when control of goods or services is transferred to the customer. The Group's delivery-related contracts may include variable consideration such as volume-based discounts or rebates. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Fee commission is recognised for agency services provided for which the Group acts as an agent and has no control over specified goods/services.

Accrual for unearned revenue is made for stamps which have been sold, but for which services have not been rendered as at the end of the reporting period. This accrual is classified as "contract liabilities".

The Group received upfront payment with respect to postassurance collaboration from AXA Life Insurance Singapore Private Limited ("AXA") and revenue is recognised in profit or loss on a straight-line basis over the period of 10 years till 19 January 2025. When the period between the recognition of revenue and payment by the customer exceeds one year, an adjustment is made to the transaction price for the time value of money. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.

A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract liabilities are recognised as revenue as the Group performs under the contract.

(b) Logistics and U.S. Businesses

The Group provides eCommerce logistics, warehousing, fulfilment and distribution and freight forwarding services.

Revenue from the rendering of services is recognised when the services are rendered.

Brokerage income from freight forwarding, being net of costs of premium against premium income is recognised at the effective date of the related insurance policies. Brokerage on premium adjustments is recognised when the uncertainty associated with the variable consideration is resolved.

(c) Property

Rental income from operating leases is recognised on a straight-line basis over the lease term.

Revenue from self-storage solutions, management services and advertising and promotion income are recognised on a straight-line basis over the service period.

2.6 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Employee compensation (continued)

(b) *Defined benefit plans*

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses are recognised in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

(c) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

2.7 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income or cost recovery over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as offset against the related expenses.

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.9 Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Income taxes

Income tax expense comprises current and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is calculated at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value method, the measurement of deferred tax liabilities and assets reflects the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively). Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income. For equity investments measured at fair value through other comprehensive income ("FVTOCI"), exchange differences are recognised in other comprehensive income in the fair value reserve. In the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of, the proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are classified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the end of the reporting period.

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets

Financial assets are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments. All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets (continued)

(i) Classification of financial assets (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Interest income is recognised in profit or loss.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI unless the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 *Business Combinations* applies.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of SFRS(I) 9 *Financial Instruments* (see Note 16).

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "interest income and investment income (net)" line item in profit or loss.

(ii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets (continued)

(ii) Impairment of financial assets (continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- breach of settlement contract or default in contractual obligations.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets (continued)

(ii) Impairment of financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2.14 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method for the retail goods at post offices. The cost of trading goods comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.17 Investment property

Investment properties include those portions of commercial buildings that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value. Changes in fair values are recognised in the income statement for the period in which they arise.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amounts is recognised in the income statement in the period in which the property is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Property, plant and equipment

(a) *Measurement*

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring the asset.

(b) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	30 to 99 years
Buildings	5 to 50 years
Postal equipment	3 to 20 years
Plant and machinery	3 to 20 years

Capital work-in-progress, representing costs of property, plant and equipment which have not been commissioned for use, is not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

(e) *Transfer*

A transfer from property, plant and equipment to investment properties is fair valued at the date of transfer and the difference between fair value and the previous carrying amount is accounted for as an asset revaluation surplus or deficit in equity. Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless there was an impairment loss recognised for the same property in prior years and a portion of the increase is recognised in profit or loss to the extent of that impairment loss. Decreases are recognised in profit or loss for any decrease in excess of the amount included in the revaluation surplus for that property.

Please refer to Note 2.17 for the accounting policy on the transfer from investment properties to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired and is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold.

(b) *Customer relationships*

Customer relationships acquired in business combination are recognised at fair value at the acquisition date. The customer relationships have finite useful lives and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over 7 years, which is the expected life of the customer relationships.

(c) *Preferential rents*

Preferential rent was acquired in a business combination and is amortised on a straight basis over the remaining lease terms from the acquisition date.

(d) *Acquired software licence*

Acquired software licence is initially capitalised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the licence term or the estimated useful life of 5 years.

(e) *Trademarked brands*

Trademarked brands acquired as part of business combinations are recognised at their fair values at the acquisition date.

The trademarked brand with indefinite useful life is not amortised and is subsequently tested for impairment annually. In connection with the annual impairment assessment of the trademarked brand, the critical accounting judgement in respect of the indefinite useful life assumption will also be reviewed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units or group of cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Trademarked brand with indefinite useful life*

Trademarked brand with indefinite useful life is tested for impairment annually and whenever there is indication that the trademarked brand may be impaired.

An impairment loss is recognised in profit or loss when the carrying amount of the trademarked brand exceeds the recoverable amount of the acquired brand. The recoverable amount of the trademarked brand is the higher of a trademarked brand's fair value less costs to sell and value-in-use.

(c) *Other intangible assets (excluding goodwill and trademarked brand with indefinite useful life)*
Property, plant and equipment
Right-of-use assets
Investments in subsidiaries, associated companies and joint ventures

Other intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.22 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, on whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

The carrying amount of a derivative is presented as a non-current asset or liability if the remaining expected life of the derivative is more than 12 months, and as a current asset or liability if the remaining expected life of the derivative is less than 12 months.

A call option to acquire an equity-accounted investee is measured at fair value through profit or loss, and the consideration transferred includes the fair value of the derivative at the date of acquisition of the investee.

2.23 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost, except for the borrowings that are designated as fair value hedges. The gain or loss on the borrowings attributable to the hedged risk shall adjust the carrying amount of the borrowings and be recognised in profit or loss. The adjustment of the fair value will be reversed when the hedging relationship is discontinued or lapsed.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position. Other borrowings with an unconditional right to defer settlement for at least twelve months after the end of the reporting period are included in non–current borrowings in the statement of financial position.

2.24 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2.26 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.27 Perpetual securities

The perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution, subject to the terms and conditions of the securities issue. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issued and the perpetual securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

2.28 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payments.

2.29 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group Chief Executive Officer and Group Chief Financial Officer who are responsible for allocating resources and assessing performance of operating segments.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

(a) Accounting for government assistance grants: Jobs Support Scheme

For the financial year ended 31 March 2021, the Group recorded government grants amounting to S$28.6 million (2020: S$8.1 million) which is presented against labour and related expenses (Note 5) as such grants are intended to compensate these expenses. Included in the government grants is S$24.5 million (2020: S$5.2 million) which relates to Jobs Support Scheme ("JSS") announced by the Singapore Government to provide wage support to employers to help them retain their local employees during this period of economic uncertainty. In determining the timing of recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commences in the beginning of 2020 when volume of international mails and eCommerce activities reduced following supply chain disruption in China.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(b) *Estimated impairment of goodwill and other intangible assets*

Goodwill and trademarked brands with indefinite useful lives are tested for impairment annually and whenever there is indication that goodwill and trademarked brand may be impaired. The recoverable amount of goodwill and trademarked brand, and where applicable, a CGU, is determined based on the higher of fair value less costs to sell and value-in-use calculations prepared on the basis of management's assumptions and estimates.

When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on approved financial budgets covering a five-year period. Significant judgements are used to estimate the terminal growth rates and discount rates applied in computing the recoverable amounts of the different CGUs. In making these estimates, management has relied on past performance, its expectations of the future developments of the various businesses and market (including the impact arising from COVID-19) and publicly available industry and economic data. Details of these key assumptions applied in the impairment assessment of goodwill and trademarked brand are provided in Note 27.

No impairment charge is recognised on its goodwill and other intangible assets during the financial years ended 31 March 2021 and 2020.

Other intangible assets are tested for impairment whenever there is any objective evidence of indication that these assets may be impaired.

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets and the selection of key assumptions. Changes to these estimates may significantly impact the impairment charges recognised.

The carrying value of goodwill and other intangible assets is disclosed in Note 27.

(c) *Valuation of investment properties*

As at 31 March 2021, the Group's investment properties of S$1,010.8 million (2020: S$1,008.0 million) (Note 24) are stated at their estimated fair values determined by independent professional valuers. These estimated fair values may differ significantly from the prices at which these properties can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from ongoing development of COVID-19 and other unforeseen events. Consequently, the actual results and the realisation of these properties could differ significantly from the estimates disclosed in these financial statements.

(d) *Valuation of investment in Shenzhen 4PX Information and Technology Co., Limited ("4PX")*

The Group carries an investment in Shenzhen 4PX Information and Technology Co., Limited ("4PX") measured at fair value and classified as an equity investment measured at FVTOCI (Note 16).

When the fair value of such investment cannot be determined from active markets, valuation techniques including trading multiples of comparable companies with entity-specific adjustments made are used. Under the market approach, the Enterprise Value/Earnings Before Interest, Taxes, Depreciation, and Amortisation ("EBITDA") multiples and Enterprise Value/Revenue multiples of selected comparable companies are obtained and the inputs to the valuation model are derived from market observable data where possible, including but not limited to financial data of selected public companies in logistics services, freight management, supply chain management and e-commerce, but where this is not feasible, a degree of judgement is required to establish fair value. In the current year assessment, Enterprise Value/EBITDA was also considered as the performance of 4PX had improved compared to the preceding year and is now profitable at the EBITDA level. Details of the valuation techniques and inputs used are disclosed in Note 38(f).

As at 31 March 2021, the carrying value of the investment in 4PX measured at FVTOCI was S$96.8 million (2020: S$76.5 million).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(e) *Acquisition of an associated company, Freight Management Holdings Pty Ltd*

During the year, the Group acquired 28% equity interest in Freight Management Holdings Pty Ltd ("FMH"), a company which provides freight services.

The purchase price allocation exercise requires a significant amount of management estimation, particularly in relation to the identification of the acquired assets and liabilities and determining their respective fair values.

Goodwill and other intangible assets arising from the purchase price allocation exercise is included in the carrying amount of investments in associated companies as disclosed in Note 22.

(f) *Estimated impairment of other non-financial assets*

Property, plant and equipment, right-of-use assets and investments in subsidiaries, associated companies and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amount of an asset, and where applicable, a CGU, is determined based on the higher of fair value less costs to sell and value-in-use calculation prepared on the basis of management's assumptions and estimates.

The Group recognised impairment charges on investment in associated companies and impairment charges on property, plant and equipment of S$0.1 million (2020: S$3.9 million) and S$1.2 million (2020: S$Nil) respectively during the financial year. Details are provided in Notes 22 and 25 respectively.

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets and the selection of key assumptions. Changes to these estimates may significantly impact the impairment charges recognised.

Other than those disclosed above, no impairment charge was recognised on the Group's other non-financial assets during the preceding and current financial years. The carrying values of investments in associated companies and joint venture, investments in subsidiaries, property, plant and equipment and right-of-use assets are disclosed in Notes 22, 23, 25 and 26 respectively.

(g) *Estimated residual values and useful lives of property, plant and equipment*

The Group reviews the residual values and useful lives of property, plant and equipment at the end of each reporting period based on factors such as business plans and strategies, expected level of usage and future technological developments. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying value of property, plant and equipment. The net book value of property, plant and equipment at 31 March 2021 was S$405.4 million (2020: S$441.5 million). There were no significant revisions to the estimated residual values and useful lives during the financial year ended 31 March 2021.

(h) *Calculation of loss allowance for trade and other receivables*

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers with consideration on the impact of COVID-19 and how these drivers will affect each other.

Apart from the estimates involved in determining likelihood of default over a given time horizon to determine ECL, when there are events indicating that trade and other receivables are credit impaired, management has to estimate the loss allowance required.

Impairment loss on trade and other receivables charged to profit or loss amounted to S$1.9 million (2020: S$1.0 million) for the financial year ended 31 March 2021.

The carrying values of trade and other receivables are disclosed in Notes 17, 20 and 21.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(i) *Estimation of lease term*

When estimating the lease term of the respective lease arrangement, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further. During the financial year ended 31 March 2021, the effect of considering extension and termination options was an increase in recognised lease liabilities and right-of-use assets of S$0.9 million (2020: S$4.0 million).

4. REVENUE

Revenue from external customers is derived from the provision of mail, logistics solution, agency and financial services and front-end ecommerce solutions.

	Group	
	2021	2020
	S$'000	S$'000
Continuing operations		
Domestic and International Mail services	**721,475**	736,643
Domestic and International distribution and delivery services	**608,347**	496,845
Retail sale of products and services	**–**	596
Property[(1)]	**74,859**	79,699
	1,404,681	1,313,783
Discontinued operations		
U.S. businesses	**–**	88,885

(1) The Group is required to waive up to four months of contractual rent for eligible tenants of its properties under the Rental Relief Framework as mandated by the Government. Consequently, the Group recognised variable lease payment of S$3.2 million as a reduction to property revenue in profit or loss during the financial year ended 31 March 2021 and offset the obligation for rental reliefs against the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

4. REVENUE (continued)

A disaggregation of the Group's revenue for the year is as follows:

	Group					
	2021			2020		
	Revenue from services rendered S$'000	**Sale of products S$'000**	**Total S$'000**	Revenue from services rendered S$'000	Sale of products S$'000	Total S$'000
Continuing Operations						
Post and Parcel	**718,603**	**2,872**	**721,475**	735,058	2,181	737,239
Logistics	**608,347**	**–**	**608,347**	496,828	17	496,845
Property	**74,859**	**–**	**74,859**	79,699	–	79,699
	1,401,809	**2,872**	**1,404,681**	1,311,585	2,198	1,313,783
Discontinued operations						
U.S. businesses	**–**	**–**	**–**	88,885	–	88,885
Timing of revenue recognition in respect of revenue from contracts with customers						
Continuing Operations						
At a point in time	**4,403**	**2,872**	**7,275**	8,475	2,198	10,673
Over time	**1,358,936**	**–**	**1,358,936**	1,261,711	–	1,261,711
	1,363,339	**2,872**	**1,366,211**	1,270,186	2,198	1,272,384
Discontinued operations						
Over time	**–**	**–**	**–**	88,885	–	88,885

Further revenue information for each reportable segment under SFRS(I) 8 *Operating Segments* is disclosed in Note 40.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

Accordingly, transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period relates to 'Advances received for postassurance collaboration'. Refer to Note 30 for further details.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

5. LABOUR AND RELATED EXPENSES

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	**2021**	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Wages and salaries	**213,241**	192,355	**–**	10,873	**213,241**	203,228
Employer's contribution to defined contribution plans including Central Provident Fund	**26,785**	24,813	**–**	218	**26,785**	25,031
Share-based expense (Note 33(b)(i))	**2,952**	2,804	**–**	–	**2,952**	2,804
Other benefits	**16,038**	7,459	**–**	1,113	**16,038**	8,572
Temporary and contract staff cost	**73,840**	63,056	**–**	4,195	**73,840**	67,251
Government grant (Note 3(a))	**(28,641)**	(8,088)	**–**	–	**(28,641)**	(8,088)
	304,215	282,399	**–**	16,399	**304,215**	298,798

6. VOLUME-RELATED EXPENSES

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	**2021**	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Traffic expenses	**597,159**	534,698	**–**	–	**597,159**	534,698
Outsourcing services and delivery expenses	**245,066**	175,828	**–**	75,611	**245,066**	251,439
	842,225	710,526	**–**	75,611	**842,225**	786,137

7a. ADMINISTRATIVE AND OTHER EXPENSES

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	**2021**	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Included in administrative and other expenses(1) are the following:						
Professional services	**10,777**	9,812	**–**	724	**10,777**	10,536
Repair and maintenance expenses	**26,167**	26,405	**–**	701	**26,167**	27,106
Rental expenses(2)	**5,102**	3,387	**–**	3,093	**5,102**	6,480
Supplies and services	**26,294**	24,047	**–**	1,611	**26,294**	25,658

(1) In 2021, the Group received property tax rebate from the Singapore Government as part of the Government's relief measures to help businesses deal with the impact from COVID-19. Consequently, the Group recognised government grant income of S$1.0 million as a reduction to property tax expense in the profit or loss for the year.

(2) In 2021, the Group received rental rebate of S$1.3 million for the leased properties under the Rental Relief Framework as mandated by the Government. The rental rebate has been accounted for as rent concessions in profit or loss as negative variable rent. There was no rental rebate in 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

7b. DEPRECIATION AND AMORTISATION

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	**2021**	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Depreciation – property, plant and equipment (Note 25)	**40,452**	38,698	**–**	–	**40,452**	38,698
Depreciation – right-of-use assets (Note 26)	**27,817**	28,774	**–**	–	**27,817**	28,774
Amortisations (Note 27)	**456**	507	**–**	–	**456**	507
	68,725	67,979	**–**	–	**68,725**	67,979

8. EXCEPTIONAL ITEMS

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	**2021**	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Fair value loss:						
– Investment properties (Note 24)	**(6,670)**	(1,551)	**–**	–	**(6,670)**	(1,551)
– Put option redemption liability (Note 28(e))	**(3,501)**	–	**–**	–	**(3,501)**	–
Impairment charges[(1)]:						
– Property, plant and equipment	**(1,209)**	–	**–**	–	**(1,209)**	–
– Associated companies (Note 22(a))	**(115)**	(3,882)	**–**	–	**(115)**	(3,882)
– Loan to associated companies	**(1,103)**	–	**–**	–	**(1,103)**	–
Provision for the restructuring of overseas operations	**(480)**	(943)	**–**	–	**(480)**	(943)
Reversal of contingent consideration	**–**	971	**–**	–	**–**	971
Gain on disposal of warrants from an associated company	**3,356**	–	**–**	–	**3,356**	–
Gain / (loss) on disposal of property, plant and equipment	**17**	(55)	**–**	–	**17**	(55)
Gain on divestment of interest in an associated company	**–**	86	**–**	–	**–**	86
Professional fees	**(2,786)**	(3,748)	**–**	–	**(2,786)**	(3,748)
	(12,491)	(9,122)	**–**	–	**(12,491)**	(9,122)

(1) Total impairment charges amounted to S$2,427,000 (2020: S$3,882,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

9. INTEREST INCOME AND INVESTMENT INCOME (NET)

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	**2021**	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Interest income						
– Bank deposits	**1,921**	4,859	**–**	–	**1,921**	4,859
– Bonds at amortised cost	**526**	801	**–**	–	**526**	801
– Others	**480**	225	**–**	–	**480**	225
	2,927	5,885	**–**	–	**2,927**	5,885
Currency exchange gains / (losses) – net	**531**	983	**–**	(29)	**531**	954
Others	**12**	4	**–**	–	**12**	4
	3,470	6,872	**–**	(29)	**3,470**	6,843

10. FINANCE EXPENSES

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	**2021**	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Interest expense:						
– Fixed rate notes	**2,305**	6,185	**–**	–	**2,305**	6,185
– Bank borrowings	**2,937**	809	**–**	860	**2,937**	1,669
– Other borrowing cost	**423**	–	**–**	–	**423**	–
– Interest on lease liabilities	**4,080**	4,094	**–**	–	**4,080**	4,094
– Significant financing component from contracts with customers	**1,286**	1,560	**–**	–	**1,286**	1,560
	11,031	12,648	**–**	860	**11,031**	13,508

11. INCOME TAX EXPENSE

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	**2021**	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Tax expense attributable to profit is made up of:						
– Current income tax	**14,723**	34,520	**–**	54	**14,723**	34,574
– Deferred income tax (Note 31)	**225**	(5,162)	**–**	18	**225**	(5,144)
	14,948	29,358	**–**	72	**14,948**	29,430
(Over) / under provision in preceding financial years:						
– Current income tax	**(522)**	(1,047)	**–**	–	**(522)**	(1,047)
– Deferred income tax (Note 31)	**(1,167)**	8	**–**	–	**(1,167)**	8
	13,259	28,319	**–**	72	**13,259**	28,391

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. INCOME TAX EXPENSE (continued)

The tax expense on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as explained below:

	Group Continuing operations	
	2021	2020
	S$'000	S$'000
Profit before tax	**60,269**	128,593
Tax calculated at a tax rate of 17% (2020: 17%)	**10,246**	21,862
Effects of:		
– Tax effect of share of results of associated companies and joint venture	**(168)**	19
– Different tax rates in other countries	**1,578**	692
– Withholding tax deducted at source	**308**	133
– Singapore statutory stepped income exemption	**(141)**	(137)
– Tax incentive	**(17)**	(165)
– Income not subject to tax	**(6,776)**	(4,644)
– Expenses not deductible for tax purposes	**7,384**	6,286
– Utilisation of tax losses and capital allowances	**(208)**	(114)
– Deferred income tax assets not recognised	**2,742**	5,426
– Overprovision in preceding financial years	**(1,689)**	(1,039)
Tax charge	**13,259**	28,319

12. DISCONTINUED OPERATIONS

In September 2019, Jagged Peak, Inc. ("JP"), TradeGlobal North America Holdings, Inc. ("TGNAH") (being one of the upstream US holding companies of TradeGlobal LLC), and TradeGlobal LLC (collectively, the "U.S. businesses") filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada.

The filing triggered the loss of control as a U.S. Trustee was appointed to run the operations and ensure the sale of the assets. On 2 December 2019, the bankruptcy court entered orders approving the sale of substantially all of the assets of Jagged Peak, Inc. (the "Jagged Peak Sale") and the sale of substantially all of the assets of TradeGlobal LLC (the "TradeGlobal Sale"). On 12 December 2019 (U.S. time), the U.S. Subsidiaries filed notices with the bankruptcy court that the closing of the Jagged Peak Sale and the TradeGlobal Sale had occurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

12. DISCONTINUED OPERATIONS (continued)

The loss for the year from the discontinued operations in 2020 is analysed as follows:

	Group 2020 S$'000
Loss from U.S. businesses	(11,994)

The results of the U.S. businesses for the period from 1 April 2019 to 31 August 2019 are as follows:

	Group 2020 S$'000
Revenue (Note 4)	88,885
Labour and related expenses (Note 5)	(16,399)
Volume-related expenses (Note 6)	(75,611)
Administrative and other expenses (Note 7a)	(8,362)
Depreciation and amortisation (Note 7b)	–
Selling-related expenses	(81)
Reversal of impairment loss on trade and other receivables	491
	(11,077)
Other income	44
Exceptional items (Note 8)	–
Interest income and investment income (net) (Note 9)	(29)
Finance expenses (Note 10)	(860)
Loss before income tax	(11,922)
Income tax expense (Note 11)	(72)
Loss for the year (attributable to owners of the Company)	(11,994)

The carrying amounts of the assets and liabilities of the U.S. businesses at the date of deconsolidation are disclosed in Note 14.

The impact of the discontinued operations on the consolidated cash flows of the Group is as follows:

	Group 2020 S$'000
Net cash used in operating activities	(5,254)
Net cash used in investing activities	–
Net cash used in financing activities	(7,145)
Total cash flows used in discontinued operations	(12,399)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

13. EARNINGS PER SHARE

(i) From continuing and discontinued operations

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding, excluding treasury shares, during the financial year.

	Group	
	2021	2020
Net profit attributable to equity holders of the Company (S$'000)	**47,620**	91,078
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,875)**	(14,915)
Net profit attributable to ordinary shareholders of the Company (S$'000)	**32,745**	76,163
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,249,578**	2,249,802
Basic earnings per share (cents per share)	**1.46**	3.39

(b) *Diluted earnings per share*

For the purpose of calculating diluted earnings per share, profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, excluding treasury shares, are adjusted for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are in the form of share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share is calculated as follows:

	Group	
	2021	2020
Net profit attributable to equity holders of the Company (S$'000)	**47,620**	91,078
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,875)**	(14,915)
Net profit attributable to ordinary shareholders of the Company (S$'000)	**32,745**	76,163
Weighted average number of ordinary shares basic earnings per share ('000)	**2,249,578**	2,249,802
Adjustment for share options ('000)	**–**	–
Weighted average number of ordinary shares for diluted earnings per share ('000)	**2,249,578**	2,249,802
Diluted earnings per share (cents per share)	**1.46**	3.39

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

13. EARNINGS PER SHARE (continued)

(ii) From continuing operations

The calculation of basic and diluted earnings per share from continuing operations attributable to ordinary owners of the Company is as follows:

Earnings figures are calculated as follows:

	Group	
	2021	2020
	S$'000	S$'000
Profit for the year attributable to ordinary owners of the Company	**32,745**	76,163
Add: Loss for the year from discontinued operations	**–**	(11,994)
Earnings for the purpose of calculating basic earnings per share from continuing operations	**32,745**	88,157
Effect of dilutive potential ordinary shares (net of tax)	**–**	–
Earnings for the purposes of calculating diluted earnings per share from continuing operations	**32,745**	88,157

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

(iii) From discontinued operations

For the previous financial year ended 31 March 2020, basic loss per share for the discontinued operation was 0.53 cents per share and diluted earnings per share for the discontinued operation was 0.53 cents per share, based on the loss for that financial year from the discontinued operation of S$12.0 million and the denominators detailed above for both basic and diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

14. LOSS OF CONTROL OF SUBSIDIARIES

As disclosed in Note 12, the U.S. businesses filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada. The filing triggered the loss of control as a U.S. Trustee was appointed to run the operations and ensure the sale of the assets.

Consequently, the U.S. businesses were deconsolidated effective from 1 September 2019.

Details of the deconsolidation of the U.S. businesses are as follows:

Carrying amounts of net liabilities over which control was lost

	2020 S$'000
Current assets	
Cash and cash equivalents	3,934
Trade and other receivables	21,752
Inventory	364
Other current assets	3,475
	29,525
Non-current assets	
Property, plant and equipment	852
Deferred tax assets	201
	1,053
Current liabilities	
Trade and other payables	(49,421)
Contract liabilities	(2,064)
Borrowings	(60,016)
	(111,501)
Non-current liabilities	
Trade and other payables	(2,670)
Deferred tax liabilities	(1,077)
	(3,747)
Net liabilities derecognised	(84,670)

Net financial impact on disposal

Net liabilities derecognised	84,670
Non-controlling interest derecognised	407
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	(2,115)
Repayment of subsidiaries' borrowings for which the Group is the Guarantor	(68,802)
Legal fees and other related expenses for winding up of subsidiaries	(14,160)
Net financial impact on disposal	–

Following the announcement of the filing of Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court, the Group no longer had control over the cash balance of S$3.9 million held by the U.S. businesses. As part of deconsolidation, this amount was reflected as an outflow under investing activities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Cash at bank and on hand	**196,279**	156,481	**115,982**	96,851
Deposits with financial institutions	**304,933**	336,516	**302,849**	334,205
	501,212	492,997	**418,831**	431,056

Deposits with financial institutions earn interest ranging from 0.21% to 0.44% (2020: 0.72% to 2.26%) per annum. Tenure for these deposits range from 14 to 152 days (2020: 14 to 92 days).

16. FINANCIAL ASSETS

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Current				
Financial assets at amortised cost				
– Bonds – quoted in Singapore	**6,505**	9,501	**6,505**	9,501
	6,505	9,501	**6,505**	9,501
Non-current				
Financial assets at amortised cost				
– Bonds – quoted in Singapore	**8,020**	14,543	**8,020**	14,543
Financial assets designated as FVTOCI				
– Equity instrument – unquoted	**101,645**	81,298	**4,561**	4,561
Financial assets at FVTPL				
– Call option (Note 22(a)(i))	**1,459**	–	**–**	–
	111,124	95,841	**12,581**	19,104

The debt securities are corporate bonds at fixed rates between 3.1% to 3.7% (2020: 2.8% to 3.7%) per annum and due between 11 February 2022 and 29 August 2022 (2020: 9 April 2020 and 29 August 2022).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

16. FINANCIAL ASSETS (continued)

The fair values of the financial assets at the end of the reporting period are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Current				
Financial assets at amortised cost				
– Bonds – quoted in Singapore	**6,590**	9,529	**6,590**	9,529
	6,590	9,529	**6,590**	9,529
Non–current				
Financial assets at amortised cost				
– Bonds – quoted in Singapore	**8,261**	14,718	**8,261**	14,718
Financial assets designated as FVTOCI				
– Equity instrument – unquoted	**101,645**	81,298	**4,561**	4,561
Financial assets at FVTPL				
– Call option	**1,459**	–	**–**	–
	111,365	96,016	**12,822**	19,279

The fair values of quoted securities are based on published price quotations at the end of the reporting period.

17. TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables				
– Subsidiaries	**–**	–	**11,166**	6,321
– Companies related by a substantial shareholder	**2,287**	1,970	**2,287**	1,970
– Non-related parties	**165,773**	248,528	**97,218**	187,473
	168,060	250,498	**110,671**	195,764
Less: Allowance for impairment of receivables – non-related parties	**(3,172)**	(1,843)	**(2,552)**	(856)
Trade receivables – net	**164,888**	248,655	**108,119**	194,908
Non-trade receivables from subsidiaries	**–**	–	**13,620**	13,348
Loans to associated companies	**4,737**	4,777	**–**	–
Less: Allowance for impairment of loan to associated companies	**(746)**	–	**–**	–
Less: Non-current portion (Note 20)	**(3,675)**	(3,737)	**–**	–
	316	1,040	**13,620**	13,348
Staff loans (Note 21)	**16**	29	**16**	29
Interest receivable	**192**	412	**183**	395
Grant receivables	**444**	9,424	**373**	8,857
Other receivables	**555**	2,507	**1,737**	855
	166,411	262,067	**124,048**	218,392

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

17. TRADE AND OTHER RECEIVABLES – CURRENT (continued)

(i) A loan of S$746,000 (2020: S$691,000) to an associated company is unsecured, repayable in full on 15 June 2021 and bears interest at 1.14% above the 1 month bank bill swap rate per annum. During the financial year ended 31 March 2021, the Group provided impairment amounting to S$746,000.

(ii) A loan of S$3,675,000 (2020: S$3,046,000) to an associated company bears interest at 1.14% above the 1 month bank bill swap rate per annum, and is secured by the shareholdings held by the shareholders of the associated company. S$1,711,000 is repayable on 29 June 2021, while S$1,964,000 is repayable on 5 November 2021 and convertible to shares in the associated company. Management is of the view that the loans are recoverable and the settlement of the loans are not foreseeable within the next twelve months.

(iii) A loan of S$316,000 (2020: S$688,000) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.15% per annum.

(iv) Remaining loan of S$Nil (2020: S$352,000) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.95% per annum.

(v) Non-trade receivables from subsidiaries are unsecured, interest-free and repayable on demand.

18. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount 2021 S$'000	**Fair value liabilities 2021 S$'000**	Contract notional amount 2020 S$'000	Fair value assets 2020 S$'000
Group and Company				
Other non-hedging derivatives				
Currency forwards	**150,116**	**(1,133)**	207,943	1,177
Total derivative financial instruments	**150,116**	**(1,133)**	207,943	1,177

Currency forwards

Currency forwards are transacted to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within twelve months from the end of the reporting period. The currency forwards have maturity dates that coincide within the expected occurrence of these transactions. Changes in fair value of the currency forwards not designated as hedging are recognised in profit or loss.

The fair value of derivative financial instruments are shown on the statement of financial position as follows:

	Group and Company	
	2021 S$'000	2020 S$'000
Assets:		
– Current	**40**	2,109
Liabilities:		
– Current	**(1,173)**	(932)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

19. OTHER ASSETS

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Current				
Deposits	**5,642**	7,266	**1,647**	1,780
Prepayments	**13,027**	11,362	**5,691**	7,133
	18,669	18,628	**7,338**	8,913
Non-current				
Deposits	**4,226**	3,834	**–**	–
Prepayments	**1,732**	–	**–**	–
	5,958	3,834	**–**	–

20. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Loans to subsidiaries	**–**	–	**297,220**	298,010
Less: Allowance for impairment	**–**	–	**(51,442)**	(51,442)
	–	–	**245,778**	246,568
Loan to an associated company (Note 17)	**3,675**	3,737	**–**	–
Loan to a shareholder of a subsidiary	**4,810**	4,749	**–**	–
Staff loans (Note 21)	**141**	155	**141**	155
	8,626	8,641	**245,919**	246,723

Loans to subsidiaries of S$35,609,000 (2020: S$36,227,000) are non-trade related, unsecured, interest bearing at SIBOR plus 1.2% per annum and is not expected to be repayable within the next twelve months. The carrying amount of these loans approximate their fair value.

Loan to a subsidiary of S$5,978,000 (2020: S$6,079,000) is non-trade related, unsecured, interest bearing at KLIBOR plus 1.2% per annum and is repayable in full on demand. Settlement of the loan is not foreseeable within the next twelve months. The carrying amount of the loan approximates its fair value.

Loan to a subsidiary of S$1,767,000 (2020: S$1,563,000) is non-trade related, unsecured, interest bearing at 1.94% to 2.96% per annum and not expected to be repayable in the next twelve months. The carrying amount of the loan approximates its fair value.

Loans to subsidiaries of S$202,424,000 (2020: S$202,699,000) are non-trade related, unsecured, interest bearing at 2.52% to 3.07% per annum and not expected to be repayable in the next twelve months. The fair value of the loans is S$200,753,000 (2020: S$202,262,000). The fair value of the loans is computed based on cash flows discounted at the difference between market and existing borrowing rates of 0.378% to 0.504% (2020: 0.536% to 0.923%). The fair value is within Level 2 of the fair value hierarchy.

During the year, the Company wrote off allowance for impairment amounting to S$Nil (2020: S$212.3 million) in respect of loans to subsidiaries for which underlying investments have been impaired and the loans receivable are assessed as non-recoverable.

The loan to a shareholder of a subsidiary is unsecured, interest bearing at 1.2% to 1.4% per annum (2020: 2.3% to 2.8% per annum). The carrying amount of the loan approximates its fair value. Refer to Note 23 in respect of the timing and recoverability of this loan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

21. STAFF LOANS

	Group and Company	
	2021	2020
	S$'000	S$'000
Not later than one year (Note 17)	**16**	29
Later than one year (Note 20)	**141**	155
– Between one and five years	**7**	23
– Later than five years	**134**	132
	157	184

As at the end of the reporting period, no loan was made to the key management personnel of the Group.

22. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Investments in associated companies (Note (a))	**97,469**	35,334	**21,891**	18,534
Investment in a joint venture (Note (b))	**–**	–	**–**	–
	97,469	35,334	**21,891**	18,534

(a) Associated companies

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Equity investment at cost			**21,891**	18,534
Beginning of financial year	**35,334**	39,840		
Acquisition of an associated company during the year (Note (i))	**58,749**	–		
Additional investment in an associated company	**3,356**	–		
Impairment of associated companies (Note (ii), 8)	**(115)**	(3,882)		
Share of profit / (loss)	**989**	(114)		
Dividends received	**(430)**	(543)		
Currency translation differences	**(414)**	33		
End of financial year	**97,469**	35,334		

(i) On 31 December 2020, the Group acquired 28% equity interest at a cost of S$58.7 million in Freight Management Holdings Pty Ltd ("FMH"), a company which provides freight services.

Under the sale and purchase agreement, the Group will acquire additional 10% equity interest in FMH by 31 December 2021 at a consideration of S$21.0 million (AUD 20.5 million), which is based on the estimated fair value of FMH as at 31 March 2021.

The Group was also granted a call option to acquire a further 13% equity interest in FMH, which is exercisable between 31 December 2022 to 31 December 2023. The call option is recorded at fair value as at 31 March 2021. Details of the valuation technique and inputs used are disclosed in Note 38(f).

(ii) During the financial year ended 31 March 2021, the Group recognised an impairment loss of S$115,000 (2020: S$3,882,000) against the carrying amount of its investments in associated companies, being the difference between the carrying amount of the Group's investments and their recoverable amounts. The recoverable amounts are determined based on value-in-use or quoted market price of the associated companies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

22. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE (continued)

(a) Associated companies (continued)

The Group's investments in associated companies include investments in listed associated companies with a carrying value of S$30,288,000 (2020: S$27,295,000), for which the published price quotations are S$87,412,000 (2020: S$37,392,000) at the end of the reporting period, and classified within Level 1 of the fair value hierarchy.

There are no contingent liabilities relating to the Group's interest in the associated companies.

Details of associated companies are disclosed in Note 42.

(b) Joint venture

The Group has a joint venture, PT Trio Specommerce Indonesia, which had been fully written off since 2016.

23. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	2020
	S$'000	S$'000
Equity investments at cost		
Beginning of financial year	**368,429**	367,429
Capital injection into a new subsidiary	**–**	1,000
Additional capital injection into an existing subsidiary	**3,026**	–
	371,455	368,429
Less: Allowance for impairment	**(49,058)**	(49,058)
End of financial year	**322,397**	319,371

Details of the subsidiaries are included in Note 42. The proportion of ownership interest held by the Group does not differ from the proportion of voting rights held by the Group.

Carrying value of non-controlling interests

	2021	2020
	S$'000	S$'000
Quantium Solutions International Pte Ltd ("QSI")	**42,896**	38,639
Other subsidiaries with immaterial non-controlling interests	**4,950**	4,299
Total	**47,846**	42,938

Exercise of put option in a subsidiary

A non-controlling shareholder of a subsidiary had exercised his put option in September 2016. As there were differences between the parties on the final valuation of the put option, the non-controlling shareholder commenced arbitration proceedings. The Company, in consultation with its advisors, is of the view that they are without merit.

Apart from the above, the Group has a loan to the non-controlling shareholder amounting to S$4,810,000 (2020: S$4,749,000) (Note 20) as at 31 March 2021. Management is of the view that the loan is recoverable and the settlement of the loan is not foreseeable within the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

23. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for a subsidiary that has a non-controlling interest that is material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	QSI	
	2021	2020
	S$'000	S$'000
Current		
Assets	**44,023**	46,780
Liabilities	**(23,469)**	(30,100)
Total current net assets	**20,554**	16,680
Non-current		
Assets	**109,991**	108,036
Liabilities	**(4,380)**	(11,073)
Total non-current net assets	**105,611**	96,963
Net assets	**126,165**	113,643

Summarised income statement

	QSI	
	2021	2020
	S$'000	S$'000
Revenue	**107,119**	105,720
Loss before income tax	**(5,788)**	(11,688)
Income tax expense	**(950)**	(337)
Post-tax loss from continuing operations	**(6,738)**	(12,025)
Other comprehensive income / (loss)	**19,260**	(779)
Total comprehensive income / (loss)	**12,522**	(12,804)
Total comprehensive income / (loss) allocated to non-controlling interests	**4,257**	(4,353)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

23. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised cash flows

	QSI	
	2021	2020
	S$'000	S$'000
Cash flows from operating activities		
Cash generated from operations	**15,462**	3,905
Income tax paid	**(369)**	(241)
Net cash provided by operating activities	**15,093**	3,664
Net cash used in investing activities	**(77)**	(1,694)
Net cash (used in) / provided by financing activities	**(8,146)**	1,468
Net increase in cash and cash equivalents	**6,870**	3,438
Cash and cash equivalents at beginning of year	**10,401**	6,963
Cash and cash equivalents at end of year	**17,271**	10,401

24. INVESTMENT PROPERTIES

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**1,008,020**	1,000,767	**951,501**	948,253
Additions	**–**	4,057	**–**	3,137
Reclassification from property, plant and equipment (Note 25)	**9,658**	4,838	**11,689**	300
Fair value loss recognised in profit or loss (Note 8)	**(6,670)**	(1,551)	**(6,828)**	(189)
Currency translation differences	**(204)**	(91)	**–**	–
End of financial year	**1,010,804**	1,008,020	**956,362**	951,501

Certain investment properties of the Group with carrying amounts of S$50.4 million (2020: S$50.7 million) are mortgaged to secure bank borrowings (Note 29).

As at 31 March 2021, the right-of-use asset presented as investment properties has carrying amount of S$1.7 million (2020: S$1.2 million).

The following amounts are recognised in profit or loss:

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Rental and property-related income	**60,006**	64,278	**53,950**	58,388
Direct operating expenses arising from:				
– Investment properties that generated income	**(14,073)**	(13,200)	**(12,574)**	(11,458)

Investment properties are leased to non-related parties under operating leases (Note 37(c)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

24. INVESTMENT PROPERTIES (continued)

At the end of the reporting period, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
10 Eunos Road 8, Singapore Post Centre	Building for commercial and retail.	Leasehold of 99 years expiring on 30 August 2081
502 Chai Chee Lane	Building for warehousing and self-storage.	Leasehold of 30 years expiring on 30 April 2041
No. 5, Jalan Penyair U1/44, Off Jalan Glenmarie, Temasya Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia	Warehousing.	Freehold
110 Alexandra Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
10 Choa Chu Kang Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
373 Tanjong Katong Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
1 Killiney Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
396 Pasir Panjang Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
10 Palm Avenue	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
350 Bedok Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
56 Tanglin Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
6 Ayer Rajah Crescent	Building for warehousing and self-storage.	Leasehold of 30 years expiring on 1 February 2026
755 Upper Serangoon Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
5 Mandai Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
21 Ghim Moh Road	Building for commercial and retail.	Leasehold of 82 years expiring on 1 April 2076
3B Toh Guan Road East	Building for warehousing.	Leasehold of 30 + 30 years expiring on 31 August 2049

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

24. INVESTMENT PROPERTIES (continued)

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) S$'000	Significant other observable inputs (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000
2021			
– Commercial and retail – Singapore	**–**	**2,484**	**996,377**
– Commercial and retail – Malaysia	**–**	**–**	**11,943**
2020			
– Commercial and retail – Singapore	–	2,484	993,326
– Commercial and retail – Malaysia	–	–	12,210

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been derived using the sales comparison approach. Sales proceeds of comparable properties in close proximity are adjusted for differences in key attributes such as property size and timing of sale. The most significant input in this valuation approach is the selling price per square metre.

Valuation techniques used to derive Level 3 fair values

Level 3 fair values have been generally derived using capitalisation/income approach, discounted cash flow approach, sales comparison approach and cost approach.

In the capitalisation/income approach, the net income of the property is capitalised for the balance term of the lease tenure at a yield rate which is appropriate for the type of use, tenure and reflective of the quality of the investment. The revenue is adjusted for outgoings such as property tax and also vacancies to arrive at net income.

The discounted cash flow approach involved the estimation and projection of the net rent over a period and discounting the future income stream to arrive at a present value. Net rent is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent.

The cost approach involves the summation of the land and building values. The land value is determined by comparison with similar lands that had been sold recently and those that are currently for sale, with appropriate adjustments made to reflect improvements and other dissimilarities. The building value is determined by estimating the cost of constructing similar properties and deducting depreciation.

There were no transfers in or out of fair value hierarchy levels for the financial years ended 31 March 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

24. INVESTMENT PROPERTIES (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3:

Description	Fair value (S$'000)	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	2021			2021	
Group					
Building for commercial and retail (Singapore Post Centre)	**849,071** (2020: 844,256)	Capitalisation/ income approach	Capitalisation rate	**4.00 – 6.00%** (2020: 4.00 – 6.00%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	**7.00 – 7.50%** (2020: 7.00 – 7.50%)	The higher the discount rate, the lower the valuation
Building for commercial and retail (10 SLA Properties)	**96,687** (2020: 97,099)	Capitalisation/ income approach	Capitalisation rate	**4.25 – 4.75%** (2020: 4.25 – 4.75%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	**7.25 – 7.50%** (2020: 7.25 – 7.50%)	The higher the discount rate, the lower the valuation
Building for warehousing and self-storage – Singapore	**41,378** (2020: 41,032)	Capitalisation/ income approach	Capitalisation rate	**6.25 – 7.5%** (2020: 6.25 – 7.50%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	**7.50%** (2020: 7.50%)	The higher the discount rate, the lower the valuation
Warehousing – Singapore	**9,241** (2020: 10,939)	Capitalisation/ income approach	Capitalisation rate	**6.50%** (2020: 6.50%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	**7.75%** (2020: 7.75%)	The higher the discount rate, the lower the valuation

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

24. INVESTMENT PROPERTIES (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

Description	Fair value (S$'000) 2021	Valuation techniques	Unobservable inputs	Range of unobservable inputs 2021	Relationship of unobservable inputs to fair value
Group (continued)					
Warehousing – Malaysia	**11,943** (2020: 12,210)	Sales comparison approach	Comparable price per square metre	**S$894 – S$1,646**	The higher the comparable price, the higher the valuation
		Cost approach	Comparable price per square metre of land component	**S$939**	The higher the comparable price, the higher the valuation
			Estimated cost of constructing similar new buildings per square metre	**S$436 – S$611**	The higher the estimated cost of construction, the higher the valuation
		(2020: Capitalisation/ income approach)	(2020: Capitalisation rate)	(2020: 7.50%)	(2020: The higher the capitalisation rate, the lower the valuation)
	1,008,320				
Company					
Building for commercial and retail (Singapore Post Centre)	**857,191** (2020: 851,918)	Capitalisation/ income approach	Capitalisation rate	**4.00 – 6.00%** (2020: 4.00 – 6.00%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	**7.00 – 7.50%** (2020: 7.00 – 7.50%)	The higher the discount rate, the lower the valuation
Building for commercial and retail (10 SLA Properties)	**96,687** (2020: 97,099)	Capitalisation/ income approach	Capitalisation rate	**4.25 – 4.75%** (2020: 4.25 – 4.75%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	**7.25 – 7.50%** (2020: 7.25 – 7.50%)	The higher the discount rate, the lower the valuation
	953,878				

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

24. INVESTMENT PROPERTIES (continued)

Valuation processes used by the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 31 March 2021, the fair values of the Group's investment properties have been determined by Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. (2020: Jones Lang LaSalle Property Consultants Pte. Ltd.).

25. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Group						
2021						
Cost						
Beginning of financial year	**79,596**	**378,274**	**47,047**	**212,514**	**12,177**	**729,608**
Additions	**–**	**120**	**10**	**8,096**	**5,360**	**13,586**
Reclassifications from / (to) investment properties						
– At fair value (Note 24)	**579**	**(10,237)**	**–**	**–**	**–**	**(9,658)**
– Transfer (to) / from valuation reserve (Note 33)	**(285)**	**957**	**–**	**–**	**–**	**672**
Disposals	**–**	**(240)**	**(345)**	**(10,107)**	**–**	**(10,692)**
Transfers	**–**	**–**	**–**	**6,285**	**(6,285)**	**–**
Currency translation differences	**–**	**16**	**–**	**3,220**	**–**	**3,236**
End of financial year	**79,890**	**368,890**	**46,712**	**220,008**	**11,252**	**726,752**
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	**24,673**	**133,621**	**17,936**	**111,904**	**–**	**288,134**
Depreciation charge	**1,663**	**9,004**	**6,105**	**23,680**	**–**	**40,452**
Disposals	**–**	**(89)**	**(255)**	**(9,966)**	**–**	**(10,310)**
Impairment	**–**	**–**	**–**	**1,209**	**–**	**1,209**
Currency translation differences	**–**	**–**	**–**	**1,819**	**–**	**1,819**
End of financial year	**26,336**	**142,536**	**23,786**	**128,646**	**–**	**321,304**
Net book value						
End of financial year	**53,554**	**226,354**	**22,926**	**91,362**	**11,252**	**405,448**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

25. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Group						
2020						
Cost						
Beginning of financial year	79,754	382,447	46,657	292,879	18,293	820,030
Additions	–	821	23	12,005	6,440	19,289
Reclassifications (to) / from investment properties						
– At fair value (Note 24)	(349)	(4,489)	–	–	–	(4,838)
– Transfer from valuation reserve (Note 33)	191	110	–	–	–	301
Loss of control of subsidiaries (Notes 12 and 14)	–	(510)	–	(57,845)	–	(58,355)
Disposals	–	(192)	(47)	(45,320)	(283)	(45,842)
Transfers	–	87	414	11,772	(12,273)	–
Currency translation differences	–	–	–	(977)	–	(977)
End of financial year	79,596	378,274	47,047	212,514	12,177	729,608
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	23,011	124,959	13,511	191,751	–	353,232
Depreciation charge	1,662	8,854	4,472	23,710	–	38,698
Loss of control of subsidiaries (Notes 12 and 14)	–	–	–	(57,503)	–	(57,503)
Disposals	–	(192)	(47)	(45,388)	–	(45,627)
Currency translation differences	–	–	–	(666)	–	(666)
End of financial year	24,673	133,621	17,936	111,904	–	288,134
Net book value						
End of financial year	**54,923**	**244,653**	**29,111**	**100,610**	**12,177**	**441,474**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

25. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Company						
2021						
Cost						
Beginning of financial year	**58,991**	**223,035**	**63,583**	**165,255**	**7,270**	**518,134**
Additions	**–**	**120**	**10**	**8,030**	**5,335**	**13,495**
Reclassifications from / (to) investment properties						
– At fair value (Note 24)	**188**	**(11,877)**	**–**	**–**	**–**	**(11,689)**
– Transfer from valuation reserve (Note 33)	**71**	**954**	**–**	**–**	**–**	**1,025**
Disposals	**–**	**(240)**	**(345)**	**(1,525)**	**–**	**(2,110)**
Transfers	**–**	**–**	**–**	**6,215**	**(6,215)**	**–**
End of financial year	**59,250**	**211,992**	**63,248**	**177,975**	**6,390**	**518,855**
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	**20,188**	**93,346**	**17,936**	**109,254**	**–**	**240,724**
Depreciation charge	**832**	**4,463**	**6,105**	**16,650**	**–**	**28,050**
Disposals	**–**	**(89)**	**(255)**	**(1,528)**	**–**	**(1,872)**
End of financial year	**21,020**	**97,720**	**23,786**	**124,376**	**–**	**266,902**
Net book value						
End of financial year	**38,230**	**114,272**	**39,462**	**53,599**	**6,390**	**251,953**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

25. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Company						
2020						
Cost						
Beginning of financial year	59,162	222,081	46,657	152,711	14,733	495,344
Additions	–	821	16,559	10,230	4,810	32,420
Reclassifications (to) / from investment properties						
– At fair value (Note 24)	(411)	111	–	–	–	(300)
– Transfer from valuation reserve (Note 33)	240	130	–	–	–	370
Disposals	–	(192)	(47)	(9,461)	–	(9,700)
Transfers	–	84	414	11,775	(12,273)	–
End of financial year	58,991	223,035	63,583	165,255	7,270	518,134
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	19,357	89,214	13,511	102,520	–	224,602
Depreciation charge	831	4,324	4,472	16,065	–	25,692
Disposals	–	(192)	(47)	(9,331)	–	(9,570)
End of financial year	20,188	93,346	17,936	109,254	–	240,724
Net book value						
End of financial year	**38,803**	**129,689**	**45,647**	**56,001**	**7,270**	**277,410**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

26. RIGHT-OF-USE ASSETS

	Properties S$'000	Motor vehicles S$'000	Equipment S$'000	Total S$'000
Group				
2021				
Cost				
Beginning of financial year	**124,628**	**2,564**	**1,265**	**128,457**
Additions	**21,592**	**1,557**	**1,220**	**24,369**
Disposals	**(12,357)**	**(934)**	**(265)**	**(13,556)**
Currency translation differences	**5,991**	**6**	**61**	**6,058**
End of financial year	**139,854**	**3,193**	**2,281**	**145,328**
Accumulated depreciation				
Beginning of financial year	**53,305**	**1,364**	**570**	**55,239**
Depreciation charge	**25,656**	**1,254**	**907**	**27,817**
Disposals	**(9,450)**	**(924)**	**(222)**	**(10,596)**
Currency translation differences	**2,713**	**(12)**	**4**	**2,705**
End of financial year	**72,224**	**1,682**	**1,259**	**75,165**
Net book value				
End of financial year	**67,630**	**1,511**	**1,022**	**70,163**
2020				
Cost				
Beginning of financial year	113,503	2,354	1,025	116,882
Additions	18,367	212	285	18,864
Disposals	(3,944)	–	(5)	(3,949)
Currency translation differences	(3,298)	(2)	(40)	(3,340)
End of financial year	124,628	2,564	1,265	128,457
Accumulated depreciation				
Beginning of financial year	30,566	–	–	30,566
Depreciation charge	26,816	1,363	595	28,774
Disposals	(2,733)	–	(5)	(2,738)
Currency translation differences	(1,344)	1	(20)	(1,363)
End of financial year	53,305	1,364	570	55,239
Net book value				
End of financial year	**71,323**	**1,200**	**695**	**73,218**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

26. RIGHT-OF-USE ASSETS (continued)

	Properties S$'000	Motor vehicles S$'000	Equipment S$'000	Total S$'000
Company				
2021				
Cost				
Beginning of financial year	**30,793**	**2,249**	**424**	**33,466**
Additions	**14,310**	**626**	**75**	**15,011**
Disposals	**(3,861)**	**(741)**	**(123)**	**(4,725)**
End of financial year	**41,242**	**2,134**	**376**	**43,752**
Accumulated depreciation				
Beginning of financial year	**11,061**	**1,081**	**223**	**12,365**
Depreciation charge	**13,236**	**867**	**193**	**14,296**
Disposals	**(3,861)**	**(741)**	**(123)**	**(4,725)**
End of financial year	**20,436**	**1,207**	**293**	**21,936**
Net book value				
End of financial year	**20,806**	**927**	**83**	**21,816**
2020				
Cost				
Beginning of financial year	22,736	2,043	424	25,203
Additions	8,057	206	–	8,263
End of financial year	30,793	2,249	424	33,466
Accumulated depreciation				
Beginning of financial year	–	–	–	–
Depreciation charge	11,061	1,081	223	12,365
End of financial year	11,061	1,081	223	12,365
Net book value				
End of financial year	**19,732**	**1,168**	**201**	**21,101**

The Group and Company leases several properties, motor vehicles and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

26. RIGHT-OF-USE ASSETS (continued)

In addition, certain right-of-use assets are secured by the Group and Company with no future payments required and are presented within property, plant and equipment (Note 25). The carrying amounts of such assets are as follows:

	Group		Company	
	Carrying amount S$'000	Depreciation during the year S$'000	Carrying amount S$'000	Depreciation during the year S$'000
2021				
Leasehold land	**53,554**	**1,662**	**38,230**	**831**
Plant and machinery	**4,388**	**194**	**111**	**13**
Total	**57,942**	**1,856**	**38,341**	**844**
2020				
Leasehold land	54,923	1,662	38,803	831
Plant and machinery	4,582	194	124	13
Total	59,505	1,856	38,927	844

There is no addition to the above right-of-use assets for the years ended 31 March 2021 and 2020.

27. INTANGIBLE ASSETS

	Group	
	2021 S$'000	2020 S$'000
Composition:		
Goodwill on acquisitions (Note (a))	**270,903**	259,502
Customer relationship (Note (b))	**–**	–
Preferential rent (Note (c))	**2,665**	3,121
Acquired software license (Note (d))	**–**	–
Trademarked brands (Note (e))	**40,964**	34,740
	314,532	297,363

(a) Goodwill on acquisitions

	Group	
	2021 S$'000	2020 S$'000
Cost		
Beginning of financial year	**280,102**	482,553
Loss of control of subsidiaries (Notes 12 and 14)	**–**	(196,551)
Currency translation differences	**11,401**	(5,900)
End of financial year	**291,503**	280,102
Accumulated impairment		
Beginning of financial year	**(20,600)**	(217,151)
Loss of control of subsidiaries (Notes 12 and 14)	**–**	196,551
End of financial year	**(20,600)**	(20,600)
Net book value	**270,903**	259,502

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

27. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

Impairment tests for goodwill

Goodwill arising from acquisition of subsidiaries is allocated to the Group's four (2020: ten) cash-generating units or groups of cash-generating units as follows:

	Group 2021 S$'000	Group 2020 S$'000
Quantium Solutions International group	**77,858**	77,858
General Storage Company group	**28,202**	29,023
Famous Holdings group	**89,521**	88,743
Couriers Please Holdings group	**75,322**	63,878
	270,903	259,502

The recoverable amounts of the CGUs are determined based on value-in-use calculations using cash flow projections based on financial budgets covering a five-year period (2020: five-year period). Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations for goodwill are as follows:

	Quantium Solutions International group	General Storage Company group	Famous Holdings group	Couriers Please Holdings group
2021				
Terminal growth rate	**2.3%**	**2.8%**	**1.4%**	**2.5%**
Discount rate	**6.9%**	**5.3%**	**6.4%**	**6.3%**
2020				
Terminal growth rate	2.5%	2.5%	2.5%	2.5%
Discount rate	8.2%	6.3%	8.2%	7.6%

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for the CGU to which goodwill is allocated. Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts of the CGU are based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related group of CGUs as at 31 March 2021.

For the impairment tests carried out as at 31 March 2020 for Quantium Solutions International group and Couriers Please group CGUs, which comprised 30% and 25% of the goodwill recognised on the statement of financial position respectively, a further decrease in the terminal growth rate by 1.7% or an increase in the discount rate by 1.7% would result in the recoverable amount of the Quantium Solutions International group CGU being equal to its carrying amount, and a further decrease in the terminal growth rate by 1.2% or an increase in the discount rate by 0.9% would result in the recoverable amount of the Couriers Please Holdings group CGU being equal to its carrying amount (comprising goodwill and trademarked brand with indefinite useful life (Note 27(e))).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

27. INTANGIBLE ASSETS (continued)

(b) Customer relationships

	Group	
	2021	2020
	S$'000	S$'000
Cost		
Beginning of financial year	**–**	66,452
Loss of control of subsidiaries (Notes 12 and 14)	**–**	(66,452)
End of financial year	**–**	–
Accumulated amortisation and impairment		
Beginning of financial year	**–**	(66,452)
Loss of control of subsidiaries (Notes 12 and 14)	**–**	66,452
End of financial year	**–**	–
Net book value	**–**	–

(c) Preferential rent

	Group	
	2021	2020
	S$'000	S$'000
Cost		
Beginning and end of financial year	**7,501**	7,501
Accumulated amortisation		
Beginning of financial year	**(4,380)**	(3,924)
Amortisation charge	**(456)**	(456)
End of financial year	**(4,836)**	(4,380)
Net book value	**2,665**	3,121

(d) Acquired software licence

	Group	
	2021	2020
	S$'000	S$'000
Cost		
Beginning of financial year	**51**	22,974
Loss of control of subsidiaries (Notes 12 and 14)	**–**	(22,923)
End of financial year	**51**	51
Accumulated amortisation and impairment		
Beginning of financial year	**(51)**	(22,923)
Loss of control of subsidiaries (Notes 12 and 14)	**–**	22,923
Amortisation charge	**–**	(51)
End of financial year	**(51)**	(51)
Net book value	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

27. INTANGIBLE ASSETS (continued)

(e) Trademarked brands

	Group	
	2021	2020
	S$'000	S$'000
Cost		
Beginning of financial year	**34,740**	38,951
Loss of control of subsidiaries (Notes 12 and 14)	**–**	(543)
Currency translation differences	**6,224**	(3,668)
End of financial year	**40,964**	34,740
Accumulated amortisation and impairment		
Beginning of financial year	**–**	(543)
Loss of control of subsidiaries (Notes 12 and 14)	**–**	543
End of financial year	**–**	–
Net book value	**40,964**	34,740

The trademarked brand amounting to S$40,964,000 (2020: S$34,740,000) has an indefinite useful life.

Key assumptions used for value-in-use calculations for the trademarked brand with indefinite useful life are disclosed in Note 27(a).

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Current				
Trade payables				
– Subsidiaries	**–**	–	**23,134**	23,281
– Companies related by a substantial shareholder	**483**	635	**465**	590
– Non-related parties	**351,061**	340,716	**310,779**	308,956
	351,544	341,351	**334,378**	332,827
Accrual for other operating expenses	**101,931**	104,561	**70,430**	78,878
Provision for restructuring (Note (a))	**480**	943	**–**	–
Provision for reinstatement costs (Note (b))	**1,918**	1,007	**990**	696
Customers' deposits	**6,725**	6,484	**6,725**	6,484
Collections on behalf of third parties	**6,383**	8,126	**6,383**	8,126
Contingent consideration payable (Note (c))	**–**	1,558	**–**	–
Deposits	**16,408**	17,392	**13,225**	14,142
Other creditors	**20,622**	25,530	**15,401**	16,389
	506,011	506,952	**447,532**	457,542
Non-current				
Loans from a subsidiary (Note (d))	**–**	–	**253,088**	–
Accrual for operating expenses	**4,929**	1,114	**–**	–
Provision for reinstatement costs (Note (b))	**9,596**	10,143	**1,627**	2,042
Put option redemption liability (Note (e))	**5,966**	–	**–**	–
Post-employment benefits (Note 36)	**1,817**	1,949	**–**	–
	22,308	13,206	**254,715**	2,042
Total trade and other payables	**528,319**	520,158	**702,247**	459,584

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

28. TRADE AND OTHER PAYABLES (continued)

(a) Provision for restructuring

Restructuring provision comprises mainly of lease termination penalties and employee termination payments from overseas subsidiaries.

(b) Provision for reinstatement costs

A provision is recognised for the present value of costs to be incurred for the restoration of the Group's investment properties and property, plant and equipment.

Movement in this provision is as follows:

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**11,150**	15,920	**2,738**	1,819
Loss of control of subsidiaries	**–**	(4,569)	**–**	–
Adjustment	**364**	(201)	**(121)**	919
End of financial year	**11,514**	11,150	**2,617**	2,738

(c) Contingent consideration payable

Rotterdam Harbour Holding B.V. ("FPS Rotterdam")

The consideration for the acquired 80% interest is dependent on the revenue achieved for the financial years 31 March 2016 and 2017, and the cumulative net profit after tax of FPS Rotterdam for the five financial years prior to 14 July 2020. The fair value of the consideration at acquisition date, discounted at 2.18% per annum, is at its maximum of S$5,222,000 based on the criteria above.

The contingent consideration has been settled during the financial year ended 31 March 2021 by way of offset against escrow deposits for the acquisition. As at 31 March 2020, the fair value of contingent consideration amounted to S$1,558,000.

(d) Loans from a subsidiary

Loans from a subsidiary comprise:

(i) S$250,000,000 (2020: S$Nil) which is non-trade related, unsecured, interest bearing at 2.83% per annum and repayable by 19 November 2030; and

(ii) S$3,088,000 (2020: S$Nil) which is non-trade related, unsecured, interest bearing at 1.96% per annum and repayable by 28 March 2026.

The carrying amount of these loans approximates their fair value.

(e) Put option redemption liability

A put option was granted to the non-controlling shareholders of FPS Rotterdam to sell the remaining 15% interest to the Group, which is exercisable at any time after 31 March 2025. The put option redemption liability is recorded at fair value as at 31 March 2021. Details of the valuation technique and inputs used are disclosed in Note 38(f).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

29. LEASE LIABILITIES / BORROWINGS

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
(a) Lease liabilities				
– Current	**23,656**	19,346	**12,911**	9,179
– Non-current	**60,189**	66,820	**9,649**	12,281
	83,845	86,166	**22,560**	21,460
(b) Borrowings[(1)]				
– Other borrowings	**322,312**	364,424	**–**	349,750

(1) The analysis of the current and non-current borrowings is as follows:

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Current				
– Borrowings (secured)	**4,166**	1,863	**–**	–
– Borrowings (unsecured)	**5,300**	155,100	**–**	149,750
	9,466	156,963	**–**	149,750
Non-current				
– Borrowings (secured)	**3,233**	7,461	**–**	–
– Borrowings (unsecured)	**309,613**	200,000	**–**	200,000
	312,846	207,461	**–**	200,000
	322,312	364,424	**–**	349,750

Secured borrowings comprise external bank loans and are secured over investment properties with carrying amount of S$50.4 million (2020: S$50.7 million) (Note 24) at the end of the reporting period.

During the financial year, a wholly-owned subsidiary of the Group has issued S$250 million in aggregate principal amount of Notes due 2030 comprised in Series 001 under the S$1 billion Multicurrency Debt Issuance Programme. These Notes are guaranteed by the Company and bear interest at a fixed rate of 2.53% per annum and payable semi-annually.

As at 31 March 2021, the Group's unsecured borrowings consist of S$250 million 10-year Notes, S$60.8 million 5-year term loan facility and short-term revolving credit facilities of S$5.3 million.

As at 31 March 2020, the Group's unsecured borrowings consist of S$200 million 15-month term loan facility and short-term revolving credit facilities of S$155.1 million.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

29. LEASE LIABILITIES / BORROWINGS (continued)

Fair value of non-current borrowings

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Non-current				
– Borrowings (secured)	**3,233**	7,461	**–**	–
– Borrowings (unsecured)	**313,991**	200,000	**–**	200,000
	317,224	207,461	**–**	200,000

The fair value of the Notes above are determined based on the over-the-counter quoted price.

The fair value of external bank loans are computed based on cash flows discounted at market borrowing rates. The fair value is classified within Level 2 of the fair value hierarchy.

The exposure of non-current borrowings to interest rate risks is disclosed in Note 38(a)(ii).

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 April 2020	Financing cash flows[i]	Foreign exchange movement	Other changes[ii]	31 March 2021
	S$'000	S$'000	S$'000	S$'000	S$'000
Borrowings	**364,424**	**(46,929)**	**(458)**	**5,275**	**322,312**
Lease liabilities	**86,166**	**(36,668)**	**8,634**	**25,713**	**83,845**
	450,590	**(83,597)**	**8,176**	**30,988**	**406,157**

			Non-cash changes		
	1 April 2019	Financing cash flows[i]	Foreign exchange movement	Other changes[ii]	31 March 2020
	S$'000	S$'000	S$'000	S$'000	S$'000
Borrowings	290,876	61,110	460	11,978	364,424
Lease liabilities	97,476	(31,089)	(550)	20,329	86,166
	388,352	30,021	(90)	32,307	450,590

(i) The cash flows consist of interest paid, net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

(ii) Other changes include interest accruals as well as additions and disposals of right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

30. CONTRACT LIABILITIES

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Advances received for postassurance collaboration (Note (a))	**30,962**	38,334	**30,962**	38,334
Advance billings (Note (b))	**27,005**	23,547	**14,699**	12,818
Others	**111**	788	**–**	–
	58,078	62,669	**45,661**	51,152
Analysed as:				
Current	**34,759**	31,957	**22,342**	20,190
Non-current	**23,319**	30,712	**23,319**	30,962
	58,078	62,669	**45,661**	51,152

(a) Arises from definitive agreements with respect to the postassurance collaboration with AXA Life Insurance Singapore Private Limited ("AXA") which is recognised in profit or loss over the period of 10 years till 19 January 2025.

(b) Mainly relates to advance billings to customers and unearned revenue from paid postage.

The change in contract liabilities during the reporting period is due to recognition of advance billings and advances from AXA to profit or loss.

31. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority. The amounts, determined after appropriate offsetting, are shown on the statements of financial position as follows:

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Deferred income tax assets	**4,248**	2,277	**–**	–
Deferred income tax liabilities	**36,865**	34,437	**21,971**	21,621

Movement in the deferred income tax account is as follows:

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**32,160**	38,681	**21,621**	22,896
Loss of control of subsidiaries (Notes 12 and 14)	**–**	(876)	**–**	–
Currency translation differences	**1,399**	(509)	**–**	–
Tax (credited) / charged to profit or loss (Note 11)	**(942)**	(5,136)	**350**	(1,275)
End of financial year	**32,617**	32,160	**21,971**	21,621

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

31. DEFERRED INCOME TAXES (continued)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowance of S$130,721,000 (2020: S$125,501,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry dates.

Deferred income tax liabilities

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax Depreciation S$'000	Others[(1)] S$'000	Total S$'000
2021			
Beginning of financial year	**24,862**	**9,774**	**34,636**
Currency translation differences	**210**	**1,858**	**2,068**
Charged to profit or loss	**77**	**520**	**597**
End of financial year	**25,149**	**12,152**	**37,301**
2020			
Beginning of financial year	32,818	17,281	50,099
Loss of control of subsidiaries (Notes 12 and 14)	(4,331)	(4,777)	(9,108)
Currency translation differences	185	(1,410)	(1,225)
Credited to profit or loss	(3,810)	(1,320)	(5,130)
End of financial year	24,862	9,774	34,636

(1) Mainly arises from intangible assets.

Deferred income tax assets

	Provisions S$'000	Tax losses S$'000	Total S$'000
2021			
Beginning of financial year	**(1,869)**	**(607)**	**(2,476)**
Currency translation difference	**34**	**(703)**	**(669)**
Credited to profit or loss	**(253)**	**(1,286)**	**(1,539)**
End of financial year	**(2,088)**	**(2,596)**	**(4,684)**
2020			
Beginning of financial year	(10,038)	(1,380)	(11,418)
Loss of control of subsidiaries (Notes 12 and 14)	8,232	–	8,232
Currency translation difference	(57)	773	716
Credited to profit or loss	(6)	–	(6)
End of financial year	(1,869)	(607)	(2,476)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

31. DEFERRED INCOME TAXES (continued)

Company

Deferred income tax liabilities

	Accelerated tax Depreciation S$'000	Others S$'000	Total S$'000
2021			
Beginning of financial year	**22,363**	**(540)**	**21,823**
Charged to profit or loss	**64**	**523**	**587**
End of financial year	**22,427**	**(17)**	**22,410**
2020			
Beginning of financial year	22,380	692	23,072
Credited to profit or loss	(17)	(1,232)	(1,249)
End of financial year	22,363	(540)	21,823

Deferred income tax assets

	Provisions S$'000
2021	
Beginning of financial year	**(202)**
Credited to profit or loss	**(237)**
End of financial year	**(439)**
2020	
Beginning of financial year	(176)
Credited to profit or loss	(26)
End of financial year	(202)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S$'000	Treasury shares S$'000
Group and Company				
2021				
Beginning and end of financial year	**2,275,089**	**(25,512)**	**638,762**	**(29,724)**
2020				
Beginning of financial year	2,275,089	(25,858)	638,762	(30,174)
Employee share option scheme				
– Treasury shares re-issued	–	346	–	450
End of financial year	2,275,089	(25,512)	638,762	(29,724)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

(a) Treasury shares

The Company re-issued Nil (2020: 346,430) treasury shares during the financial year pursuant to the Singapore Post Share Option Scheme at exercise price of S$1.296. The cost of the treasury shares re-issued amounted to S$Nil (2020: S$450,000).

(b) Share options

The Singapore Post Share Option Scheme was adopted on 21 March 2003, and a new scheme, known as Singapore Post Share Option Scheme 2012 was adopted on 29 June 2012; collectively known as the "Scheme". The Scheme is administered by the Compensation Committee comprising Mr Bob Tan Beng Hai (Chairman), Mr Simon Claude Israel, and Mrs Fang Ai Lian during the financial year ended 31 March 2021.

Employees (including executive directors) and non-executive directors, subject to certain conditions, are eligible to participate in the Scheme. The Scheme provides a means to recruit, retain and give recognition to employees, and to give recognition to non-executive directors, who have contributed to the success and development of the Company and / or the Group.

The principal terms of the Scheme are as follows:

- The exercise price of the granted options is equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive trading days immediately preceding the date of grant of that option.
- The value of the share option is determined using the Trinomial option pricing model (taking into account relevant assumptions).
- Granted options shall be exercisable, in whole or in part, during the exercise period applicable to that option and in accordance with the vesting schedule applicable to that option or other conditions (if any) that may be imposed by the Compensation Committee in relation to that option. Options may be exercised, in whole or in part in respect of 1,000 shares or any multiple thereof, by a participant giving notice in writing, accompanied by a remittance for the aggregate subscription cost in respect of the shares for which that option is exercised. The method of settlement could be in cheque, cashier's order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company. There are no restrictions on the eligibility of the persons to whom the options have been granted to participate in any other share option or share incentive scheme, whether or not implemented by any of the other companies within the Group or any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

- The vesting schedule for the share options granted to eligible employees (including executive directors) effective from 20 May 2014 are as follows:

Vesting period	Proportion of Total Share Options that are exercisable
Before / On first anniversary of date of grant	0 per cent
After first anniversary and before second anniversary of date of grant	Up to 30.0 per cent of grant
On / After second anniversary and before third anniversary of date of grant	Up to another 30.0 per cent of grant **OR** Up to 60.0 per cent of grant if share options were not exercised after the first vesting year
On / After third anniversary till tenth anniversary of date of grant	Balance **OR** 100.0 per cent of grant if share options were not exercised after the first and second vesting years

- The share options granted to eligible employees (including executive directors) effective 26 June 2006 to 10 March 2014 have a four-year vesting schedule and the details are as follows:

Vesting period	Proportion of Total Share Options that are exercisable
Before / On first anniversary of date of grant	0 per cent
After first anniversary and before second anniversary of date of grant	Up to 25.0 per cent of grant
On / After second anniversary and before third anniversary of date of grant	Up to another 25.0 per cent of grant **OR** Up to 50.0 per cent of grant if share options were not exercised after the first vesting year
On / After third anniversary and before fourth anniversary of date of grant	Up to another 25.0 per cent of grant **OR** Up to 75.0 per cent of grant if share options were not exercised after the first and second vesting years
On / After fourth anniversary till tenth anniversary of date of grant	Balance **OR** 100.0 per cent of grant if share options were not exercised after the first, second and third vesting years

- On 11 May 2012, 17 January 2014, 7 March 2014 and 1 April 2014, performance share options were granted to key management staff. Vesting of these options is based on the Company's performance against a set of stretched targets on the Group's profit and the Company's target share price performance.

- The total number of shares over which options may be granted under the Scheme on any date, when added to the nominal amount of shares issued and issuable and in respect of all options granted under the Scheme, shall not exceed 5.0 per cent of the issued share capital of the Company on the day preceding that date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Since the adoption of the Scheme to 31 March 2020, a total of 178,687,936 share options have been granted. Details of the options are set out in the Directors' Statement for the respective financial years.

During the financial year ended 31 March 2021, no share options were granted. At the end of the financial year, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding are as follows:

			Number of ordinary shares under options outstanding				
Date of Grant	**Exercise Period**	**Exercise Price**	**Balance At 1.4.20 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.21 ('000)**
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
29.06.10	30.06.11 to 29.06.20	S$1.140	333	–	–	333	–
26.07.11	27.07.12 to 26.07.21	S$1.100	400	–	–	–	400
11.05.12	19.05.14 to 11.05.22	S$1.030	482	–	–	–	482
10.08.12	11.08.13 to 10.08.22	S$1.070	884	–	–	57	827
17.01.14	18.01.17 to 17.01.24	S$1.350	1,736	–	–	53	1,683
07.03.14	08.03.17 to 07.03.24	S$1.330	375	–	–	–	375
20.05.14	21.05.15 to 20.05.24	S$1.450	2,662	–	–	64	2,598
07.08.14	08.08.15 to 07.08.24	S$1.760	259	–	–	–	259
13.05.15	14.05.16 to 13.05.25	S$1.910	250	–	–	250	–
19.05.15	20.05.16 to 19.05.25	S$1.890	3,871	–	–	344	3,527
20.05.16	21.05.17 to 20.05.26	S$1.570	2,437	–	–	472	1,965
Total Share Options			**13,689**	**–**	**–**	**1,573**	**12,116**

No option has been granted to controlling shareholders of the Company or their associates.

No key management personnel or employee has received options of 5% or more of the total number of shares available under the Scheme during the financial year. No other director or employee of the Company and its subsidiaries (as defined in the SGX-ST Listing Manual) has received options of 5% or more of the total number of shares available to all directors and employees of the Company and its subsidiaries under the Scheme during the financial year.

No option was granted at a discount during the financial year.

Restricted Share Plan

The Singapore Post Restricted Share Plan 2013 (the "Plan") was implemented with the approval of shareholders at the Extraordinary General Meeting held on 28 June 2013. The duration of the Plan is 10 years commencing from 28 June 2013. Amendments to the Plan to prescribe performance conditions were duly approved by the shareholders at the Company's annual general meeting held on 20 July 2017.

Enhancements to the Plan (the "Enhanced Plan") were subsequently designed to reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain staff whose contributions are essential to the well-being of the Group. The Enhanced Plan allow fully paid shares to be granted to non-executive directors of the Group and associated companies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Restricted Share Plan (continued)

The release schedule for the shares granted to eligible employees (excluding non-executive directors) prior to FY2017/18 is as follows:

Vesting Period	Vesting Date	Percentage of Shares that will be Released on Vesting Date
From award date to date before first anniversary of award date	First anniversary of award date	30% (rounded to nearest whole share)
From first anniversary of award date to date before second anniversary of award date	On second anniversary of date of award	30% (rounded to nearest whole share)
From second anniversary of award date to date before third anniversary of award date	On third anniversary of date of award	Balance 40%

- 100% of the restricted shares granted to non-executive directors vest after one year from the date of grant.

Since the adoption of the Plan to 31 March 2020, a total of 5,839,118 restricted shares were granted.

During the financial year ended 31 March 2021, no restricted shares were granted under the Plan. There is no outstanding unvested restricted shares as at the start of the financial year.

Enhanced Plan

Following shareholders' approval to the Enhanced Plan at the Company's annual general meeting held on 20 July 2017, participants will receive fully paid SingPost shares provided that prescribed performance targets are met within a prescribed performance period. Shares granted from financial year 2017/18 onwards comprises of two types of awards:

(a) Performance Share Award; and

(b) Restricted Share Award.

The Performance Share Award, granted to senior management, has two long-term performance hurdles: Return on Equity and Absolute Total Shareholder Returns. The Restricted Share Award, granted to a broader group of executives and key talents, has one long-term performance hurdle: Underlying Net Profit. The performance period for both types of awards granted is three or four years depending on when the performance hurdles are met.

The performance conditions incorporate stretched targets aimed at delivering long-term shareholder value. Depending an achievement of the respective performance hurdles, 0% to 200% of the shares comprised in the awards may vest.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Enhanced Plan (continued)

Performance Share Awards

Since the adoption of the Enhanced Plan to 31 March 2020, a total of 4,180,094 restricted shares have been granted.

During the financial year ended 31 March 2021, 1,571,047 shares were granted. Details of the grants are as follows:

Date of Grant	Balance As At 1.4.20 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.21 ('000)
18.01.18	359	–	–	–	359
31.05.18	2,278	–	–	–	2,278
31.05.19	1,292	–	–	–	1,292
01.06.20	–	1,571	–	–	1,571
Total	**3,929**	**1,571**	**–**	**–**	**5,500**

Restricted Share Awards

Since the adoption of the Enhanced Plan to 31 March 2020, a total of 5,710,852 restricted shares were granted.

During the financial year ended 31 March 2021, 4,192,854 shares were granted. Details of the restricted shares granted and cancelled and the number of unvested restricted shares outstanding as at the end of the financial year are as follows:

Date of Grant	Balance As At 1.4.20 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.21 ('000)
18.01.18	899	–	–	101	798
31.05.18	1,080	–	–	111	969
31.05.19	2,562	–	–	193	2,369
01.06.20	–	4,193	–	238	3,955
Total	**4,541**	**4,193**	**–**	**643**	**8,091**

Of the outstanding options (including Performance Share Option Plan but excluding Restricted Share Plan) for 12,116,000 (2020: 13,689,000) shares, 12,116,000 (2020: 13,689,000) options are exercisable as at 31 March 2021. Options were exercised throughout the year. The weighted average share price during the financial year was S$0.71 (2020: S$0.93).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Enhanced Plan (continued)

Restricted Share Awards (continued)

Following is the details of the significant inputs into the valuation model to determine fair value of the share incentive granted during the financial year.

Type of Share Options	Performance Share Awards (TSR)	Performance Share Awards (ROE)	Restricted Share Awards (UNP)
2021			
Total fair value of options granted during financial year	S$245,869	S$503,521	S$2,687,619
Valuation Model	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation
Weighted average share price at the grant dates	S$0.76	S$0.76	S$0.76
Expected volatility	21.1%	21.1%	21.1%
Expected option life	4 years	4 years	4 years
Expected dividend yield	4.3%	4.3%	4.3%
2020			
Total fair value of options granted during financial year	S$463,834	S$588,330	S$2,367,905
Valuation Model	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation
Weighted average share price at the grant dates	S$0.93	S$0.93	S$0.93
Expected volatility	19.7%	19.7%	19.7%
Expected option life	3 years	3 years	3 years
Expected dividend yield	3.8%	3.8%	3.8%

The volatility assumption is based on the actual volatility of Singapore Post's daily closing share price over the three-year period to the valuation date.

The annual risk free rate is interpolated from the yield on Singapore Government Bonds of appropriate term, as detailed by the Monetary Authority of Singapore.

33. OTHER RESERVES

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
(a) Composition:				
Share option reserve	**16,134**	13,182	**16,134**	13,182
Fair value reserve	**13,668**	227	**–**	–
Currency translation reserve	**(5,051)**	(22,046)	**–**	–
Other capital reserve	**33,192**	37,557	**–**	–
Asset valuation reserve	**45,062**	44,390	**30,702**	29,677
	103,005	73,310	**46,836**	42,859

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

33. OTHER RESERVES (continued)

	Group 2021 S$'000	Group 2020 S$'000	Company 2021 S$'000	Company 2020 S$'000
(b) Movements:				
(i) Share option reserve				
Beginning of financial year	**13,182**	10,828	**13,182**	10,828
Employee share option scheme:				
– Value of employee services (Note 5)	**2,952**	2,804	**2,952**	2,804
– Re-issuance of treasury shares	**–**	(450)	**–**	(450)
End of financial year	**16,134**	13,182	**16,134**	13,182
(ii) Fair value reserve				
Beginning of financial year	**227**	494	**–**	(8)
Fair value gain / (loss)	**20,367**	(410)	**–**	8
Less: Non-controlling interests	**(6,926)**	143	**–**	–
End of financial year	**13,668**	227	**–**	–
(iii) Currency translation reserve				
Beginning of financial year	**(22,046)**	(13,322)	**–**	–
Loss of control of subsidiaries (Notes 12 and 14)	**–**	2,115	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	**16,706**	(10,878)	**–**	–
Transfer to profit and loss on divestment of interest in an associated company	**–**	(75)	**–**	–
Adjusted for non-controlling interests	**289**	114	**–**	–
End of financial year	**(5,051)**	(22,046)	**–**	–
(iv) Other capital reserve				
Beginning of financial year	**37,557**	35,935	**–**	–
Additional interest in a subsidiary	**(1,867)**	–	**–**	–
Adjustment	**(2,498)**	–	**–**	–
Loss of control of subsidiaries (Notes 12 and 14)	**–**	1,622	**–**	–
End of financial year	**33,192**	37,557	**–**	–

Other capital reserve mainly arises from changes in shareholding in subsidiaries which do not result in a loss of control

	Group 2021 S$'000	Group 2020 S$'000	Company 2021 S$'000	Company 2020 S$'000
(v) Asset valuation reserve				
Beginning of financial year	**44,390**	44,089	**29,677**	29,307
Revaluation gain on property, plant and equipment upon transfer to investment property (Note 25)	**672**	301	**1,025**	370
End of financial year	**45,062**	44,390	**30,702**	29,677

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

34. PERPETUAL SECURITIES

On 2 March 2012, the Company issued senior perpetual cumulative securities (the "perpetual securities") with an aggregate principal amount of S$350,000,000. Incremental cost incurred amounting to S$4,397,000 were recognised in equity as a deduction from proceeds.

Such perpetual securities bear distributions at a rate of 4.25% per annum, payable semi-annually. Subject to the relevant terms and conditions in the offering memorandum, the Company may elect to defer making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred.

As a result, the Company is considered to have no contractual obligations to repay its principal or to pay any distributions and the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

During the financial year, distributions amounting to S$14,875,000 (2020: S$14,915,000) were made to perpetual securities holders.

35. DIVIDENDS

	2021 S$'000	2020 S$'000
Ordinary dividends paid		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 1.2 cents per share (2020: 2.0 cents)	**26,995**	44,991
Interim exempt (one-tier) dividend paid in respect of the first quarter of current financial year of Nil cent per share (2020: 0.5 cent)	**–**	11,248
Interim exempt (one-tier) dividend paid in respect of the second quarter of current financial year of 0.5 cent per share (2020: 0.5 cent)	**11,248**	11,248
Interim exempt (one-tier) dividend paid in respect of the third quarter of current financial year of Nil cent per share (2020: 0.5 cent)	**–**	11,249
	38,243	78,736

At the Annual General Meeting on 15 July 2021, a final exempt (one-tier) dividend of 0.6 cents per share amounting to S$13.5 million will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

36. POST-EMPLOYMENT BENEFITS

The Group operates one defined benefit pension plan in Japan to provide pensions for employees upon retirement.

	Group	
	2021	2020
	S$'000	S$'000
The amount recognised in the statement of financial position is determined as follows:		
Present value of unfunded obligations (Note 28)	**1,817**	1,949
The amounts recognised in profit or loss are as follows:		
Current service cost	**769**	782
Interest cost	**10**	15
	779	797
Beginning of financial year	**1,949**	1,728
Current service cost	**769**	782
Interest cost	**10**	15
Benefits paid	**(766)**	(705)
Currency translation differences	**(145)**	129
End of financial year	**1,817**	1,949
The significant actuarial assumptions used were as follows:		
Discount rate	**0.60%**	0.50%
Retirement age	**60**	60
Salary growth rates	**2.60%**	2.50%
Withdrawal	**0%**	0%
The cumulative actuarial losses recognised for the defined benefit pension plans were as follows:		
Beginning and end of financial year	**(11)**	(11)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

37. COMMITMENTS

(a) Capital and investment commitments

Capital expenditures and investments contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Company	
	2021 S$'000	2020 S$'000	**2021 S$'000**	2020 S$'000
Property, plant and equipment	**5,622**	9,271	**5,530**	8,291
Investment in an associated company (Note 22(a)(i))	**20,994**	–	**–**	–

(b) Operating lease arrangements – where the Group is a lessee

The Group and Company lease various post offices, warehouse space and machinery under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

At 31 March 2021, the Group is committed to S$0.2 million (2020: S$1.5 million) for short-term leases.

(c) Operating lease commitments – where the Group is a lessor

Operating leases, in which the Group is the lessor, relate to investment properties owned by the Group. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they are not material.

Maturity analysis of operating lease income:

	Group S$'000	Company S$'000
2021		
Maturity analysis:		
Year 1	**48,281**	**45,394**
Year 2	**39,554**	**38,345**
Year 3	**26,066**	**25,806**
Year 4	**4,288**	**4,174**
Year 5	**169**	**154**
Year 6 onwards	**56**	**–**
	118,414	**113,873**
2020		
Maturity analysis:		
Year 1	50,383	47,298
Year 2	35,475	32,833
Year 3	25,858	25,184
Year 4	16,717	16,612
Year 5	2,322	2,222
Year 6 onwards	154	154
	130,909	124,303

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board Risk Committee then performs oversight responsibilities to ensure the financial risks are managed in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) Currency risk

The currency transaction risk of the Group arises mainly from the international mail business, which generates inpayments and outpayments denominated in foreign currencies. The currency exposure is primarily in Special Drawing Rights ("SDR"), Euro ("EUR"), United States Dollar ("USD") and Chinese Renminbi ("RMB"). SDR is an International Monetary Fund unit of account used for valuing international transactions, which is defined in terms of a basket of currencies. The actual settlement is substantially in EUR and USD. The Group uses foreign currency purchases and currency forwards to manage the currency risk. These instruments are used mainly to hedge underlying exposures and the instruments are not entered into for speculative reasons.

In addition, the Group is exposed to currency translation risk on net assets in foreign subsidiaries, associated companies and joint ventures. Currency exposure to the net assets in foreign subsidiaries and associated companies where a divestment is not foreseeable is not hedged by the Group.

Group Treasury's risk management policy is to hedge planned divestment of overseas investments using currency forwards to manage the currency risk. These instruments are used mainly to hedge underlying exposures and the instruments are not entered into for speculative reasons.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	HKD S$'000	AUD S$'000	MYR S$'000	RMB S$'000	Others S$'000	Total S$'000
Group										
2021										
Financial assets										
Cash and cash equivalents	**437,190**	**–**	**3,111**	**7,347**	**5,218**	**17,177**	**1,785**	**715**	**28,669**	**501,212**
Trade and other receivables	**60,655**	**6,860**	**14,927**	**378**	**4,042**	**24,933**	**2,048**	**43,434**	**17,760**	**175,037**
Other financial assets	**2,606**	**–**	**–**	**16**	**1,368**	**70**	**350**	**–**	**5,458**	**9,868**
Financial assets	**19,086**	**–**	**–**	**–**	**–**	**1,459**	**–**	**96,829**	**255**	**117,629**
Derivative financial instruments	**–**	**–**	**–**	**10**	**–**	**–**	**–**	**–**	**30**	**40**
	519,537	**6,860**	**18,038**	**7,751**	**10,628**	**43,639**	**4,183**	**140,978**	**52,172**	**803,786**
Financial liabilities										
Derivative financial instruments	**–**	**–**	**(760)**	**(4)**	**–**	**–**	**–**	**–**	**(409)**	**(1,173)**
Borrowings	**(258,337)**	**–**	**–**	**–**	**–**	**(60,320)**	**(3,655)**	**–**	**–**	**(322,312)**
Lease liabilities	**(41,966)**	**–**	**(1,101)**	**–**	**(7,634)**	**(26,367)**	**(533)**	**–**	**(6,244)**	**(83,845)**
Trade and other payables	**(180,057)**	**(273,857)**	**(5,338)**	**(4,397)**	**(4,870)**	**(27,982)**	**(1,822)**	**(1,156)**	**(27,023)**	**(526,502)**
	(480,360)	**(273,857)**	**(7,199)**	**(4,401)**	**(12,504)**	**(114,669)**	**(6,010)**	**(1,156)**	**(33,676)**	**(933,832)**
Net financial assets/ (liabilities)	**39,177**	**(266,997)**	**10,839**	**3,350**	**(1,876)**	**(71,030)**	**(1,827)**	**139,822**	**18,496**	
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currencies	**39,177**	**–**	**10,559**	**(3,457)**	**(1,341)**	**(11,568)**	**(1,108)**	**3,506**	**16,964**	
Less: Currency forwards	**–**	**(1,193)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Currency exposure	**–**	**(268,190)**	**280**	**6,807**	**(535)**	**(59,462)**	**(719)**	**136,316**	**1,532**	
2020										
Financial assets										
Cash and cash equivalents	392,290	–	4,394	54,505	4,829	11,644	1,769	700	22,866	492,997
Trade and other receivables	174,729	6,348	8,901	160	5,758	20,503	1,960	35,304	17,045	270,708
Other financial assets	2,607	–	1,509	17	1,311	160	359	–	5,137	11,100
Financial assets	28,605	–	–	–	–	–	–	76,461	276	105,342
Derivative financial instruments	–	–	–	2,078	–	–	–	–	31	2,109
	598,231	6,348	14,804	56,760	11,898	32,307	4,088	112,465	45,355	882,256
Financial liabilities										
Derivative financial instruments	–	–	(553)	–	(14)	–	–	–	(365)	(932)
Borrowings	(360,345)	–	–	–	–	–	(4,079)	–	–	(364,424)
Lease liabilities	(45,170)	–	(302)	–	(7,373)	(25,957)	(1,135)	–	(6,229)	(86,166)
Trade and other payables	(179,326)	(283,937)	(5,431)	(315)	(3,111)	(19,231)	(2,089)	(1,132)	(23,637)	(518,209)
	(584,841)	(283,937)	(6,286)	(315)	(10,498)	(45,188)	(7,303)	(1,132)	(30,231)	(969,731)
Net financial assets/ (liabilities)	13,390	(277,589)	8,518	56,445	1,400	(12,881)	(3,215)	111,333	15,124	
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currencies	13,390	–	6,503	157	1,631	(13,132)	(2,591)	2,975	13,843	
Add/(less): Currency forwards	–	136,835	–	(49,237)	–	–	–	–	–	
Currency exposure	–	(140,754)	2,015	7,051	(231)	251	(624)	108,358	1,281	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	HKD S$'000	AUD S$'000	MYR S$'000	RMB S'000	Others S$'000	Total S$'000
Company										
2021										
Financial assets										
Cash and cash equivalents	**417,817**	**–**	**785**	**104**	**10**	**5**	**–**	**–**	**110**	**418,831**
Trade and other receivables	**314,126**	**6,860**	**–**	**–**	**–**	**1,870**	**7,157**	**39,954**	**–**	**369,967**
Other financial assets	**1,647**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,647**
Financial assets	**19,086**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19,086**
Derivative financial instruments	**–**	**–**	**–**	**10**	**–**	**–**	**–**	**–**	**30**	**40**
	752,676	**6,860**	**785**	**114**	**10**	**1,875**	**7,157**	**39,954**	**140**	**809,571**
Financial liabilities										
Derivative financial instruments	**–**	**–**	**(760)**	**(4)**	**–**	**–**	**–**	**–**	**(409)**	**(1,173)**
Lease liabilities	**(22,560)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(22,560)**
Trade and other payables	**(428,390)**	**(273,857)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(702,247)**
	(450,950)	**(273,857)**	**(760)**	**(4)**	**–**	**–**	**–**	**–**	**(409)**	**(725,980)**
Net financial assets/ (liabilities)	**301,726**	**(266,997)**	**25**	**110**	**10**	**1,875**	**7,157**	**39,954**	**(269)**	
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currencies	**301,726**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Less: Currency forwards	**–**	**(1,193)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Currency exposure	**–**	**(268,190)**	**25**	**110**	**10**	**1,875**	**7,157**	**39,954**	**(269)**	
2020										
Financial assets										
Cash and cash equivalents	380,016	–	877	49,943	6	109	–	–	105	431,056
Trade and other receivables	418,242	6,348	–	–	–	1,612	7,016	31,897	–	465,115
Other financial assets	1,780	–	–	–	–	–	–	–	–	1,780
Financial assets	28,605	–	–	–	–	–	–	–	–	28,605
Derivative financial instruments	–	–	–	2,078	–	–	–	–	31	2,109
	828,643	6,348	877	52,021	6	1,721	7,016	31,897	136	928,665
Financial liabilities										
Derivative financial instruments	–	–	(553)	–	(14)	–	–	–	(365)	(932)
Borrowings	(349,750)	–	–	–	–	–	–	–	–	(349,750)
Lease liabilities	(21,460)	–	–	–	–	–	–	–	–	(21,460)
Trade and other payables	(175,647)	(283,937)	–	–	–	–	–	–	–	(459,584)
	(546,857)	(283,937)	(553)	–	(14)	–	–	–	(365)	(831,726)
Net financial assets/ (liabilities)	281,786	(277,589)	324	52,021	(8)	1,721	7,016	31,897	(229)	
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currencies	281,786	–	–	–	–	–	–	–	–	
Add/(less): Currency forwards	–	136,835	–	(49,237)	–	–	–	–	–	
Currency exposure	–	(140,754)	324	2,784	(8)	1,721	7,016	31,897	(229)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SDR changes against the SGD by 2% (2020: 1%) with all other variables being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit before tax	
	2021	2020
	S$'000	S$'000
Group and Company		
SDR against SGD		
– strengthened	**(5,364)**	(1,408)
– weakened	**5,364**	1,408

If the EUR changes against the SGD by 2% (2020: 2%) with all other variables being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit before tax	
	2021	2020
	S$'000	S$'000
Group		
EUR against SGD		
– strengthened	**6**	40
– weakened	**(6)**	(40)
Company		
EUR against SGD		
– strengthened	**1**	6
– weakened	**(1)**	(6)

If the USD changes against the SGD by 3% (2020: 3%) with all other variables being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit before tax	
	2021	2020
	S$'000	S$'000
Group		
USD against SGD		
– strengthened	**204**	212
– weakened	**(204)**	(212)
Company		
USD against SGD		
– strengthened	**3**	84
– weakened	**(3)**	(84)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

If the RMB changes against the SGD by 3% (2020: 3%) with all other variables being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit before tax	
	2021	2020
	S$'000	S$'000
Group		
RMB against SGD		
– strengthened	**1,185**	942
– weakened	**(1,185)**	(942)
Company		
RMB against SGD		
– strengthened	**1,199**	942
– weakened	**(1,199)**	(942)

	Increase/(decrease) Other comprehensive income	
	2021	2020
	S$'000	S$'000
Group		
RMB against SGD		
– strengthened	**2,905**	2,294
– weakened	**(2,905)**	(2,294)

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant variable interest-bearing assets, the Group's interest income and operating cash flows are substantially independent of changes in market interest rates.

The Group's policy is to minimise the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuations. A target mix of fixed and floating debt based on the assessment of interest rate trends is used to achieve this objective. The Group was exposed to interest rate risk from its borrowings (Note 29) which bear interest ranging from 1.35% to 3.28% (2020: 1.2% to 3.5%).

For the financial year ended 31 March 2021, if the interest rate had increased/decreased by 1% (2020: 1%) with all other variables being held constant, profit before tax will decrease/increase by S$0.7 million (2020: S$3.6 million).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The Group has closely monitored the market and the output from the various Singapore industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the Association of Banks in Singapore (ABS), the Singapore Foreign Exchange Market Committee (SFEMC), and the Steering Committee for SOR Transition to SORA (SC-STS) (together 'IBOR Committees'). Under the direction of the IBOR Committees, the Singapore Interbank Offered Rate ('SIBOR') and the Singapore Swap Offer Rate ('SOR') are expected to be phased out and replaced by the Singapore Overnight Rate Average ('SORA'). The IBOR Committees have made clear that SOR, which relies on USD LIBOR, is expected to be discontinued in line with USD LIBOR in mid-2023, and SIBOR is expected to cease after that.

(iii) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as at FVTOCI. Equity investments measured at FVTOCI are held for strategic rather than trading purposes. The Group does not actively trade such investments.

Further details of these equity investments can be found in Note 16.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of equity investments at FVTOCI, if the inputs to the valuation model had been 10% higher/lower while all other variables were held constant, the Group's fair value reserve would increase/decrease by S$10.2 million (2020: S$8.1 million).

(b) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 March 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2021 S$'000	2020 S$'000	**2021 S$'000**	2020 S$'000
By geographical areas				
Singapore	**45,851**	66,147	**53,132**	45,311
Other countries	**119,037**	182,508	**54,987**	149,597
	164,888	248,655	**108,119**	194,908
By types of customers				
Related parties	**2,287**	1,970	**13,453**	8,291
Non-related parties:				
– Government bodies	**2,652**	2,406	**2,652**	2,405
– Banks	**5,149**	5,856	**4,908**	5,617
– Overseas postal administrations	**6,728**	6,890	**6,728**	6,890
– Other companies	**148,072**	231,533	**80,378**	171,705
	164,888	248,655	**108,119**	194,908

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(b) Overview of the Group's exposure to credit risk (continued)

(i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers under each business.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Any recoveries made are recognised in profit or loss. The Group generally considers a financial asset in default if the counterparty fails to make contractual payments within 90 days past due or there is evidence indicating the asset is credit-impaired.

(ii) Other financial assets at amortised cost

In determining the expected credit loss, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors / debt instrument and general economic conditions of the industry in which the debtors / debt instrument operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(b) Overview of the Group's exposure to credit risk (continued)

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12-month ("12m") or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
2021							
Group							
Trade receivables	17	N.A.	(i)	Lifetime ECL (simplified approach)	**168,060**	**(3,172)**	**164,888**
Other receivables	17, 20	N.A.	(ii)	12m ECL and lifetime ECL	**10,895**	**(746)**	**10,149**
Other financial assets	19	N.A.	(ii)	12m ECL	**9,868**	**–**	**9,868**
Bonds	16	At least BBB-	N.A.	12m ECL	**14,525**	**–**	**14,525**
						(3,918)	
Company							
Trade receivables	17	N.A.	(i)	Lifetime ECL (simplified approach)	**110,671**	**(2,552)**	**108,119**
Other receivables	17,20	N.A.	(ii)	12m ECL and lifetime ECL	**313,290**	**(51,442)**	**261,848**
Other financial assets	19	N.A.	(ii)	12m ECL	**1,647**	**–**	**1,647**
Bonds	16	At least BBB-	N.A.	12m ECL	**14,525**	**–**	**14,525**
						(53,994)	
2020							
Group							
Trade receivables	17	N.A.	(i)	Lifetime ECL (simplified approach)	250,498	(1,843)	248,655
Other receivables	17, 20	N.A.	(ii)	12m ECL and lifetime ECL	22,053	–	22,053
Other financial assets	19	N.A.	(ii)	12m ECL	11,100	–	11,100
Bonds	16	At least BBB-	N.A.	12m ECL	24,044	–	24,044
						(1,843)	
Company							
Trade receivables	17	N.A.	(i)	Lifetime ECL (simplified approach)	195,764	(856)	194,908
Other receivables	17,20	N.A.	(ii)	12m ECL and lifetime ECL	321,649	(51,442)	270,207
Other financial assets	19	N.A.	(ii)	12m ECL	1,780	–	1,780
Bonds	16	At least BBB-	N.A.	12m ECL	24,044	–	24,044
						(52,298)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(b) Overview of the Group's exposure to credit risk (continued)

(i) For trade receivables, the Group has applied the simplified approach in SFRS (I) 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The credit risk profile is presented based on the trade receivables' past due status in terms of the provision matrix.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix.

	Expected weighted credit loss rate %	Estimated total gross carrying amount at default S$'000	Lifetime ECL S$'000	Total S$'000
Trade receivables				
2021				
Group				
Current (not past due)	*	**136,833**	**–**	**136,833**
1 to 90 days past due	7.6%	**29,304**	**(2,213)**	**27,091**
More than 90 days past due	49.9%	**1,923**	**(959)**	**964**
		168,060	**(3,172)**	**164,888**
Company				
Current (not past due)	*	**98,066**	**–**	**98,066**
1 to 90 days past due	19.2%	**11,514**	**(2,213)**	**9,301**
More than 90 days past due	31.1%	**1,091**	**(339)**	**752**
		110,671	**(2,552)**	**108,119**
2020				
Group				
Current (not past due)	*	119,452	–	119,452
1 to 90 days past due	0.0%	56,810	(13)	56,797
More than 90 days past due	2.5%	74,236	(1,830)	72,406
		250,498	(1,843)	248,655
Company				
Current (not past due)	*	93,842	–	93,842
1 to 90 days past due	0.0%	29,299	(13)	29,286
More than 90 days past due	1.2%	72,623	(843)	71,780
		195,764	(856)	194,908

* The expected weighted credit loss rate is assessed as negligible.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(b) Overview of the Group's exposure to credit risk (continued)

(ii) Other receivables and other financial assets at amortised cost except for the credit impaired other receivables are considered to be recoverable as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default since initial recognition. The Group assesses that no loss allowance is required in respect of these financial assets. Loss allowance recognised arises from loans to associated companies and subsidiaries and is determined after taking into account the financial position of the associated company and subsidiary adjusted for factors specific to them and general economic conditions of the industries in which the associated companies and subsidiaries operate.

Movements in loss allowance are as follows:

Group

	Trade receivables S$'000	Loans to associated companies S$'000
Balance as at 1 April 2019	5,714	–
Amount written off	(4,883)	–
Loss allowance recognised in profit or loss during the year	1,012	–
Balance as at 31 March 2020	1,843	–
Amount written off	(527)	(357)
Loss allowance recognised in profit or loss during the year	1,856	1,103
Balance as at 31 March 2021	3,172	746

Company

	Trade receivables S$'000	Loans to subsidiaries S$'000
Balance as at 1 April 2019	547	263,753
Loss allowance written off during the year arising from the deconsolidation of U.S. businesses	–	(212,311)
Loss allowance recognised in profit or loss during the year	309	–
Balance as at 31 March 2020	856	51,442
Loss allowance recognised in profit or loss during the year	1,696	–
Balance as at 31 March 2021	2,552	51,442

(c) Credit risk management

The major classes of financial assets of the Group and of the Company are bank deposits, trade and other receivables, investments in financial assets and financial instruments used in hedging activities. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to any individual counterparty is restricted by credit limits that are approved based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level. As at 31 March 2021, trade receivables from a customer represented 24% and 37% (2020: 13% and 16%) of the Group's and Company's trade receivables respectively and contributed revenue of S$326,147,000 (2020: S$122,208,000). In the prior year, 43% and 55% of the Group's and Company's trade receivables respectively were due from another customer who contributed revenue of S$220,974,000. This customer only accounted for 2% of the Group's and Company's trade receivables as at 31 March 2021. These revenues are attributable to the Post and Parcel segment.

Bank deposits are placed in banks which are regulated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

The Group and Company manage the liquidity risk by maintaining sufficient cash and cash equivalents to enable them to meet their normal operating commitments, having an adequate amount of credit facilities and the ability to close market positions at short notice.

The Group's earnings and operating cashflows will face headwinds from the COVID-19 operating environment and the Group is carefully managing its operating and capital expenses in this operating environment. The Group maintains access to undrawn credit facilities and debt capital markets and has financial resources to meet its obligations when they fall due.

The table below analyses the maturity profile of the Group's and Company's financial liabilities (excluding derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
2021				
Trade and other payables	**(504,283)**	**(11,844)**	**(1,456)**	**(7,192)**
Lease liabilities	**(26,805)**	**(20,429)**	**(31,878)**	**(20,488)**
Borrowings	**(16,752)**	**(10,511)**	**(82,374)**	**(279,303)**
	(547,840)	**(42,784)**	**(115,708)**	**(306,983)**
2020				
Trade and other payables	(502,696)	(2,366)	(1,608)	(7,283)
Lease liabilities	(23,293)	(19,787)	(33,268)	(26,971)
Borrowings	(160,884)	(208,551)	(365)	–
	(686,873)	(230,704)	(35,241)	(34,254)
Company				
2021				
Trade and other payables	**(452,940)**	**(7,466)**	**(24,722)**	**(283,752)**
Lease liabilities	**(13,388)**	**(4,151)**	**(5,951)**	**(70)**
	(466,328)	**(11,617)**	**(30,673)**	**(283,822)**
2020				
Trade and other payables	(453,853)	(709)	(493)	(840)
Lease liabilities	(9,698)	(7,099)	(4,960)	(820)
Borrowings	(153,336)	(200,896)	–	–
	(616,887)	(208,704)	(5,453)	(1,660)

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
2021				
Cash and cash equivalents	**501,212**	**–**	**–**	**–**
Trade and other receivables	**166,174**	**8,485**	**7**	**134**
Other financial assets	**5,642**	**9**	**147**	**4,070**
Financial assets	**6,960**	**9,839**	**–**	**–**
	679,988	**18,333**	**154**	**4,204**
2020				
Cash and cash equivalents	492,997	–	–	–
Trade and other receivables	253,190	8,646	20	132
Other financial assets	7,266	8	120	3,706
Financial assets	10,057	6,964	8,117	–
	763,510	15,618	8,257	3,838
Company				
2021				
Cash and cash equivalents	**418,831**	**–**	**–**	**–**
Trade and other receivables	**133,545**	**251,728**	**7**	**134**
Other financial assets	**1,647**	**–**	**–**	**–**
Financial assets	**6,960**	**8,380**	**–**	**–**
	560,983	**260,108**	**7**	**134**
2020				
Cash and cash equivalents	431,056	–	–	–
Trade and other receivables	220,973	253,138	20	132
Other financial assets	1,780	–	–	–
Financial assets	10,057	6,964	8,117	–
	663,866	260,102	8,137	132

The following table details the liquidity analysis for derivative financial liabilities. The table has been drawn up based on the undiscounted net cash inflows and (outflows) on the derivative instruments that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement.

	Group		Company	
	2021 S$'000	2020 S$'000	**2021 S$'000**	2020 S$'000
Less than 1 year				
Gross settled:				
Foreign exchange contracts forward				
– Gross inflow	**148,943**	206,979	**148,943**	206,979
– Gross outflow	**(150,076)**	(205,802)	**(150,076)**	(205,802)
	(1,133)	1,177	**(1,133)**	1,177

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(e) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the dividend policy, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets.

Management monitors capital based on gearing ratio. In the management of the debt and capital structure, the Group and Company aim to sustain a strong investment-grade credit profile.

The gearing ratio is calculated as net cash with and without perpetual securities divided by total equity. Net cash is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Net cash	**(178,900)**	(128,573)	**(418,831)**	(81,306)
Total equity	**1,671,423**	1,642,318	**1,586,772**	1,591,712
Gearing ratio without perpetual securities	**(10.7%)**	(7.8%)	**(26.4%)**	(5.1%)
Net debt / (cash) plus perpetual securities	**167,926**	218,253	**(72,005)**	265,520
Total equity	**1,671,423**	1,642,318	**1,586,772**	1,591,712
Gearing ratio with perpetual securities	**10.0%**	13.3%	**(4.5%)**	16.7%

The capital structure of the Group and Company consists of equity attributable to owners of the parents comprising issued capital, perpetual securities, reserve, retained earnings and borrowings disclosed in Note 29. The Group is in compliance with externally imposed capital requirements for the financial years ended 31 March 2021 and 2020.

(f) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid price; the appropriate quoted market prices used for financial liabilities are the current asking prices. The instruments are presented within Level 1 of the fair value hierarchy.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and make assumptions based on market conditions existing at the end of each reporting period. Where appropriate, quoted market price or dealer quotes for similar instruments are used.

The fair values of currency forwards are determined using actively quoted forward exchange rates. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. These investments are classified as Level 2 and comprise derivative financial instruments.

The fair values of financial assets at FVTPL – call option, financial assets designated as at FVTOCI, contingent consideration payable and put option redemption liability are estimated by using valuation techniques that are not based on observable market data and are accordingly classified as Level 3 fair value measurement.

The fair values of current and non-current financial assets and liabilities carried at amortised cost approximate their carrying amounts, except for certain financial assets and non-current borrowings which fair values are disclosed in Notes 16 and 29 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair value estimation of financial assets and liabilities (continued)

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group				
2021				
Assets				
Financial assets at FVTPL – call option	**–**	**–**	**1,459**	**1,459**
Financial assets designated as at FVTOCI	**–**	**–**	**101,645**	**101,645**
Derivative financial instruments	**–**	**40**	**–**	**40**
Liabilities				
Derivative financial instruments	**–**	**1,173**	**–**	**1,173**
Put option redemption liability	**–**	**–**	**5,966**	**5,966**
2020				
Assets				
Financial assets designated as at FVTOCI	–	–	81,298	81,298
Derivative financial instruments	–	2,109	–	2,109
Liabilities				
Derivative financial instruments	–	932	–	932
Contingent consideration payable	–	–	1,558	1,558
Company				
2021				
Assets				
Financial assets designated as at FVTOCI	**–**	**–**	**4,561**	**4,561**
Derivative financial instruments	**–**	**40**	**–**	**40**
Liabilities				
Derivative financial instruments	**–**	**1,173**	**–**	**1,173**
2020				
Assets				
Financial assets designated as at FVTOCI	–	–	4,561	4,561
Derivative financial instruments	–	2,109	–	2,109
Liabilities				
Derivative financial instruments	–	932	–	932

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair value estimation of financial assets and liabilities (continued)

The following table presents the changes in Level 3 instruments:

	Group			
	Financial assets at FVTPL – call option S$'000	Financial assets designated as at FVTOCI S$'000	Contingent consideration S$'000	Put option redemption liability S$'000
2021				
Beginning of financial year	**–**	**81,298**	**1,558**	**–**
Acquired during the financial year	**1,459**	**–**	**–**	**–**
Fair value gains recognised in				
– Profit or loss	**–**	**–**	**3**	**3,501**
– Other comprehensive income	**–**	**18,731**	**–**	**–**
Adjustment recognised in other reserves	**–**	**–**	**–**	**2,498**
Settlement of contingent consideration	**–**	**–**	**(1,508)**	**–**
Currency translation differences	**–**	**1,616**	**(53)**	**(33)**
End of financial year	**1,459**	**101,645**	**–**	**5,966**
Total profit for the year included in profit or loss for assets and liabilities held at the end of the financial year	**–**	**–**	**3**	**3,501**
2020				
Beginning of financial year	–	81,698	2,462	–
Reversal of contingent consideration	–	–	(971)	–
Fair value gains recognised in				
– Profit or loss	–	–	20	–
Currency translation differences	–	(400)	47	–
End of financial year	–	81,298	1,558	–
Total profit for the year included in profit or loss for assets and liabilities held at the end of the financial year	–	–	20	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair value estimation of financial assets and liabilities (continued)

	Company
	Financial assets designated as at FVTOCI S$'000
2021	
Beginning and end of financial year	**4,561**
Total profit for the year included in profit or loss for assets and liabilities held at the end of the financial year	**–**
2020	
Beginning and end of financial year	4,561
Total profit for the year included in profit or loss for assets and liabilities held at the end of the financial year	–

There were no transfers between Levels 1, 2 and 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair value estimation of financial assets and liabilities (continued)

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments categorised under Level 3 of the fair value hierarchy.

Description	Fair value (S$'000)	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	2021			**2021**	
Group					
Financial assets at FVTPL – call option	**1,459** (2020: Nil)	Black-Scholes pricing model	Volatility	**27.0%**	The higher the volatility, the higher the valuation
			Risk-free rate	**0.14%**	The higher the risk-free rate, the higher the valuation
Financial assets designated as at FVTOCI	**101,645** (2020: 81,298)	Market approach	Enterprise Value/EBITDA multiple of comparable companies	**8.5 – 15.7x** (2020: NA)	The higher the Enterprise Value/ EBITDA multiple, the higher the valuation
			Enterprise Value/Revenue multiple of comparable companies	**0.4 – 1.1x** (2020: 0.5 – 0.6x)	The higher the Enterprise Value/ Revenue multiple, the higher the valuation
Put option redemption liability	**5,966** (2020: Nil)	Discounted cash flow approach	Discount rate	**4.0 – 5.0%**	The higher the discount rate, the lower the valuation

(g) Financial instruments by category

The carrying amount of the different categories of financial instruments other than those disclosed in Notes 16, 18 and 29 to the financial statements are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	S$'000	S$'000	**S$'000**	S$'000
Financial assets at amortised cost	**686,117**	774,805	**790,445**	897,951
Financial liabilities at amortised cost	**520,536**	517,319	**702,247**	458,891
Financial liabilities at fair value through profit or loss	**5,966**	–	**–**	–

(h) Offsetting financial assets and financial liabilities

There were no financial instruments subject to enforceable master netting arrangement as at 31 March 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

39. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group had the following significant transactions with its related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2021	2020
	S$'000	S$'000
Services rendered to an associated company	**494**	–
Services received from associated companies	**(1,786)**	(766)
Services rendered to related companies of a substantial shareholder	**16,285**	19,413
Services received from related companies of a substantial shareholder	**(31,246)**	(26,203)
Interest received from loans to associated companies	**103**	133

During the financial year ended 31 March 2021, the Company made payments on behalf of subsidiaries totalling S$4.4 million (2020: S$13.1 million) which were subsequently reimbursed.

Outstanding balances at 31 March 2021, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from the end of the reporting period and are disclosed in Notes 17 and 28 respectively.

(b) Key management personnel compensation is as follows:

	Group	
	2021	2020
	S$'000	S$'000
Salaries and other short-term employee benefits	**5,748**	6,663
Post-employment benefits	**73**	102
Share-based staff costs	**1,842**	1,682
	7,663	8,447

Included in the above is total compensation to non-executive directors of the Company amounting to S$1,185,600 (2020: S$1,180,800) based on the non-executive director remuneration framework.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Group Chief Executive Officer and Group Chief Financial Officer ("Chief Operating Decision Maker" or "CODM") that are used to make strategic decisions.

With effect from 1 April 2019, SingPost Group has reclassified the reporting of certain business units into three key business segments, namely Post and Parcel, Logistics and Property. During the financial year ended 31 March 2020, businesses in the U.S. under TradeGlobal and Jagged Peak have been re-presented as discontinued operations in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

- ***Post and Parcel*** segment comprises the core postal and parcel delivery business of the Group. This includes Domestic post and parcels, International post and parcels, as well as products and services transacted at the post offices.

- ***Logistics*** segment comprises the logistics businesses of the Group. The services are divided into Freight forwarding and eCommerce logistics, which includes front-end related eCommerce solutions, warehousing, fulfilment, delivery and other value-added services in Asia Pacific.

- ***Property*** segment includes the provision of commercial property rental, as well as the self-storage business.

Others comprise unallocated corporate overhead items as they are not included in the reports provided to the CODM. The results of these operations are included in the "All other segments" column.

With effect from 1 April 2020, corporate cost allocation has been revised and prior year profit numbers have been restated for comparative purposes.

The measurement of segment results is in line with the basis of information presented to management for internal reporting purpose.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40. SEGMENT INFORMATION (continued)

(a) Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments that were provided to the CODM for the financial years ended 31 March 2021 and 2020.

Continuing operations

	Post and Parcel S$'000	Logistics S$'000	Property S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
Group						
2021						
Revenue:						
– External	**721,475**	**608,347**	**74,859**	**–**	**–**	**1,404,681**
– Inter-segment	**21,364**	**10,771**	**40,569**	**–**	**(72,704)**	**–**
	742,839	**619,118**	**115,428**	**–**	**(72,704)**	**1,404,681**
Profit / (loss) on operating activities	**43,502**	**11,256**	**50,013**	**(25,439)**	**–**	**79,332**
2020						
Revenue:						
– External	737,239	496,845	79,699	–	–	1,313,783
– Inter-segment	25,840	4,378	41,396	–	(71,614)	–
	763,079	501,223	121,095	–	(71,614)	1,313,783
Profit / (loss) on operating activities	119,825	(5,541)	53,909	(24,588)	–	143,605

Discontinued operations

	U.S. Business S$'000
Group	
2020	
Revenue:	
– External	88,885
Loss on operating activities	(11,033)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

Reconciliation of Segment profits

The CODM assesses the performance of the operating segments based on a measure of operating profit, which is profit before interest, tax and share of results of associated companies and joint venture. Interest income and finance expenses are not allocated to segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40. SEGMENT INFORMATION (continued)

(a) Segment revenues and results (continued)

A reconciliation of profit on operating activities to profit from continuing operations is provided as follows:

Continuing operations

	Group	
	2021	2020
	S$'000	S$'000
Profit on operating activities for reportable segments	**104,771**	168,193
Other segments loss on operating activities	**(25,439)**	(24,588)
Exceptional items	**(12,491)**	(9,122)
Finance expenses	**(11,031)**	(12,648)
Interest income and investment income (net)	**3,470**	6,872
Share of profit / (loss) of associated companies and joint venture	**989**	(114)
Profit before tax	**60,269**	128,593
Tax expense	**(13,259)**	(28,319)
Profit after tax	**47,010**	100,274

A reconciliation of loss on operating activities to loss from discontinued operations is provided as follows:

Discontinued operations

	Group	
	2021	2020
	S$'000	S$'000
Loss on operating activities for reportable segments	**–**	(11,033)
Finance expenses	**–**	(860)
Interest income and investment income (net)	**–**	(29)
Loss before tax	**–**	(11,922)
Tax expense	**–**	(72)
Loss from discontinued operations	**–**	(11,994)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40. SEGMENT INFORMATION (continued)

(b) Segment assets

The following is an analysis of the Group's segment assets as at 31 March 2021 and 2020 that were provided to the CODM:

	Post and Parcel S$'000	Logistics S$'000	Property S$'000	All other segments S$'000	Total S$'000
Group					
31 March 2021					
Segment assets	**182,720**	**660,137**	**1,400,006**	**43,121**	**2,285,984**
Segment assets include:					
Investment in associated companies	**–**	**66,490**	**–**	**30,979**	**97,469**
Intangible assets	**–**	**283,665**	**30,867**	**–**	**314,532**
31 March 2020					
Segment assets	278,842	543,437	1,415,157	54,655	2,292,091
Segment assets include:					
Investment in associated companies	–	7,496	–	27,838	35,334
Intangible assets	–	265,219	32,144	–	297,363

Reconciliation of segment assets

Reportable segments' assets are reconciled to total assets as follows:

Segment assets are measured in a manner consistent with that of the financial statements. The CODM does not review statement of financial position items by reportable segments, but rather monitors them at the Group level. All assets are allocated to reportable segments other than derivative financial instruments and financial assets. Cash and cash equivalents are allocated to reportable segments where applicable.

	Group	
	2021 S$'000	2020 S$'000
Segment assets for reportable segments	**2,242,863**	2,237,436
Other segments assets	**43,121**	54,655
Unallocated:		
Cash and cash equivalents	**416,657**	428,830
Financial assets	**19,086**	28,605
Derivative financial instruments	**40**	2,109
Total assets	**2,721,767**	2,751,635

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40. SEGMENT INFORMATION (continued)

(c) Other segment information

	Post and Parcel S$'000	Logistics S$'000	Property S$'000	All other segments S$'000	Total S$'000
Group					
2021					
Depreciation and amortisation	**22,291**	**18,117**	**23,979**	**4,338**	**68,725**
Additions to[1]:					
– Property, plant and equipment	**3,305**	**5,197**	**2,841**	**2,243**	**13,586**
– Right-of-use assets	**812**	**10,461**	**13,004**	**92**	**24,369**
2020					
Depreciation and amortisation	16,992	23,472	21,577	5,938	67,979
Additions to[1]:					
– Property, plant and equipment	2,894	8,070	6,385	1,940	19,289
– Investment property	–	–	4,057	–	4,057
– Right-of-use assets	7,441	2,778	8,645	–	18,864

(1) Net of inter-segment elimination

In addition to the depreciation and amortisation reported above, impairment losses of S$1.2 million (2020: S$3.9 million) and S$1.2 million (2020: S$Nil) were recognised in respect of investment in and loan to associated companies and property, plant and equipment respectively.

These impairment losses were attributable to the following reportable segments:

	2021 S$'000	2020 S$'000
Logistics	**(2,427)**	(1,542)
Others	**–**	(2,340)
	(2,427)	(3,882)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40. SEGMENT INFORMATION (continued)

(d) Revenue from major products and services

The Group's revenue from its major products and services are disclosed in Note 4.

(e) Geographical information

The Group's three business segments operate in two main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore where 59% (2020: 60%) of its revenues are generated. The operations in this area comprise principally of the core postal business, post office products and services, courier activities and investment holding.
- Australia – the operations in this area are principally delivery services and e-commerce logistics solutions.
- Other regions – the operations include warehousing and logistics delivery in Japan and Hong Kong, and freight forwarding businesses in Europe and New Zealand.

	Revenue	
	2021	2020
	S$'000	S$'000
Singapore	**832,156**	847,787
Australia	**252,484**	175,977
Other countries[1]	**320,041**	378,904
	1,404,681	1,402,668

(1) Prior year included discontinued operations of S$88,885,000.

The geographical information on the Group's non-current assets is not presented as it is not used for segmental reporting purposes.

(f) Information about major customers

Included in revenues arising from Post and Parcel segment of S$721,475,000 (2020: S$737,239,000) are revenues of approximately S$326,147,000 (2020: S$220,974,000) derived from the Group's largest customer in the respective years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

41. PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) and IFRS pronouncements were issued but not effective and are applicable to the Group and the Company.

Effective for financial year beginning on 1 April 2021

- Amendment to SFRS(I) 16: *COVID-19-Related Rent Concessions*
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: *Interest Rate Benchmark Reform – Phase 2*

The Group has floating rate debt linked to SGD Swap Offered Rate and will be able to apply the practical expedient available under the Interest Rate Benchmark Reform – Phase 2 amendments to allow for modifications required as a direct consequence of the reform and made on an economically equivalent basis, to be accounted for by revising the effective interest rate prospectively. Accordingly, adopting the amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Effective for financial year beginning on 1 April 2022

- Amendments to IAS 1 *Presentation of Financial Statements*
- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

Effective for financial year beginning on 1 April 2023

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to IAS 8: *Definition of Accounting Estimates*
- Amendments to IAS 1 IFRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to IAS 12: *Income Taxes*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I)/IFRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2021 %	by the Group 2020 %	by the NCI 2021 %	by the NCI 2020 %
SUBSIDIARIES						
Held by the Company						
SingPost eCommerce II Pte. Ltd.	Dormant	Singapore	**100**	100	**–**	–
SingPost eCommerce Pte. Ltd.	eCommerce specialising in the provision of online sale of products	Singapore	**100**	100	**–**	–
SingPost Logistics Holdings Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
Singapore Post Enterprise Private Limited	Investment holding	Singapore	**100**	100	**–**	–
SingPost Investments Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
SingPost Logistics Investments Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
SingPost Group Treasury Pte Ltd	Provision of financial and treasury services to its related companies	Singapore	**100**	100	**–**	–
Held by subsidiaries						
SP Jagged Peak LLC (1)	Investment holding	United States	**100**	100	**–**	–
SingPost Distribution Pte. Ltd.	Dormant	Singapore	**100**	100	**–**	–
TradeGlobal Asia Holdings Limited (3)	Investment holding	Hong Kong	**100**	100	**–**	–
Netrada Trading and Consulting (Shanghai) Co, Ltd. (3)	Dormant	China	**100**	100	**–**	–
SP Commerce Holdings, Inc. (1)	Investment holding	United States	**100**	100	**–**	–
SP Commerce, Inc. (1)	Dormant	United States	**100**	100	**–**	–
TG Acquisition Corp. (1)	Investment holding	United States	**97.3**	97.3	**2.7**	2.7
TradeGlobal Holdings, Inc. (1)	Dormant	United States	**97.3**	97.3	**2.7**	2.7

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2021	2020	**2021**	2020
			%	%	**%**	%
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
SingPost Logistics Enterprise Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
SingPost Australia Investments Pty Ltd [(1)]	Investment holding	Australia	**100**	–	**–**	–
SingPost Logistics Australia Holdings Pty Ltd	Investment holding	Australia	**100**	100	**–**	–
Quantium Solutions International Pte. Ltd.	Investment holding, provision of management and consultancy services to related entities	Singapore	**66**	66	**34**	34
Quantium Solutions (Singapore) Pte. Ltd.	Provision of delivery services and eCommerce logistics solutions	Singapore	**66**	66	**34**	34
Quantium Mail Logistics Solutions (India) Private Limited [(3) (9)]	Dormant	India	**66**	66	**34**	34
Quantium Express Solutions (India) Private Limited [(3) (9)]	Dormant	India	**66**	66	**34**	34
Quantium Solutions (Australia) Pty Ltd	Provision of delivery services and eCommerce logistics solutions	Australia	**66**	66	**34**	34
Quantium Solutions (Hong Kong) Limited	Provision of delivery services and eCommerce logistics solutions	Hong Kong	**66**	66	**34**	34
Quantium Solutions (Japan) Inc.	Provision of delivery services and eCommerce logistics solutions	Japan	**66**	66	**34**	34

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2021	2020	**2021**	2020
			%	%	**%**	%
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Quantium Solutions International (Malaysia) Sdn. Bhd.	Provision of delivery services and eCommerce logistics solutions	Malaysia	**66**	66	**34**	34
Quantium Solutions (New Zealand) Pty Limited	Provision of delivery services and eCommerce logistics solutions	New Zealand	**66**	66	**34**	34
Quantium Solutions (Philippines) Inc. +	Provision of delivery services and eCommerce logistics solutions	Philippines	**26.4**	26.4	**73.6**	73.6
Quantium Solutions (Taiwan) Co., Ltd.	Provision of delivery services and eCommerce logistics solutions	Taiwan	**66**	66	**34**	34
Quantium Solutions (Thailand) Co., Ltd.	Provision of delivery services and eCommerce logistics solutions	Thailand	**66**	66	**34**	34
PT Quantium Solutions Logistics Indonesia +	Provision of delivery services and eCommerce logistics solutions	Indonesia	**44.22**	44.22	**55.78**	55.78
Couriers Please Holdings Pty Limited	Investment holding	Australia	**100**	100	**–**	–
Couriers Please Australia Pty Limited	Investment holding	Australia	**100**	100	**–**	–
Couriers Please Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
SingPost Storage Company Ltd (9)	Investment holding	Mauritius	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2021 %	by the Group 2020 %	by the NCI 2021 %	by the NCI 2020 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
SingPost Investments (Tampines) Pte. Ltd.	Investment holding and real estate activities with owned or leased property	Singapore	**100**	100	**–**	–
SingPost Investments (Toh Guan) Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
SingPost Investments (Ecommerce Logistics) Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
SingPost Centre (Retail) Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
SingPost eCommerce Logistics Holdings Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
General Storage Company Pte. Ltd.	Investment holding & provision of management services	Singapore	**100**	100	**–**	–
Lock + Store (Chai Chee) Pte. Ltd.	Self storage solutions and warehousing	Singapore	**100**	100	**–**	–
Lock + Store (Tanjong Pagar) Pte. Ltd.	Self storage solutions	Singapore	**100**	100	**–**	–
Lock + Store (Ayer Rajah) Pte. Ltd.	Self storage solutions	Singapore	**100**	100	**–**	–
The Store House Limited	Self storage solutions	Hong Kong	**100**	100	**–**	–
The Store House Operating Company Limited	Dormant	Hong Kong	**100**	100	**–**	–
Lock and Store (Glenmarie) Sdn. Bhd.	Self storage solutions and warehousing	Malaysia	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2021 %	by the Group 2020 %	by the NCI 2021 %	by the NCI 2020 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
L+S Self Storage Pte. Ltd.	Self storage solutions	Singapore	**100**	100	**–**	–
SP Parcels Pte Ltd	Dormant	Singapore	**100**	100	**–**	–
Famous Holdings Pte Ltd	Investment holding and provision of management services	Singapore	**100**	100	**–**	–
Famous Air & Sea Services Pte. Ltd.	Freight forwarding	Singapore	**100**	100	**–**	–
FPS Global Logistics Pte. Ltd.	Freight forwarding	Singapore	**100**	100	**–**	–
FPS Famous Pacific Shipping Sdn. Bhd.	Freight forwarding	Malaysia	**100**	100	**–**	–
Famous Pacific Shipping (WA) Pty Ltd	Freight collections transhipments	Australia	**100**	100	**–**	–
F.S. Mackenzie Limited	Freight forwarding	United Kingdom	**100**	100	**–**	–
Famous Pacific Shipping (NZ) Limited	Freight forwarding	New Zealand	**100**	100	**–**	–
Mercury Worldwide (NZ) Limited (1)	Dormant	New Zealand	**100**	100	**–**	–
FPS Logistics (USA) Inc. (1)	Logistics management and services	United States	**100**	100	**–**	–
Sino-Famous Intertrans Co., Ltd (1)	Freight forwarding	China	**100**	100	**–**	–
Famous Container Lines Co Ltd (1)	Freight forwarding	China	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2021	2020	**2021**	2020
			%	%	**%**	%
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Shinyei Shipping Co Ltd [1]	Freight forwarding	Japan	**89**	89	**11**	11
Tras - Inter Co., Ltd [1]	Customs brokerage and freight forwarding	Japan	**89**	89	**11**	11
Rotterdam Harbour Holding B.V. [2]	Investment holding	Netherlands	**85**	80	**15**	20
FPS Famous Pacific Shipping B.V. [2]	Logistics services	Netherlands	**85**	80	**15**	20
Trans Ocean Pacific Forwarding B.V. [2]	Logistics services	Netherlands	**85**	80	**15**	20
EWC East Way Commodities B.V. [10]	Dormant	Netherlands	**–**	80	**–**	20
SP eCommerce (Thailand) Co Ltd [1]	eCommerce specialising in the provision of online shopping platforms and services	Thailand	**100**	100	**–**	–
SP eCommerce (Korea) Co., Ltd. [10]	Dormant	Korea	**–**	100	**–**	–
SP eCommerce (Malaysia) Sdn. Bhd.	eCommerce specialising in the provision of online shopping platforms and services	Malaysia	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of Incorporation	Percentage of effective equity held by the Group 2021 %	2020 %
ASSOCIATED COMPANIES				
Held by the Company				
GDEX Berhad (previously known as GD Express Carrier Bhd) *	Investment holding	Malaysia	**12.12**	11.61
Held by subsidiaries				
Dash Logistics Company Ltd (3) *	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**30**	30
Efficient E-Solutions Berhad (4)	Provision of data print, record management, data and document processing	Malaysia	**20.81**	20.81
Hubbed Holdings Pty Ltd (5)	eCommerce and logistics retail network	Australia	**30**	30
Morning Express & Logistics Limited (6)	Provision of courier services and provision of management services to its related company	Hong Kong	**33**	33
E Link Station Limited (6)	Dormant	Hong Kong	**50**	50
Freight Management Holdings Pty Ltd (7) (8)	Provision of integrated supply chain and distribution services	Australia	**28**	–
JOINT VENTURE				
Held by subsidiary				
PT Trio SPeCommerce Indonesia (1)	Dormant	Indonesia	**33**	33

Notes:
All companies as at 31 March 2021 are audited by member firms of Deloitte Touche Tohmatsu Limited, except for the following:

(1) Not required to be audited for the financial year ended 31 March 2021
(2) Audited by Crowe Peak Audit & Assurance, The Netherlands
(3) Audited by local statutory auditors in the countries of incorporation
(4) Audited by Russell Bedford LC & Company, Malaysia
(5) Audited by Assura Group
(6) Audited by HKCMCPA Company Limited
(7) Audited by Ernst & Young, Australia
(8) Acquired during the financial year ended 31 March 2021
(9) Placed under members' voluntary liquidation during the financial year ended 31 March 2021
(10) Dissolved by way of members' voluntary liquidation during the financial year ended 31 March 2021
+ It is considered to be a subsidiary of the Company as the Company can exercise control over its financial and operating policies and voting rights.
* It is considered to be an associate of the Company as the Company can exercise significant influence over its financial and operating policies and voting rights.

SGX LISTING MANUAL REQUIREMENTS

For the Financial Year Ended 31 March 2021

1. MATERIAL CONTRACTS

There are no material contracts entered into by SingPost or any of its subsidiaries involving the interests of the chief executive officer, each director or controlling shareholder (as defined in the SGX Listing Manual), either still subsisting at the end of the financial year, or if not then subsisting, entered into since the end of the previous financial year.

2. AUDITOR'S REMUNERATION

(a) Auditors' fees

	2021 S$'000	2020 S$'000
Fees on audit services paid / payable to:		
– Auditor of the Company*	**1,115**	1,274
– Other auditor	**99**	92
Fees on non-audit services paid / payable to :		
– Auditor of the Company*	**35**	157
– Other auditor	**4**	4
	1,253	1,527

* Includes the network of member firms of Deloitte Touche Tohmatsu Limited

(b) Appointment of auditors

The Group has complied with Rule 712 and Rule 715 or 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

(c) Review of the provision of non-audit services by the auditors

The Audit Committee has undertaken a review of non-audit services provided by the auditor and they would not, in the opinion of the Audit Committee's opinion, affect their independence.

(d) Internal controls

Please refer to information disclosed under Principle 10 of the Corporate Governance Report.

3. USE OF PROCEEDS

As at 31 March 2021, the use of net proceeds of approximately S$184.0 million (after deducting approximately S$3.2 million professional fees and expenses) from the issuance of 107,553,907 ordinary shares in the capital of the Company to Alibaba Investment Limited on 11 January 2017 at S$1.74 each is as follows:

Intended Use of Proceeds	**Percentage Allocated/ Amount Allocated**	**Percentage Utilised/ Amount Utilised**
(i) the Group's business of eCommerce logistics for purposes such as investments, mergers and acquisitions and the upgrade of the Group's operations and information technology systems relating to the eCommerce logistics business	75%/ S$138.0 million	12%/ S$22.2 million
(ii) the general working capital of the Group was largely used to repay the working capital funding for SingPost Centre Retail Mall construction	25%/ S$46.0 million	25%/ S$46.0 million

SGX LISTING MANUAL REQUIREMENTS

For the Financial Year Ended 31 March 2021

4. INTERESTED PERSON TRANSACTIONS

During the full year ended 31 March 2021, the following interested person transactions were entered into by the Group:

	Nature of Relationship	Aggregate value of all interested person transactions during the financial period (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
		2021 S$'000	2020 S$'000	**2021 S$'000**	2020 S$'000
Sales					
Singapore Power Limited	Each interested person is an associate of Singapore Post Limited's controlling shareholder, Temasek Holdings (Private) Limited	**–**	–	**379***	–
Singapore Telecommunications Group		**–**	–	**1,338***	14,679*
SP Services Ltd		**–**	–	**317**	1,047
Starhub Group		**–**	–	**266**	432
		–	–	**2,300**	16,158
Purchases					
Ascendas Real Estate Investment Trust	Each interested person is an associate of Singapore Post Limited's controlling shareholder, Temasek Holdings (Private) Limited	**–**	–	**1,686***	–
Harbourfront Centre Pte Ltd		**–**	–	**524***	–
PSA Corporation		**–**	–	**–**	1,222*
Sembcorp Group		**–**	–	**–**	8,200*
Singapore Airlines Group		**–**	–	**12,236**	18,780
Singapore Telecommunications Group		**–**	–	**109**	297*
SMRT Corporation		**–**	–	**267**	–
Starhub Group		**–**	–	**–**	349*
		–	–	**14,822**	28,848
Total interested person transactions		**–**	–	**17,122**	45,006

Note:
All the transactions set out in the above table were based on the Group's interested person transactions register. They were either based on contractual values for the duration of the contracts (which vary from 3 months to 3 years) or annual values for open-ended contracts.

* Include contracts of duration exceeding one year.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Chen Jun	
Date of Appointment	31 July 2014	
Date of last re-appointment (if applicable)	18 July 2019	
Age	47	
Country of Principal Residence	China	
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Chen has continued to discharge his duties well and to positively contribute to the Company.	
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Non-Independent Director Member of the Finance and Investment Committee	
Professional qualifications	Bachelor of International Finance and Accounting, Shanghai University EMBA degree, INSEAD, France	
Working experience and occupation(s) during the past 10 years	Alibaba Group Holding Limited (2011 to present): Senior Vice President SAP SE (1998 to 2011): Director	
Shareholding interest in the listed issuer and its subsidiaries?	No	
Shareholding Details	Nil	
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Chen is a Senior Vice President of Alibaba Group Holding Limited, which is a substantial shareholder of the Company.	
Conflict of interest (including any competing business)	Nil	
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	• Shanghai Wanxiang Cultural Development Co., Ltd. (上海万象文化发展有限公司) (Director) • Shanghai Wanxiang Culture Logistics Co., Ltd. (上海万象文化配送有限公司) (Director) • Deluxe Online Holding (BVI) Limited (Director) • AEON International Limited (Director) • Xiamen Monecity Network Technology Co., Ltd. (厦门又一城网络科技有限公司) (Director) • Beijing Easyhome Retail Group Co., Ltd. (北京居然之家家居新零售连锁集团有限公司) (Director) • Sun Art Retail Group Limited (Director)	

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Elizabeth Kong Sau Wai	Bob Tan Beng Hai
	10 October 2016	10 October 2016
	18 July 2019	18 July 2019
	39	69
	Singapore	Singapore
	Ms Kong has continued to discharge her duties well and to positively contribute to the Company.	Mr Tan has continued to discharge his duties well and to positively contribute to the Company.
	Non-Executive	Non-Executive
	Non-Executive and Independent Director Member of the Board Sustainability Committee Member of the Finance and Investment Committee Member of the Nominations and Corporate Governance Committee	Non-Executive and Independent Director Chairman of the Compensation Committee Member of the Audit Committee Member of the Board Risk and Technology Committee
	Double First in Law, Cambridge University	Fellow, Institute of Chartered Accountants in England and Wales Fellow, Singapore Institute of Directors
	3M Innovation Singapore (Oct 2020 to present): Asia General Counsel (Enterprise Operations) Clifford Chance Pte Ltd (Dec 2017 to Sep 2020): Counsel Morgan Lewis Stamford LLC (2015 to 2017): Director Stamford Law Corporation (2007 to 2015): Director (2011 to 2015)	Chairman and director of various listed and non-listed public companies
	No	No
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Yes	Yes
	• Clifford Chance Pte Ltd (Counsel) • Morgan Lewis Stamford LLC (Director) • Nano Global Holding Pte. Ltd. (f.k.a Smart Life Holding Pte. Ltd.) (Director) • Nano Global SG Pte. Ltd. (f.k.a Smart Life Hydro Pte. Ltd.) (Director)	• Singapore Manufacturing Federation (Member of Board of Governors) • Singapore LNG Corporation Pte Ltd (Chairman) • SMRT Trains Ltd (Director) • SMRT Corporation Ltd (Director) • Institute of Technical Education (Chairman and Board Member) • Inland Revenue Authority of Singapore (Board Member) • SINGEX Holdings Pte Ltd (Chairman)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Chen Jun	
Present	<u>Other principal commitment:</u> • Alibaba Group Holding Limited (Senior Vice President) <u>Other listed companies:</u> • BEST Inc. (Director) • XPeng Inc. (Director) <u>Other non-listed companies:</u> • Travel Ease International (Director) • A-RT Retail Group Limited (Director) • Theland New Cloud (Shanghai) Digimart Limited (纽仕兰新云(上海)电子商务有限公司) (Director) • New Retail Strategic Opportunities Fund Advisor Limited (Director) • New Retail Strategic Opportunities GP Limited (Director) • Hanyun Asset Investment and Management Limited (瀚云资本投资管理有限公司) (Executive Director & General Manager) • New Retail Strategic Opportunities Investments 1 Limited (Director) • New Retail Strategic Opportunities Investments 2 Limited (Director) • New Retail Strategic Opportunities Investments 3 Limited (Director) • New Retail Strategic Opportunities Investments 4 Limited (Director) • New Retail Strategic Opportunities Investments 5 Limited (Director) • New Retail Strategic Opportunities Investments 6 Limited (Director) • New Retail Strategic Opportunities Investments 7 Limited (Director) • New Retail Strategic Opportunities Investments 8 Limited (Director) • New Retail Strategic Opportunities Investments 9 Limited (Director) • New Retail Strategic Opportunities Investments 10 Limited (Director) • New Retail Strategic Opportunities Investments 11 Limited (Director) • New Retail Strategic Opportunities Investments 12 Limited (Director)	

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Elizabeth Kong Sau Wai	Bob Tan Beng Hai
	Other principal commitment: • 3M Innovation Singapore (Asia General Counsel, Enterprise Operations) Other non-listed company: • Cambridge Assessment Singapore (Trustee)	Other principal commitments: • Jurong Engineering Ltd (Chairman) • NTUC Club Management Council (Member) • Ong Teng Cheong Labour Leadership Institute (Board Member) • Sentosa Development Corporation (Chairman) • Sembcorp Marine Ltd (Director) • Managers of Ascott Residence Trust (Chairman)* Other listed companies: • Sembcorp Marine Ltd (Director) • Managers of Ascott Residence Trust (Chairman)* • SBS Transit Ltd (Chairman) (appointed on 29 April 2021) Other appointments: • Monetary Authority of Singapore (Member of Corporate Governance Advisory Committee) • Monetary Authority of Singapore (Member of Securities Industry Council) * Managers of Ascott Residence Trust comprising Ascott Residence Trust Management Limited (Manager of Ascott Real Estate Investment Trust, or "Ascott Reit") and Ascott Business Trust Management Pte. Ltd. (Trustee-Manager of Ascott Business Trust, or "Ascott BT"). Ascott Residence Trust is a stapled group comprising Ascott Reit and Ascott BT with effect from 31 December 2019.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Chen Jun	
Disclose the following matters concerning an appointment of Directors:		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	
(c) Whether there is any unsatisfied judgment against him?	No	
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Elizabeth Kong Sau Wai	Bob Tan Beng Hai
	No	No
	No	No
	No	No
	No	No
	No	No
	No	No
	No	No
	No	No
	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Chen Jun	
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Elizabeth Kong Sau Wai	Bob Tan Beng Hai
	No	No
	No	No
	No	No
	No	No
	No	No

SHAREHOLDING STATISTICS

As at 20 May 2021

No. of Issued Shares	:	2,275,089,525
No. of Issued Shares excluding Treasury Shares	:	2,249,578,103
No. of Treasury Shares held	:	25,511,422
No. of Subsidiary Holdings held	:	Nil
Percentage of the aggregate no. of Treasury Shares and Subsidiary Holdings held	:	1.13%
Class of Shares	:	Ordinary Shares
No. of Shareholders	:	36,378

VOTING RIGHTS (EXCLUDING TREASURY SHARES)

On show of hands – each member present in person and each proxy shall have one vote.
On poll – every member present in person or by proxy shall have one vote for every share he holds or represents.
(The Company cannot exercise any voting rights in respect of shares held by it as treasury shares or subsidiary holdings[1])

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

	No. of Shares	
Substantial Shareholders	**Direct Interest**	**Deemed Interest**
Temasek Holdings (Private) Limited	–	494,865,681[1]
Singapore Telecommunications Limited	494,000,000	–
Alibaba Investment Limited	327,649,907	–
Alibaba Group Holding Limited	–	327,649,907[2]
SoftBank Group Corp.	–	327,649,907[3]

Notes:
(1) Deemed through its subsidiary, Singapore Telecommunications Limited, and its associated company, DBS Group Holdings Ltd.
(2) Deemed through its subsidiary, Alibaba Investment Limited.
(3) Deemed through Alibaba Group Holding Limited which is the holding company of Alibaba Investment Limited.

ANALYSIS OF SHAREHOLDERS

Range of Shareholdings	No. of Shareholders	%	No. of Shares (Excluding Treasury Shares)	%*
1 – 99	70	0.19	2,440	0.00
100 – 1,000	4,364	12.00	4,014,654	0.18
1,001 – 10,000	20,757	57.06	114,503,051	5.09
10,001 – 1,000,000	11,129	30.59	547,544,972	24.34
1,000,001 and above	58	0.16	1,583,512,986	70.39
	36,378	100.00	2,249,578,103	100.00

Note:
* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 20 May 2021, excluding any ordinary shares held in treasury as at that date.

SHAREHOLDING STATISTICS

As at 20 May 2021

MAJOR SHAREHOLDERS LIST – TOP 20

No.	Name	No. of Shares Held	%*
1	Singapore Telecommunications Limited	494,000,000	21.96
2	DB Nominees (Singapore) Pte Ltd	332,074,902	14.76
3	DBS Nominees Pte Ltd	219,820,346	9.77
4	Citibank Nominees Singapore Pte Ltd	194,722,856	8.66
5	DBSN Services Pte Ltd	38,154,360	1.70
6	Raffles Nominees (Pte) Limited	35,286,804	1.57
7	United Overseas Bank Nominees (Private) Limited	30,486,835	1.35
8	HSBC (Singapore) Nominees Pte Ltd	24,150,704	1.07
9	OCBC Securities Private Ltd	21,817,074	0.97
10	UOB Kay Hian Pte Ltd	19,174,900	0.85
11	OCBC Nominees Singapore Private Limited	17,373,800	0.77
12	Phillip Securities Pte Ltd	15,841,131	0.70
13	BPSS Nominees Singapore (Pte.) Ltd.	10,608,626	0.47
14	Toh Capital Pte Ltd	10,326,800	0.46
15	Morgan Stanley Asia (Singapore) Securities Pte Ltd	9,596,270	0.43
16	Heng Siew Eng	9,059,300	0.40
17	CGS-CIMB Securities (Singapore) Pte Ltd	7,999,891	0.36
18	Maybank Kim Eng Securities Pte Ltd	7,349,419	0.33
19	Sunrise Textile Accessories (Pte) Ltd	6,900,000	0.31
20	iFAST Financial Pte Ltd	4,856,500	0.22
		1,509,600,518	67.11

Note:

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 20 May 2021, excluding any ordinary shares held in treasury as at that date.

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 20 May 2021, approximately 63.43% of the issued ordinary shares (excluding ordinary shares held in treasury) are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

CONTACT POINTS

REGISTERED OFFICE

Singapore Post Limited
10 Eunos Road 8
Singapore Post Centre
Singapore 408600

Tel: +65 6841 2000
Email: investor@singpost.com
Web: www.singpost.com

GROUP COMPANY SECRETARY

Linda Hoon Siew Kin (Ms)

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road, #05-01
Singapore 068902

Tel: +65 6227 6660
Fax: +65 6225 1452

AUDITORS

Deloitte & Touche LLP
6 Shenton Way,
OUE Downtown 2, #33-00
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166

AUDIT PARTNER

Shariq Barmaky
Appointed with effect from financial year ended 31 March 2018

SINGAPORE POST LIMITED
Company Registration Number: 199201623M

Registered Office
10 Eunos Road 8
Singapore Post Centre
Singapore 408600

Tel: +65 6841 2000
Email: investor@singpost.com
Web: www.singpost.com

MIX
Paper from responsible sources
FSC™ C004791
FSC
www.fsc.org

SINGAPORE POST LIMITED

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

LETTER TO SHAREHOLDERS DATED 16 JUNE 2021

IN RELATION TO

(1) THE PROPOSED RENEWAL OF THE SHAREHOLDERS MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND

(2) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.

This page has been intentionally left blank.

CONTENTS

SINGAPORE POST LIMITED

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

Directors:

Mr Simon Israel
(Chairman and Non-Executive Non-Independent Director)
Mrs Fang Ai Lian (*Non-Executive Lead Independent Director*)
Mr Chen Jun (*Non-Executive Non-Independent Director*)
Ms Chu Swee Yeok (*Non-Executive Independent Director*)
Ms Lim Cheng Cheng (*Non-Executive Non-Independent Director*)
Ms Elizabeth Kong Sau Wai (*Non-Executive Independent Director*)
Mr Steven Robert Leonard (*Non-Executive Independent Director*)
Mr Bob Tan Beng Hai (*Non-Executive Independent Director*)

Registered Office:

10 Eunos Road 8
Singapore Post Centre
Singapore 408600

16 June 2021

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

Dear Sir/Madam

1. INTRODUCTION

1.1 **Background.** We refer to:

(a) the Notice of the 29th Annual General Meeting of the Company dated 16 June 2021 (the "**Notice**") convening the 29th Annual General Meeting of the Company to be held on 15 July 2021 (the "**2021 AGM**");

(b) Ordinary Resolution 10 relating to the proposed renewal of the Shareholders Mandate (as defined in paragraph 2.1 below) for interested person transactions, as proposed in the Notice; and

(c) Ordinary Resolution 11 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 3.1 below), as proposed in the Notice.

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

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

1.4 **Advice to Shareholders**. Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

1.5 **Legal Adviser.** Allen & Gledhill LLP is the legal adviser to the Company in relation to the proposed renewal of the Share Purchase Mandate.

2. THE PROPOSED RENEWAL OF THE SHAREHOLDERS MANDATE

2.1 **Shareholders Mandate**. At the annual general meeting of the Company held on 16 July 2020 (the "**2020 AGM**"), approval of the Shareholders was obtained for the renewal of the mandate to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST (the "**Listing Manual**")) to enter into certain interested person transactions (the "**Shareholders Mandate**") with the classes of interested persons (the "**Interested Persons**") as set out in the Shareholders Mandate. Particulars of the Shareholders Mandate are set out in the Appendix to the Letter to Shareholders dated 17 June 2020 (the "**2020 Letter**").

2.2 **Proposed Renewal of the Shareholders Mandate**. At the 2020 AGM, the Shareholders Mandate was expressed to take effect until the conclusion of the next Annual General Meeting of the Company, being the 2021 AGM. Accordingly, the Directors of the Company (the "**Directors**") propose that the Shareholders Mandate be renewed at the 2021 AGM, to take effect until the 30th Annual General Meeting of the Company. The particulars of the interested person transactions in respect of which the Shareholders Mandate is sought to be renewed remain unchanged.

2.3 **The Appendix**. The Shareholders Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices and other general information relating to Chapter 9 of the Listing Manual, are set out in the Appendix to this Letter.

2.4 **Audit Committee's Statement**. The Audit Committee (currently comprising Mrs Fang Ai Lian, Ms Chu Swee Yeok and Mr Bob Tan Beng Hai) confirms that:

(a) the methods or procedures for determining transaction prices under the Shareholders Mandate have not changed since the 2020 AGM; and

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

2.5 **Abstention from Voting**. Temasek Holdings (Private) Limited ("**Temasek**"), Singapore Telecommunications Limited ("**Singtel**") and their respective associates, being interested persons (as described in paragraph 4.1 of the Appendix to this Letter), will abstain from voting their Shares, if any, in respect of Ordinary Resolution 10, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2021 AGM. The Company will disregard any votes cast by Temasek, Singtel and their respective associates on Ordinary Resolution 10.

The Directors, being interested persons (as described in paragraph 4.1 of the Appendix to this Letter), will abstain, and will procure their associates to abstain, from voting their Shares, if any, in respect of Ordinary Resolution 10, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2021 AGM. The Company will disregard any votes cast by the Directors and their respective associates, in respect of their holdings of Shares (if any) on Ordinary Resolution 10.

The Chairman of the 2021 AGM will accept appointment as proxy for any other Shareholder to vote in respect of Ordinary Resolution 10, where such Shareholder has given specific instructions in a validly completed and submitted Proxy Form as to voting, or abstentions from voting, in respect of Ordinary Resolution 10.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 **Share Purchase Mandate**. Shareholders had approved the renewal of the mandate (the "**Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire ordinary shares of the Company ("**Shares**") at the 2020 AGM. The authority and limitations on the Share Purchase Mandate were set out in the 2020 Letter and Ordinary Resolution 13 set out in the Notice of the 2020 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 13 at the 2020 AGM and will expire on the date of the forthcoming 2021 AGM to be held on 15 July 2021. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2021 AGM.

As at 20 May 2021 (the "**Latest Practicable Date**"), the Company had not undertaken any purchase or acquisition of its Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2020 AGM.

As at the Latest Practicable Date, the Company had 25,511,422 treasury shares and no subsidiary holdings (as defined in the Listing Manual)[1].

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

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

(a) In managing the business of the Company and its subsidiaries (the "**Group**"), management strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. Share purchases are one of the ways through which the return on equity of the Group may be enhanced.

(b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash which is in excess of the financial and possible investment needs of the Group to Shareholders. 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) Repurchased Shares which are held in treasury may be transferred for the purposes of any share schemes implemented by the Company. The use of treasury shares in lieu of issuing Shares would also mitigate the dilution impact on existing Shareholders.

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 10% limit described in paragraph 3.3.1 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 10% 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.

3.3 **Authority and Limits of the Share Purchase Mandate**. The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2021 AGM, are substantially the same as were previously approved by Shareholders at the 2020 AGM. These are summarised below:

3.3.1 ***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 10% of the total number of issued Shares of the Company as at the date of the 2021 AGM. Treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 2,275,089,525 Shares in issue as at the Latest Practicable Date (out of which 25,511,422 Shares were held in treasury and no shares were held as subsidiary holdings as at the Latest Practicable Date), and assuming that on or prior to the 2021 AGM, (i) no further Shares are issued, (ii) no further Shares are purchased or acquired, or held by the Company as treasury shares, and (iii) no Shares are held as subsidiary holdings, not more than 224,957,810 Shares (representing 10% of the Shares in issue as at that date and disregarding the 25,511,422 Shares held in treasury) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

3.3.2 ***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 2021 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 the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

3.3.3 ***Manner of Purchases or Acquisitions of Shares***

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

(a) on-market purchases of Shares by the Company 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 ("**Market Purchases**"); and/or

(b) off-market purchases of Shares by the Company effected otherwise than on a stock exchange, in accordance with an equal access scheme ("**Off-Market Purchases**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual 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, pursuant to Rule 885 of the Listing Manual, issue an offer document containing at least the following information:

(1) terms and conditions of the offer;

(2) period and procedures for acceptances; and

(3) information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

3.3.4 ***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 and must not exceed, in the case of both Market Purchases and Off-Market Purchases, 105% of the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition.

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 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 which occurs during the relevant five-day period and the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 **Source of Funds**. Under the Companies Act, the Company may purchase or acquire its Shares out of its profits and/or capital so long as the Company is solvent.

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 Group's working capital requirements, current dividend policy for the financial year ending 31 March 2022 or ability to service its debts would be adversely affected.

3.5 **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.

3.6 **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 the Latest Practicable Date are summarised below:

3.6.1 ***Maximum Holdings***

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

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

3.6.2 ***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.

3.6.3 ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Singapore Code on Take-overs and Mergers (the "**Takeover Code**"):

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

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

3.7 **Financial Effects.** The financial effects on the Group and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the 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 Group and the Company, based on the audited financial statements of the Group and the Company for the financial year ended 31 March 2021, are based on the assumptions set out below:

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

In the case of both Market Purchases and Off-Market Purchases by the Company and assuming that the Company purchases or acquires 224,957,810 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date and disregarding the Shares held in treasury as at such date) at the maximum price of S$0.740 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 224,957,810 Shares is S$166,468,780.

3.7.2 ***Illustrative Financial Effects***

For illustrative purposes only and on the basis of the assumptions set out in paragraph 3.7.1 above, and further assuming that the purchase or acquisition of 10% of the Shares (excluding treasury shares and subsidiary holdings) by the Company pursuant to the Share Purchase Mandate by way of Market Purchases or Off-Market Purchases is made as to 6% out of profits and as to 4% out of capital and cancelled or held in treasury, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 March 2021 are set out below.

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 March 2021 and are not necessarily representative of future financial performance.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire part of or the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements, current dividend policy for the financial year ending 31 March 2022 or ability to service its debts would be adversely affected.

Scenario A

Market Purchases or Off-Market Purchases of up to 10% made as to 6% out of profits and as to 4% out of capital and cancelled

	Group		Company	
	Before share purchase S$'000	**After share purchase S$'000**	**Before share purchase S$'000**	**After share purchase S$'000**
As at 31 March 2021				
Share capital	638,762	572,174	638,762	572,174
Capital reserves	33,192	33,192	-	-
Other reserves	69,813	69,813	46,836	46,836
Revenue reserves	564,708	464,827	584,072	484,191
	1,306,475	1,140,006	1,269,670	1,103,201
Treasury shares	(29,724)	(29,724)	(29,724)	(29,724)
Ordinary equity	1,276,751	1,110,282	1,239,946	1,073,477
Perpetual securities	346,826	346,826	346,826	346,826
	1,623,577	1,457,108	1,586,772	1,420,303
Net tangible assets (NTA)	1,356,891	1,190,422	1,586,772	1,420,303
Current assets	693,395	526,926	556,845	390,376
Current liabilities	594,817	594,817	493,338	493,338
Total borrowings	322,312	322,312	-	-
Cash and cash equivalents	501,212	334,743	418,831	252,362
Number of shares ('000)	2,249,578	2,024,620	2,249,578	2,024,620
Financial ratios				
Basic earnings per share (cents)	1.46	1.47	1.30	1.31
NTA per share (cents)	60.3	58.8	70.5	70.2
Gross gearing (%)	25.2	29.0	-	-
Net debt gearing (%)	n.m.	n.m.	n.m.	n.m.
Current ratio (%)	116.6	88.6	112.9	79.1

Scenario B

Market Purchases or Off-Market Purchases of up to 10% made as to 6% out of profits and as to 4% out of capital and held in treasury

	Group		Company	
	Before share purchase S$'000	**After share purchase S$'000**	**Before share purchase S$'000**	**After share purchase S$'000**
As at 31 March 2021				
Share capital	638,762	638,762	638,762	638,762
Capital reserves	33,192	33,192	-	-
Other reserves	69,813	69,813	46,836	46,836
Revenue reserves	564,708	564,708	584,072	584,072
	1,306,475	1,306,475	1,269,670	1,269,670
Treasury shares	(29,724)	(179,202)	(29,724)	(179,202)
Ordinary equity	1,276,751	1,127,273	1,239,946	1,090,468
Perpetual securities	346,826	346,826	346,826	346,826
	1,623,577	1,474,099	1,586,772	1,437,294
Net tangible assets (NTA)	1,356,891	1,207,413	1,586,772	1,437,294
Current assets	693,395	543,917	556,845	407,367
Current liabilities	594,817	594,817	493,338	493,338
Total borrowings	322,312	322,312	-	-
Cash and cash equivalents	501,212	351,734	418,831	269,353
Number of shares ('000)	2,249,578	2,047,580	2,249,578	2,047,580
Financial ratios				
Basic earnings per share (cents)	1.46	1.47	1.30	1.31
NTA per share (cents)	60.3	59.0	70.5	70.2
Gross gearing (%)	25.2	28.6	-	-
Net debt gearing (%)	n.m.	n.m.	n.m.	n.m.
Current ratio (%)	116.6	91.4	112.9	82.6

Notes:

The number of Shares which may be held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. As 25,511,422 Shares have been bought back and held as treasury shares as at the Latest Practicable Date, the maximum number of Shares which may be held as treasury shares will be reduced from 227,508,952 Shares to 201,997,530 Shares. The financial effects under Scenario A is computed based on 224,957,810 Shares purchased and cancelled. The financial effects under Scenario B is computed based on 201,997,530 additional Shares purchased and held as treasury shares.

"n.m." means "not meaningful".

3.8 **Listing Status of the Shares**. The Listing Manual requires a listed company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. As at the Latest Practicable Date, Singtel has a direct interest in 494,000,000 Shares representing approximately 21.96% of the issued Shares (excluding the Shares held in treasury) as at that date, Temasek has a deemed interest in 494,865,681 Shares (including the Shares held by Singtel) representing approximately 21.99% of the issued Shares (excluding the Shares held in treasury) as at that date, Alibaba Investment Limited has a direct interest in 327,649,907 Shares representing approximately 14.56% of the issued Shares (excluding the Shares held in treasury) as at that date, and Alibaba Group Holding Limited and SoftBank Group Corp. each has a deemed interest in 327,649,907 Shares held by Alibaba Investment Limited representing approximately 14.56% of the issued Shares (excluding the Shares held in treasury) as at that date. Approximately 63.43% of the issued Shares (excluding the Shares held in treasury) were held by public Shareholders as at the Latest Practicable Date. If the Company had purchased or acquired Shares from the public up to the full 10% limit pursuant to the proposed Share Purchase Mandate on the Latest Practicable Date, approximately 59.37% of the issued Shares (excluding the Shares held in treasury) would have been held by public Shareholders as at that date.

The Company will ensure that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases and/or Off-Market Purchases up to the full 10% 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.

3.9 **Shareholding Limits**. The Postal Services Act, Chapter 237A (the "**Postal Services Act**") currently provides, *inter alia*, that:

(a) no person shall, whether through a series of transactions over a period of time or otherwise, become a 12% controller or a 30% controller of a designated postal licensee (the "**Prescribed Limits**"); and

(b) no person shall enter into any other transaction that constitutes a consolidation with a designated postal licensee,

without obtaining the prior written approval of the Info-communications Media Development Authority of Singapore (the "**IMDA**"), unless otherwise exempted in accordance with any applicable exemption issued under the Postal Services Act.

For the purposes of this paragraph 3.9:

"**consolidation**" means any transaction that, *inter alia*, results in a party becoming a 30% controller of a designated postal licensee, acquiring the business of a designated postal licensee as a going concern or obtaining effective control over a designated postal licensee;

"**12% controller**", in relation to a designated postal licensee, means a person, not being a 30% controller, who alone or together with his associates, (i) holds 12% or more of the total number of voting shares in the designated postal licensee; or (ii) is in a position to control 12% or more of the voting power in the designated postal licensee;

"**30% controller**", in relation to a designated postal licensee, means a person who alone or together with his associates, (i) holds 30% or more of the total number of voting shares in the designated postal licensee; or (ii) is in a position to control 30% or more of the voting power in the designated postal licensee;

"**designated postal licensee**" means a postal licensee (i) which has been declared by the IMDA, by notification published in the *Gazette*, to be a designated postal licensee; or (ii) which is within a class of postal licensees which has been declared by the IMDA, by notification published in the *Gazette*, to be a designated class of postal licensees, for the purposes of Part IVA of the Postal Services Act. The Company has been gazetted as a designated postal licensee; and

"**effective control**" means the ability to cause a designated postal licensee to take, or prevent a designated postal licensee from taking, a decision regarding the management and major operating decisions of the designated postal licensee.

Pursuant to the Postal Services Act, if the IMDA is satisfied that a Shareholder and/or his associates have reached or exceeded the Prescribed Limits in contravention of the Postal Services Act or that the holding or acquisition of voting shares, or control of voting power in the Company by such Shareholder and/or his associates is likely to substantially lessen competition or is against the public interest, or in other specified circumstances, the IMDA may issue certain directions, including but not limited to requiring such Shareholder and/or his associates to divest all or part of the voting shares which it holds or may have acquired in the Company, or require the Company to restrict the voting rights or dividend rights that the Shareholder holds or has obtained through the acquisition of such voting 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 such purchase or acquisition by the Company) in the Shares of the Company immediately following any purchase or acquisition of Shares by the Company will 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 a person to reach or exceed the Prescribed Limits (in particular, a person who is currently close to any of the Prescribed Limits). Shareholders who are close to any of the Prescribed Limits and who may exceed any such limits by reason of a purchase or acquisition of Shares by the Company are advised to inform the Company and seek the prior approval of the IMDA to reach or exceed the Prescribed Limits, on such terms as may be imposed by the IMDA, as a consequence of any purchase or acquisition of Shares by the Company. Shareholders who are in any doubt as to the action that they should take should consult their professional advisers.

In addition to the above, Section 8 of the Postal Competition Code 2017, which was issued by the IMDA on 29 May 2017 and which came into effect on 9 June 2017 (the "**Postal Competition Code**") provides some additional guidance on the purchase or acquisition of Shares by the Company. Section 8 states that before entering into any such purchase or acquisition of Shares by the Company, the Company must calculate the percentage of voting shares held by each Shareholder following such purchase or acquisition. If, as a result of such purchase or acquisition:

(i) any Shareholder who previously held less than 5% of the total number of voting shares in the Company, or had control of less than 5% of the voting power in the Company would, after the transaction, hold 5% or more, but less than 12% of the voting shares in the Company, or control 5% or more but less than 12% of the voting power in the Company, the Company may proceed with such purchase or acquisition and shall file the appropriate notification pursuant to the Postal Competition Code; and

(ii) any Shareholder will become a 12% controller of, or will enter into a consolidation with the Company, the Company and that Shareholder must seek the approval of the IMDA before the Company proceeds with such purchase or acquisition.

3.10 **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:

3.10.1 ***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.

3.10.2 ***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 above for the purchase of voting rights;

(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);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:

(i) an individual;

(ii) the close relatives of (i);

(iii) the related trusts of (i);

(iv) any person who is accustomed to act in accordance with the instructions of (i);

(v) companies controlled by any of (i), (ii), (iii) or (iv); and

(vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, 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.

3.10.3 ***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 4.2 below, none of the Substantial Shareholders would 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 by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

3.11 **Reporting Requirements**. Rule 886(1) of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares, and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings after the purchase, the number of treasury shares held and the number of subsidiary holdings after the purchase.

3.12 **No Purchases During Price or Trade Sensitive Developments**. While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price or trade sensitive development has occurred or has been the subject of a decision until the price or trade sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period of one month immediately preceding the announcement of the Company's half year and full year financial statements.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 **Directors' Interests**. As at the Latest Practicable Date, the interests of the Directors holding office as at 1 June 2021 in the Shares, as extracted from the Register of Directors' Shareholdings, are set out below:

	Number of Shares			
	Direct Interest	**Deemed Interest**	**Total Interest**	**% of Issued Shares**(1)
Simon Israel	–	–	–	–
Fang Ai Lian	–	–	–	–
Chen Jun	–	–	–	–
Chu Swee Yeok	–	–	–	–
Lim Cheng Cheng	–	–	–	–
Elizabeth Kong Sau Wai	–	–	–	–
Steven Robert Leonard	–	–	–	–
Bob Tan Beng Hai	–	–	–	–

Note:

(1) The percentage of issued Shares is calculated based on the number of issued Shares as at the Latest Practicable Date, excluding any Shares held in treasury as at that date.

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

	Number of Shares			
	Direct Interest	**Deemed Interest**	**Total Interest**	**% of Issued Shares[(1)]**
Temasek Holdings (Private) Limited	–	494,865,681[(2)]	494,865,681	21.99
Singapore Telecommunications Limited	494,000,000	–	494,000,000	21.96
Alibaba Investment Limited	327,649,907	–	327,649,907	14.56
Alibaba Group Holding Limited	–	327,649,907[(3)]	327,649,907	14.56
SoftBank Group Corp.	–	327,649,907[(4)]	327,649,907	14.56

Notes:

(1) The percentage of issued Shares is calculated based on the number of issued Shares as at the Latest Practicable Date, excluding any Shares held in treasury as at that date.

(2) Deemed through its subsidiary, Singapore Telecommunications Limited, and its associated company, DBS Group Holdings Ltd.

(3) Deemed through its subsidiary, Alibaba Investment Limited.

(4) Deemed through Alibaba Group Holding Limited which is the holding company of Alibaba Investment Limited.

5. DIRECTORS' RECOMMENDATIONS

5.1 **The Proposed Renewal of the Shareholders Mandate**. All the Directors are interested persons (as described in paragraph 4.1 of the Appendix to this Letter). Accordingly, they have refrained from making any voting recommendation to Shareholders in respect of Ordinary Resolution 10, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2021 AGM.

5.2 **The Proposed Renewal of the Share Purchase Mandate**. The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 11, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2021 AGM.

6. INSPECTION OF DOCUMENTS

The Annual Report of the Company for the financial year ended 31 March 2021 and the 2020 Letter may be accessed at the URLs https://www.singpost.com/about-us/investor-relations/annual-reports and https://www.singpost.com/about-us/investor-relations/shareholder-meetings respectively.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

Simon Israel
Chairman

THE SHAREHOLDERS MANDATE

1. Chapter 9 of the Listing Manual

1.1 Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:

(a) 5% of the listed company's latest audited consolidated NTA; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

1.3 Based on the latest audited consolidated financial statements of Singapore Post Limited ("**SingPost**") and its subsidiaries (the "**SingPost Group**") for the financial year ended 31 March 2021, the consolidated NTA of the SingPost Group was S$1,356,891,000. In relation to SingPost, for the purposes of Chapter 9, in the current financial year and until such time as the audited consolidated financial statements of the SingPost Group for the financial year ending 31 March 2022 are published, 5% of the latest audited consolidated NTA of the SingPost Group would be S$67,844,550.

1.4 Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.

1.5 Under the Listing Manual:

(a) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(b) (in the case of a company) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder. The SGX-ST may also deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into (i) a transaction with an entity at risk, and (ii) an agreement or arrangement with an interested person in connection with that transaction;

(c) a "**controlling shareholder**" means a person who:

(i) holds directly or indirectly 15% or more of the total voting rights in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or

(ii) in fact exercises control over a company;

(d) (in the case of a company) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder means an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, means its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(e) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9; and

(f) an "**interested person transaction**" means a transaction between an entity at risk and an interested person and a "**transaction**" includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

2. Rationale for the Shareholders Mandate and Benefits to Shareholders

2.1 It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and SingPost's interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to SingPost's interested persons or the obtaining of goods and services from them.

2.2 In view of the time-sensitive nature of commercial transactions, the renewal of the Shareholders Mandate pursuant to Chapter 9 of the Listing Manual will enable:

(a) SingPost;

(b) subsidiaries of SingPost (other than a subsidiary that is listed on the SGX-ST or an approved exchange, if any); and

(c) associated companies of SingPost (other than an associated company that is listed on the SGX-ST or an approved exchange, if any) over which the SingPost Group, or the SingPost Group and interested person(s) of SingPost has or have control,

(together, the "**EAR Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions ("**Interested Person Transactions**") set out in paragraph 5 below with the specified classes of SingPost's interested persons (the "**Interested Persons**") set out in paragraph 4.1 below, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

2.3 The Shareholders Mandate, and its subsequent renewal thereafter on an annual basis, will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for SingPost to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

2.4 The Shareholders Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

2.5 The EAR Group will benefit from having access to competitive quotes from the different companies in the different industries within the Temasek Group (as defined in paragraph 4.1(a) below) and the Singtel Group (as defined in paragraph 4.1(b) below) in addition to obtaining quotes from, or transacting with, non-Interested Persons.

3. The Shareholders Mandate and Validity Period

3.1 The Shareholders Mandate covers a wide range of activities undertaken by the SingPost Group. These activities are set out in detail in paragraph 5 below.

3.2 The Shareholders Mandate does not cover an Interested Person Transaction which has a value of below S$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such an Interested Person Transaction. The IPT Mandate would, however, cover Interested Person Transactions with values below S$100,000 entered into during the same financial year and which are aggregated by the SGX-ST under Chapter 9 of the Listing Manual and treated as if they were one Interested Person Transaction which has a value of S$100,000 or more.

3.3 Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the Shareholders Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

3.4 The renewal of the Shareholders Mandate will take effect from the date of the passing of the Ordinary Resolution relating thereto to be proposed at the Annual General Meeting to be held on 15 July 2021 until the next Annual General Meeting of the Company. Thereafter, it is intended that approval from Shareholders for a subsequent renewal of the Shareholders Mandate will be sought at each subsequent Annual General Meeting of the Company.

4. Classes of Interested Persons

4.1 The Shareholders Mandate applies to Interested Person Transactions which are carried out with the following classes of Interested Persons:

(a) Temasek Holdings (Private) Limited and its associates (excluding Singapore Telecommunications Limited ("**Singtel**") and its associates) (the "**Temasek Group**");

(b) Singtel and its associates (the "**Singtel Group**"); and

(c) Directors, Chief Executive Officer(s) and controlling shareholders of the Company (other than the controlling shareholders described in sub-paragraphs (a) and (b) above) and their respective associates.

4.2 Transactions with Interested Persons which do not fall within the ambit of the Shareholders Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

5. Interested Person Transactions

The Interested Person Transactions with the Interested Persons which are covered by the Shareholders Mandate, and the benefits to be derived therefrom, relate to general transactions ("**General Transactions**") in connection with the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group (but not in respect of the purchase or sale of assets, undertakings or businesses) comprising the following:

(a) provision of postal services;

(b) provision of fulfilment, warehousing and logistics services;

(c) provision of agency services;

(d) provision and distribution of financial services;

(e) provision of electronic printing and despatching services;

(f) provision of data, document and mail management services;

(g) leasing or rental of premises as lessor and/or lessee;

(h) provision or procurement of software and licensing services, information services, engineering, repair, servicing and technical services;

(i) selling of advertisement space;

(j) provision or procurement of transportation, despatching and conveyance services (including air, sea and land) and freight services;

(k) procurement of communication and all other forms of utility services and products;

(l) procurement, lease or rental of vehicles, equipment, parts, components, repair and maintenance services;

(m) procurement of services for the production of stamps, philatelic products and stationeries;

(n) procurement of security services;

(o) procurement of insurance;

(p) procurement of management and consultancy services;

(q) provision or obtaining of property management, property security, building maintenance services and consultancy services; and

(r) provision or obtaining of such products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services referred to in sub-paragraphs (a) to (q) above.

6. Review Procedures for Interested Person Transactions

6.1 In general, there are procedures established by the EAR Group to ensure that transactions with Interested Persons are undertaken on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been implemented:

(a) *Provision of services or the sale of products*

The review procedures are:

(i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and

(ii) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

(b) *Obtaining of services or the purchasing of products*

The review procedures are:

(i) all contracts entered into or transactions with Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to the entry into of the contract or transaction with the Interested Person, as a basis for comparison to determine whether the prices and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the prices and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and

(ii) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff of the relevant company in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the prices and terms offered by the Interested Person are fair and reasonable.

(c) *Threshold limits*

In addition to the review procedures described above, the EAR Group will also ensure that the Interested Person Transactions are undertaken with Interested Persons on normal commercial terms and are not prejudicial to the Company and its minority Shareholders by categorising the transactions as follows:

(i) a Category 1 General Transaction is one where the value thereof is equal to or more than 5% of the latest audited consolidated NTA of the SingPost Group; and

(ii) a Category 2 General Transaction is one where the value is less than 5% of the latest audited consolidated NTA of the SingPost Group.

Category 1 General Transactions must be reviewed and endorsed by the Audit Committee and approved by the Board or other Board Committees, in accordance with the Company's approval limits, prior to their entry with an Interested Person.

Category 2 General Transactions need not be reviewed and endorsed by the Audit Committee prior to their entry with an Interested Person, but shall be reviewed on a quarterly basis by the Audit Committee.

6.2 SingPost will maintain and update the list of companies within the EAR Group and the list of Interested Persons and inform the heads of departments and/or companies within the EAR Group for the purposes of identification of Interested Persons and the recording of all Interested Person Transactions.

6.3 SingPost will review the procedures set out above from time to time to ensure that these remain adequate and appropriate.

6.4 A register will be maintained by SingPost to record all Interested Person Transactions (and the basis on which they are entered into) which are entered into pursuant to the Shareholders Mandate. The annual internal audit plan of SingPost shall incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the Shareholders Mandate.

6.5 The internal auditors of SingPost shall, on a quarterly basis, report to the Audit Committee on Interested Person Transactions, and the basis of such transactions, entered into by the EAR Group.

6.6 The Audit Committee shall review the internal audit reports on Interested Person Transactions to ascertain that the Interested Person Transactions are entered into with Interested Persons on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders and that the established review procedures for the Interested Person Transactions have been complied with.

6.7 In the event that a member of the Audit Committee, Board or other Board Committees (where applicable) is interested in any Interested Person Transaction, he will abstain from any decision-making in respect of that transaction and the review, endorsement and approval of that transaction will be undertaken by the remaining members of the Audit Committee, Board and/or other Board Committees.

7. Audit Committee's Statements

7.1 The Audit Committee (currently comprising Mrs Fang Ai Lian, Ms Chu Swee Yeok and Mr Bob Tan Beng Hai) has reviewed the terms of the Shareholders Mandate, as proposed to be renewed, and is satisfied that the review procedures for Interested Person Transactions, as well as the reviews to be made periodically by the Audit Committee (with internal audit assistance) in relation thereto, are sufficient to ensure that Interested Person Transactions will be made with the relevant class of Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

7.2 If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established guidelines and procedures are not sufficient to ensure that the Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, SingPost will revert to Shareholders for a fresh mandate based on new procedures for transactions with Interested Persons.

8. Disclosure

8.1 SingPost will announce the aggregate value of transactions conducted with Interested Persons pursuant to the Shareholders Mandate for the financial periods which SingPost is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

8.2 Disclosure will also be made in the annual report of SingPost of the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholders mandate is in force, in accordance with the requirements of the Listing Manual.