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## Issuer & Securities

### Issuer/ Manager

SINGAPORE POST LIMITED

### Securities

SINGAPORE POST LIMITED - SG1N89910219 - S08

### Stapled Security

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## RESPONSE TO SGX QUERIES::

### Announcement Details

### Announcement Title

Response to SGX Queries

### Date & Time of Broadcast

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### Supplementary Title

On Financial Statements

### Announcement Reference

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### Submitted By (Co./ Ind. Name)

Linda Hoon Siew Kin (Ms)

### Designation

Group Company Secretary

### Description (Please provide a detailed description of the change in the box below)

Please refer to the attachment.

## Attachments

[SGXAnn.pdf](#)

Total size = 143K MB

**SINGAPORE POST LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199201623M)

**RESPONSE TO SGX REGCO'S QUERY ON  
THE COMPANY'S ANNOUNCEMENT RELEASED ON 6 MAY 2021**

Singapore Post Limited (the "**Company**") refers to the queries from Singapore Exchange Regulation ("**SGX RegCo**") on 14 May 2021 relating to the Company's Unaudited Results for the Half Year and Full Year ended 31 March 2021 which was released on 6 May 2021, and wishes to respond as follows:

**SGX RegCo's Query 1:**

It is noted from page 7 of the unaudited results, that the Group's current trade and other receivables amounted to approximately S\$166,411,000 as at 31 March 2021 and the Group's non-current trade and other receivables amounted to approximately S\$8,626,000 as at 31 March 2021. Please disclose:-

- (i) The breakdown of the Group's trade and other receivables;
- (ii) The nature of the non-current trade and other receivables; and
- (iii) The Board's assessment of the recoverability of the non-current trade and other receivables.

**The Company's Response:**

1. On the breakdown of the Group's trade and other receivables:

Current trade and other receivables comprised net trade receivables (S\$164.9 million), short term loans to associated companies (S\$0.3 million) and other receivables (S\$1.2 million).

Non-current trade and other receivables comprised loans to associated companies (S\$3.7 million), a loan to a shareholder of a subsidiary (S\$4.8 million) and staff loans (S\$0.1 million).

2. On the nature of the non-current trade and other receivables:

The non-current trade and other receivables comprised mainly of loans to associated companies (S\$3.7 million) for working capital purposes, a loan to a shareholder of a subsidiary (S\$4.8 million) and staff loans (S\$0.1 million). These were all items that were similarly disclosed in the prior year's audited financial statements.

3. On the Board's assessment of the recoverability of the non-current trade and other receivables:

Management regularly assesses the recoverability of the receivables, taking into account various factors such as the financial ability and condition of the debtor, security or guarantee provided on the receivable, existing trade contracts and other business dealings with the various counterparties. Impairments are made if the chances of recovery are deemed low. The Audit Committee has considered the approach and methodology applied to this assessment and is comfortable with the approach taken. The Board in concurrence with the Audit Committee has made a thorough review of the receivables as at 31 March 2021 and is satisfied with the recoverability.

### **SGX RegCo's Query 2:**

It is noted from page 9 of the unaudited results under cash flows from operating activities, that the interest income for the full year amounted to S\$2,927,000. Please explain why interest income amounted to only S\$2,927,000 for the full year when the Company has cash and cash equivalents of S\$501,212,000?

### **The Company's Response:**

The interest income is directly impacted by the prevailing interest rates in the market, which have largely remained low for the financial year ended 31 March 2021.

The Group's cash and cash equivalents consist of cash at bank and on hand, as well as deposits with financial institutions. The interest rates on these deposits, which are short term in nature, have declined in the financial year ended 31 March 2021 compared to the previous year. 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).

### **SGX RegCo's Query 3:**

It is noted from page 7 of the unaudited results that the Group's current trade and other payables amounted to S\$506,011,000 and non-current trade and other payables amounted to S\$22,308,000 as at 31 March 2021. Please disclose a breakdown of the current and non-current trade and other payables. For other payables, please disclose the aging and nature of these other payables, the identity of the counterparties and whether the counterparties are related parties.

### **The Company's Response:**

Current trade and other payables comprised trade payables (S\$351.5 million) largely on international mail settlement, accruals for operating expenses (S\$101.9 million), customers / tender deposits (S\$23.1 million), collection on behalf of third parties (S\$6.4 million), provision for reinstatement costs (S\$1.9 million), provision for restructuring costs (S\$0.5 million) and other creditors (S\$20.7 million).

Trade payables are typically settled within 6 months and other payables are typically settled within 3 months.

Non-current trade and other payables comprised provision for reinstatement costs (S\$9.6 million), put option redemption liability (S\$9.5 million), pension & retirement benefits (S\$3.0 million) and other accrual for operating expenses (S\$0.2 million).

Non-current trade and other payables are due depending on specific circumstances surrounding each payable, for example, timing of reinstatement costs are dependent on the length of each individual lease. Another example is the put option redemption liability (S\$9.5 million), which relates to an investment made by the Group in 2015, where the other shareholders were granted Put Options which can only be exercised after 31 March 2025.

### **SGX RegCo's Query 4:**

Please provide the reason(s) for the significant borrowings of S\$322,312,000 by the Group when the Group recorded cash and cash equivalents of S\$501,212,000 as at 31 March 2021?

Please disclose:-

- (i) Details of the loan, including the terms of the loan, interest on loans and maturity dates;
- (ii) A breakdown of the lenders and their identities (and its ultimate beneficial shareholders and directors if this is not a bank);

- (iii) When were the loans obtained and approved by the Board including the Audit Committee; and
- (iv) The use of proceeds from the loan.

**The Company's Response:**

As disclosed in Paragraph 8 of the Unaudited Results for the Half Year and Full Year ended 31 March 2021 which was released on 6 May 2021, the Group has strengthened its net asset and financial position despite the challenges brought about by Covid-19.

As at 31 March 2021, the Group was in a net cash position of S\$178.9 million, compared to a net cash position of S\$128.6 million as at 31 March 2020, due to a higher cash position driven by positive working capital, offset by lower borrowings. The Group has also extended its short term liabilities to the long term, with the issuance of a 10-year medium term note that significantly extended its debt maturity profile.

The Group has maintained a higher cash balance compared to the last financial year, taking into account various factors including the need to carefully manage cashflow and liquidity amid the uncertain economic outlook due to the ongoing pandemic, as well as potential funding requirements for ongoing strategic initiatives.

The Board with the help of its Finance and Investment Committee carefully manages the Group's borrowing level to achieve an optimal capital structure by balancing various funding options available to it to achieve a reasonable weighted average cost of capital, taking into account various factors including borrowing costs, matching of long term investment with long term funding, managing foreign currency exposure that may have impact to the balance sheet and/or profit and loss statement of the Group, as well as the Group's credit and liquidity risk profile.

As disclosed in Paragraph 1(b)(ii) of the Unaudited Results for the Half Year and Full Year ended 31 March 2021 which was released on 6 May 2021, the Group's unsecured borrowings comprised mainly S\$250 million 10-year Notes due 2030 comprised in Series 001 under the S\$1,000,000,000 Multicurrency Debt Issuance Programme. It was also disclosed that the Group had a bank loan in Australian dollars for better matching of currency exposure for the investment in Freight Management Holdings Pty Ltd ("**FMH**").

The average interest rate for the Group's borrowings during the financial year ranged from 1.35% to 3.28% (2020: 1.2% to 3.5%).

Details of the Group's borrowings are:

<b>A breakdown of the lenders and their identities (and its ultimate beneficial shareholders and directors if this is not a bank)</b>	<b>Borrowing amount</b>	<b>Additional notes</b>
The Notes were placed to various bond investors by dealers HSBC, OCBC and UOB through a book building process	S\$249.3 million	10-year Medium Term Notes (" <b>Notes</b> ") issued under the S\$1,000,000,000 Multicurrency Debt Issuance Programme  Issue date: 19 Nov 2020 Maturity date: 19 Nov 2030  Board approval: 5 Nov 2020  Use of proceeds: General corporate purposes including refinancing of existing borrowings of the Singapore Post Limited and its subsidiaries

A breakdown of the lenders and their identities (and its ultimate beneficial shareholders and directors if this is not a bank)	Borrowing amount	Additional notes
Westpac Banking Corporation, Singapore Branch	A\$59 million (approximately S\$60.3 million)	5-year term loan Date drawn: 29 Mar 2021 Date due: 29 Mar 2026  Board approval: 4 Mar 2021  Use of proceeds: To fund the investment in FMH
Public Bank Berhad, Malaysia	Approximately S\$3.7 million (outstanding balance)	5-year term loan Date drawn: 29 Mar 2019 Date due: 29 Mar 2024  Board approval: 31 Jan 2019  Use of Proceeds: To refinance an existing term loan and to finance the conversion of warehouse space
United Overseas Bank Limited	S\$3.7 million (outstanding balance)	5-year term loan Date drawn: 26 May 2016 Date due: 28 May 2021  Board approval: 3 May 2016  Use of Proceeds: To refinance an existing term loan
United Overseas Bank Limited	S\$5.3 million	Short term loan drawn from a Money Market Line for working capital purposes  Board approval: 29 Oct 2018

**SGX RegCo's Query 5:**

Please provide the reason(s) for the Group's current trade and other payables amounting to S\$506,011,000 when the Group recorded cash and cash equivalents of S\$501,212,000 as at 31 March 2021?

**The Company's Response:**

The Group manages trade and other payables in conjunction with other working capital items such as trade receivables and inventories, to achieve an optimal working capital level for the Group. Given the nature of our business, certain payables like international mail settlement have extended payment terms. In part the cash position is held to ensure that there is sufficient funding to make good when those obligations do come due.

Issued by Singapore Post Limited on 18 May 2021.