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	27-Jun-2017 17:53:14
Status	New
Report Type	Annual Report
Announcement Reference	SG170627OTHRL7D9
Submitted By (Co./ Ind. Name)	Genevieve Tan McCully (Mrs)
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	31/03/2017

Attachments	SingPost_AR_201617.pdf SingPost_Notice of AGM.pdf SingPost_Letter to Shareholders.pdf Total size =6577K

ANNUAL REPORT **2016/17**

DELIVERING
THE FUTURE

OUR VISION

GLOBAL LEADER IN eCOMMERCE LOGISTICS AND TRUSTED COMMUNICATIONS

CONTENTS

BUILDING
FOR THE FUTURE

Postal services and eCommerce logistics are undergoing transformation. We plan, invest and prepare our people to be a nimble and forward-thinking company, ready for the future.

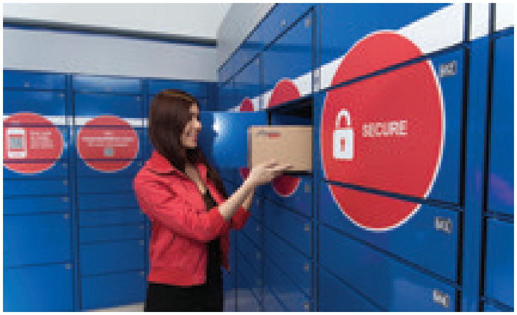

Singapore
POST

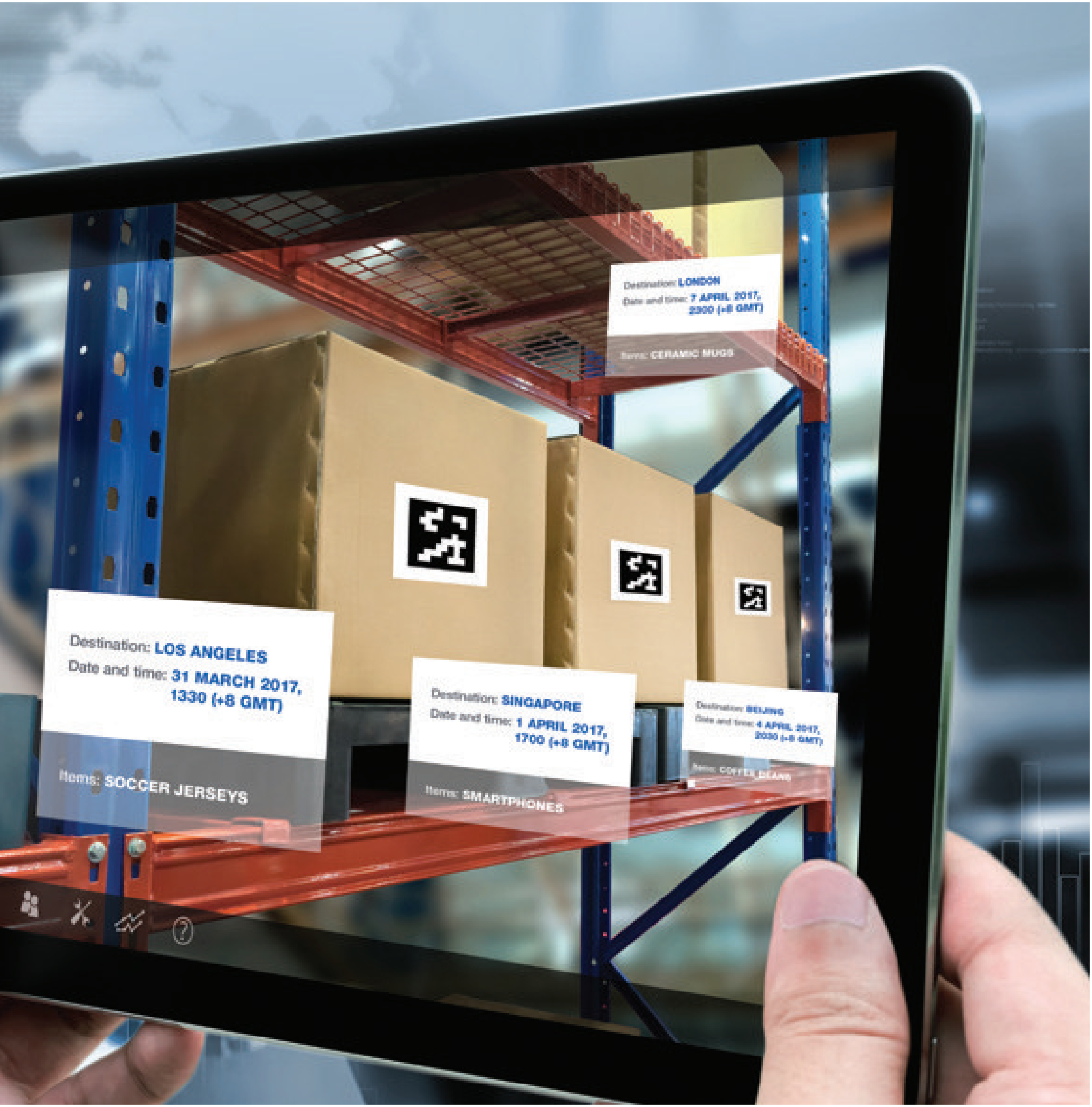
INVESTING
IN TECHNOLOGY TO MEET TOMORROW'S NEEDS

Our business is evolving, our customer needs are changing, so we invest in new ways to raise service quality, to be more efficient and sustainable, and push boundaries.

DELIVERING SUSTAINABLE VALUE

Through an expanding global network, and working with top international brands and enterprises, we continue to create long term value through providing end-to-end postal and eCommerce logistics solutions that give our customers access to the world's markets.




Destination: LONDON
Date and time: 7 APRIL 2017, 2300 (+8 GMT)
Items: CERAMIC MUGS
Destination: LOS ANGELES
Date and time: 31 MARCH 2017, 1330 (+8 GMT)
Items: SOCCER JERSEYS
Destination: SINGAPORE
Date and time: 1 APRIL 2017, 1700 (+8 GMT)
Items: SMARTPHONES
Destination: BEIJING
Date and time: 4 APRIL 2017, 2030 (+8 GMT)
Items: COFFEE BEANS

LETTER TO SHAREHOLDERS

> "Transformation is a journey and it will take a number of years and further investment to achieve scale and profitability in eCommerce logistics."

Dear Shareholders,

This has been a very challenging year for SingPost. While we made significant progress in the transformation of our business, issues in the US with TradeGlobal which resulted in impairment were a major setback.

As shareholders, you rightly want to understand why the impairment came in such a short space of time since acquiring the business in 2015. The Board has formed an independent committee to thoroughly review the circumstances surrounding SingPost's consideration and approval of the TradeGlobal acquisition, including the adequacy of the financial and commercial due diligence performed for the transaction. We will update you on the outcome of the review, and will seek legal advice on appropriate actions, if any, to be taken arising from the findings of the committee. The review is expected to be completed and the findings released before our Annual General Meeting in July.

Given the structural decline of our domestic letter mail business, it is vital we advance our transformation into an eCommerce logistics enabler, leveraging on our strategic location and core assets to serve the region's growing eCommerce markets.

During the year, we saw the official opening of our S$182 million Regional eCommerce Logistics Hub and the strengthening of our partnership with Alibaba. Our joint venture with Alibaba in Quantium Solutions International (QSI) to build out our regional eCommerce logistics platform was formed, while Alibaba increased its shareholding in SingPost to 14.4 per cent. Our partnership with Alibaba is important to our transformation and we are well funded to build out and grow our eCommerce logistics business.

Transformation is a journey and it will take a number of years and further investment to achieve scale and profitability in eCommerce logistics. You should be mindful of this when forming a view of our future prospects.

Our financial results reflect transitional challenges. Revenue grew 17.1 per cent last year to S$1.35 billion with the inclusion of our US acquisitions, TradeGlobal and Jagged Peak. But net profit fell to S$33.4 million as underlying net profit declined to S$115.6 million and several exceptional items were recorded, including the impairment of our investment in TradeGlobal.

ADDRESSING POSTAL HEADWINDS

The structural decline of our postal business is something that we are managing actively, and we are relatively successful in this, given global trends. While letter mail volumes continue to fall, strong domestic eCommerce and international mail volumes are helping cushion the impact, albeit with lower margins, as our Singapore base offers transhipment opportunities for the region's growing eCommerce trade.

We are harnessing technology to address these evolving trends, as well as improve the quality of our service. We owe this to our customers – and the nation, as Singapore's Public Postal Licensee. We are developing digital versions of the mail and post office to serve the evolving trusted communication needs of consumers, businesses, and the government. We are also at an advanced stage in testing our SmartPost suite of solutions that uses mobile, near-field communication and radio frequency identification technologies to raise service quality and operational efficiency. Dovetailing with the country's Smart City drive, we are exploring how drone technology may be employed in a commercially viable way to meet rising demand for faster and more flexible deliveries, and address resource constraints.

BUILDING OUT OUR LOGISTICS BUSINESS

Building our eCommerce logistics business is a key pillar of SingPost's transformation. Today, our network spans 19 markets across Asia, Europe and the US.

Our Regional eCommerce Logistics Hub is the centrepiece of our eCommerce logistics network in the region. Fully automated and with integrated warehousing and parcel sorting operations, the facility enables faster and more efficient order fulfilment. It leverages Singapore's regional connectivity and has been designed to be scalable to meet the needs of the future. Within the first year of operations, the facility has secured several important contracts with customers, including Southeast Asian online marketplace operator Lazada.

Our relationship with Alibaba has been deepening over the past three years so that we are today a strategic logistics partner for Alibaba. In the years ahead, we will be working closely with Alibaba to develop QSI as a common platform to grow and enhance eCommerce logistics capabilities in Southeast Asia and Oceania. We can expect the collaboration to strengthen QSI's end-to-end solutions and increase volumes on its network, positioning us well for the rapid growth of the region's eCommerce markets.

Nevertheless, we are at an early stage and it will be some time before this partnership delivers profits.

LETTER TO SHAREHOLDERS

ENABLING GLOBAL ECOMMERCE TO DRIVE VOLUMES

Our eCommerce business has acquired technologies, customers, and market knowhow that put us in a good place to pioneer omni-channel retail solutions that drive volumes on our logistics network.

Our US subsidiary Jagged Peak recorded an outstanding performance in the first year we consolidated its financials. The company posted strong revenue and earnings growth that considerably exceeded the business plan. With its unique business model and proprietary software, the company scored several major customer wins from among the world's most recognisable names in the fast moving consumer goods sector. SP eCommerce also experienced good revenue growth, with its monobrand strategy enabling leading international brands such as Calvin Klein, MUJI, Timberland and Triumph to establish eCommerce operations in Asia.

TradeGlobal, however, missed its financial targets significantly, incurring a S$25.8 million loss instead of a planned S$9.4 million profit. The company saw several operational challenges, including a surge in labour costs during the peak season, delays in warehouse automation initiatives, and management changes.

More fundamentally, TradeGlobal faces structural difficulties that will impact the business moving forward. US fashion apparel retailers, a major segment of TradeGlobal's customer base, are grappling with dramatic shifts in consumer patterns and web-driven business models that undercut traditional brick-and-mortar setups. The loss of two large customers that made up 30 per cent to 40 per cent of revenue will not be easily or quickly replaced and has required the company to be restructured. Labour cost pressures in the Cincinnati area are likely to resurface at the next peak season, and will be hard to mitigate until our automation efforts are in place.

We have appointed Mr Paul Demirdjian Interim CEO of our US businesses to oversee the turnaround of TradeGlobal and lead the overall strategy and operations of our investments in the US. Changes to the business model, cost management measures and pricing initiatives are being implemented to improve TradeGlobal's operational performance.

TradeGlobal's significant underperformance against the business case that supported the investment has led to impairment. The decision for impairment was reached after the annual review of the Group's investments and assets, which is conducted to ensure the carrying values recorded present an accurate picture of the business to shareholders and other stakeholders.

REALISING THE VALUE POTENTIAL OF OUR PROPERTY

The opening of our new retail mall at SingPost Centre later this year will establish new revenue streams that will help realise the full potential of the property. CapitaLand has been appointed to manage the mall, which will also be a test bed for new retail concepts that combine the best aspects of online and offline shopping.

RESETTING THE CORPORATE GOVERNANCE AND POLICY FRAMEWORK

Among the many events in the past year, important steps were taken to strengthen SingPost's governance and policy framework, establishing a firm foundation on which to continue our transformation for the long term future of SingPost.

We completed a Corporate Governance Review, and have put in place a new governance framework. The Board was renewed, with eight Directors stepping down, and four new appointments during the financial year. Three more Directors were appointed after 31 March 2017. Board Committees were reorganised, with the Executive Committee reconstituted into a Finance and Investment Committee with a narrowed scope, and an expanded Nominations and Corporate Governance Committee. A structured process was put in place to ensure Board renewal, and that the composition of the Board and its Committees fits strength and skill requirements.

We have put in place a new dividend policy linking our payout to a percentage range of underlying net profit to ensure our dividends are sustainable in the long term. Dividends totalling three cents per share have been paid out for the first three quarters of the year. The Board is recommending a final dividend of 0.5 cent per share for your approval at the AGM.

We appointed our Group Chief Executive Officer (GCEO), Mr Paul Coutts, who provides critical leadership as we embark on the new financial year. Paul, who will also be a non-independent Director, brings with him seniority and experience from an extensive logistics and postal career that includes global leadership roles. The Board expects Paul to accelerate the ongoing transformation of SingPost and improve the Group's performance. Please join me in welcoming Paul. The Board looks forward to working closely with him and expresses its thanks to Mr Mervyn Lim for covering the GCEO role since December 2015, in addition to carrying out the roles of Deputy GCEO (Corporate Services) and Group Chief Financial Officer.

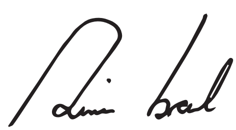
APPRECIATION AND WELCOME

The Board would like to thank Mr Bill Chang, Professor Low Teck Seng and Mr Soo Nam Chow, who retire from the SingPost Board, for their contributions. The Board thanks Mr Soo for the considerable additional work he undertook through the Special Audit and Corporate Governance Review.

We welcome our new non-executive Directors – Mrs Fang Ai Lian, Ms Elizabeth Kong, Mr Steven Leonard, Ms Lim Cheng Cheng, and Mr Bob Tan – and the leadership they provide in their new roles, with Mrs Fang as Lead Independent Director and Audit Committee Chairman, and Mr Tan as Compensation Committee Chairman.

Finally, we thank Management and Staff for their commitment to SingPost during this year of transition, and also the union, our partners and customers for their continued support.

Yours sincerely,



SIMON ISRAEL
Chairman

COVERING GCEO REVIEW

"The focus for SingPost moving forward is to drive traffic and volumes onto our eCommerce logistics network and increase utilisation of existing infrastructure, so as to benefit from greater economies of scale and operating leverage."

I have been appointed by the SingPost Board since December 2015 to cover the position of Group CEO as the Board searched for a new chief executive. As Covering Group CEO, my focus in the past year has been to continue executing the transformation strategy as set by the Board, and to monitor the performance of our investments and acquisitions.

Together with my colleagues, we continued to advance the three core components of our transformation journey – Protecting the Core, Growing the Wings and Unlocking Value.

PROTECTING THE CORE

Our Postal Services division remains the core of SingPost. Although domestic mail revenue continues to decline, SingPost has successfully grown its international mail business to help mitigate the impact.

International mail revenue rose 17.4 per cent in FY2016/17 as we delivered higher volumes of cross-border eCommerce items, providing eCommerce retailers with a cost-efficient means of reaching their global customers.

The international mail segment however is highly competitive, and margins are relatively low. With the shift in our business mix towards lower margin international mail, Postal margin declined to 27.7 per cent for FY2016/17, from 29.3 per cent the year before. Despite this, our Postal margins remain one of the highest globally compared to other postal organisations, which demonstrates the efficiency of our postal operations.

To mitigate margin pressures, we will continue to focus on improving productivity and efficiency while maintaining service quality. This includes upskilling our workers and deploying technology to drive innovative solutions.

Our POPStation smart lockers are now pervasive throughout Singapore at a distance of less than two kilometres between each locker facility. During the year we rolled out 300 new feature-enhanced self-service automated machines or SAMs. The majority of our post offices have also been remodelled into 24-hour hubs with integrated automated self-service lobbies.

In FY2016/17, SingPost's Public Postal Licence was renewed for a 20-year period starting from 1 April 2017. We are strongly cognizant of the key role that we play as the nation's postal service provider and service quality will remain as our top priority.

GROWING THE WINGS

With the rapid growth of eCommerce, especially in the Asia Pacific, we have a valuable opportunity to build new revenue streams in eCommerce logistics and create sustainable growth for the future.

Over the past few years, we have built out an eCommerce logistics network spanning 19 markets. Partly as a result of higher costs from planned investments in our network, Logistics margins declined to 3.7 per cent in FY2016/17, from 6.2 per cent the year before.

The focus for SingPost moving forward is to drive traffic and volumes onto our eCommerce logistics network and increase utilisation of existing infrastructure, so as to benefit from greater economies of scale and operating leverage.

To grow volumes, we will seek to expand our customer base, and develop collaboration and alliances with strategic partners. One of our major strategic partners is the Alibaba Group.

Our relationship has come a long way. Alibaba first began as SingPost's customer before they took an equity stake of 10.2 per cent in SingPost in 2014, starting a strategic collaboration with us. This collaboration has resulted in new business opportunities for SingPost over the years.

In FY2016/17, we further strengthened our partnership with the Alibaba Group as they took a 34 per cent stake in our subsidiary Quantium Solutions International (QSI), and increased their holdings in SingPost to 14.4 per cent. The deepening relationship provides a solid foundation on which we will continue to grow our business together.

On top of building strategic alliances with key partners, we also strengthened and enhanced our eCommerce infrastructure and capabilities during the year.

Our Regional eCommerce Logistics Hub was officially opened on 1 November 2016. This Hub is a key asset and the cornerstone of our eCommerce logistics strategic plan. The automated facility supports customers in the region, leveraging Singapore's strategic location, infrastructure and global connectivity.

In May 2017, we announced that Lazada Singapore has moved its entire warehouse operations to the Logistics Hub. This collaboration sees Lazada's eCommerce platform and SingPost's logistics capabilities coming together and it will result in scale and efficiencies for both of us.

In our eCommerce segment, we are helping leading international brands with front-end web store solutions including design, marketing, and payments management. With this, SingPost offers a full suite of end-to-end eCommerce logistics solutions that is able to serve customers across different parts of the value chain.

COVERING GCEO REVIEW

UNLOCKING VALUE

SingPost regularly reviews all our non-core assets as part of our ongoing efforts to enhance shareholder returns.

We are redeveloping the SingPost Centre retail mall, which will nearly double our net lettable area to about 175,000 square feet. This allows us to capitalise on the opportunities around our location, Paya Lebar Central, a region earmarked by the Urban Redevelopment Authority for development into a commercial hub.

SingPost's flagship General Post Office will be located within the retail mall. We have also secured key anchor tenants Golden Village, NTUC Fairprice and Kopitiam, as well as leading retail brands, family entertainment outlets and enrichment centres.

In March 2017, we appointed CapitaLand as the retail mall manager, which will help optimise yields while we focus on our core competencies in postal and eCommerce logistics services.

MONITORING THE PERFORMANCE OF OUR INVESTMENTS AND ACQUISITIONS

All our investments are regularly monitored and their performance matched against the underlying

From left: Mr Paul Coutts (incoming GCEO), Mr Simon Israel (Chairman), Mr Mervyn Lim (covering GCEO) assumptions of Management's future plans for each of the businesses. This is to ensure that fair value is reflected on our balance sheet.

Following a review at the close of FY2016/17, SingPost recognised impairment charges amounting to S$208.6 million net of tax, made up largely of S$185 million for TradeGlobal, S$20.5 million for Postea and S$9.3 million for an industrial building at Toh Guan Road East.

TradeGlobal had significantly underperformed the business case which supported the investment, and is facing operational and structural challenges. More details are included in the Chairman's Letter to Shareholders and in the Financial Review section of this annual report.

Given the extent of the impairment to SingPost's investment in TradeGlobal, SingPost appointed FTI Consulting, an independent global business advisory firm, which has verified that the impairment provision was properly calculated following an appropriate review process and that the assumptions adopted were reasonable.

For Postea, the carrying value was no longer supported by the value in use following material changes to the company's business projections; while for the Toh Guan Road property, the impairment charge recognised the decline in its market valuation against the purchase price.

The impairment charges were partially offset by a S$108.7 million fair value gain on Investment Properties, largely for SingPost Centre, where the redevelopment of the retail mall is near completion.

FINANCIAL PERFORMANCE FOR FY2016/17

SingPost closed the year with revenue of S$1.35 billion, a 17.1 per cent growth over the previous financial year, driven mainly by the inclusion of our US eCommerce subsidiaries.

Net profit attributable to shareholders however decreased 86.6 per cent to S$33.4 million, due largely to exceptional items such as impairment charges.

Underlying net profit declined 24.7 per cent, reflecting the impact of planned investments, associates which are investing for growth, higher losses in the US eCommerce business and a decline in Postal operating profit.

STRONG CASH FLOW AND BALANCE SHEET

SingPost continued to generate strong cash flows. Net cash from operating activities rose to S$200.1 million from S$131.4 million the previous year, boosted by positive working capital movements.

With lower capital expenditure recorded in FY2016/17 with the completion of the Regional eCommerce Logistics Hub, the Group returned to positive free cash flow after two years of high capital expenditure.

As at 31 March 2017, SingPost's cash and cash equivalents stood at S$366.6 million, resulting in a net cash position. Our cash balances include proceeds from Alibaba, which are to be used in accordance with the investment agreements to strengthen the Group's network.

REVISED DIVIDEND POLICY TO ENSURE SUSTAINABILITY

The Board conducted a review of the dividend policy during the year.

SingPost's dividends were previously supported largely by the domestic mail business which continues to see declining volumes. To provide future sources of earnings, we have made significant

COVERING GCEO REVIEW

transformational investments in eCommerce and eCommerce logistics, as well as in the redevelopment of the SingPost Centre retail mall.

These investments will impact earnings in the short term, and the review of the dividend policy should be understood in this context.

To ensure that the dividends are sustainable, the dividend policy has been changed from an absolute amount to one based on a payout ratio ranging from 60 per cent to 80 per cent of underlying net profit for each financial year.

For FY2016/17, the interim dividends and proposed final dividend amount to 3.5 cents, which represents 66 per cent of underlying net profit for the year.

BUILDING ONE TEAM

Over the last 18 months, I have been supported in my role by a Management Committee. As a team, we work to encourage and motivate all our colleagues to live out SingPost's core value of being One Team.

The move of our business units and HQ support functions into a fully open concept office at SingPost Centre has helped reinforce team spirit. In order to build staff camaraderie, we held a Leadership Bonding Day in October 2016. We also launched a new programme where our employees organise their own regular community outreach initiatives as part of team building.

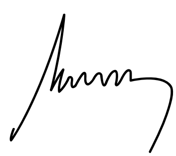
In addition, SingPost is developing a structured approach to address sustainability issues in the organisation, paving the way towards sustainability reporting. As a corporate citizen, we are also developing a more strategic approach in our corporate giving initiatives.

APPRECIATION

From 1 June 2017, SingPost will have a new Group CEO, Mr Paul Coutts, and I will return to my role as Deputy Group CEO (Corporate Services) and Group CFO.

I wish to thank our Chairman and our Directors for their support and guidance given to me and my team over the last 18 months. My appreciation also goes to all my colleagues who worked with me to advance SingPost on its transformation journey.

Yours sincerely,



MERVYN LIM
Covering GCEO

SINGPOST AT A GLANCE

>7,500
GLOBAL WORKFORCE

>150
YEARS OF EXPERIENCE

OPERATIONS IN
19
MARKETS

S$1.35B
REVENUE

As at 31 March 2017.

BOARD OF DIRECTORS

SIMON ISRAEL, 64
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:	**14 July 2016**

Board committee(s) served on:
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 2017):
Singapore Telecommunications Limited (Chairman)
CapitaLand Limited (retired in April 2017)
Fonterra Co-operative Group Limited

Principal Commitments:
Singapore Telecommunications Limited (Chairman)
Fonterra Co-operative Group Limited (Director)

Past Directorships in listed companies held over the preceding three years
(from 1 April 2014 to 31 March 2017):
Nil

PAUL WILLIAM COUTTS, 60
Group Chief Executive Officer
Executive, Non-Independent Director

Date of first appointment as a director:	**1 June 2017**

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 2017):
Nil

Principal Commitments:
Nil

Past Directorships in listed companies held over the preceding three years
(from 1 April 2014 to 31 March 2017):
Nil

CHEN JUN, 43
Non-Executive, Non-Independent Director

Date of first appointment as a director: **31 July 2014**
Date of last re-election as a director: **8 July 2015**

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

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

Present Directorships in other listed companies
(as at 31 March 2017):
Nil

Principal Commitments:
Alibaba Group Holding Limited (Vice President)

Past Directorships in listed companies held over the preceding three years
(from 1 April 2014 to 31 March 2017):
Alibaba Health Information Technology Limited

FANG AI LIAN, 67
Non-Executive, Lead Independent Director

Date of first appointment as a director: **10 October 2016**

Board committee(s) served on:
Audit Committee (Chairperson)
Compensation Committee (Member)
Nominations and Corporate Governance Committee (Member)

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

Present Directorships in other listed companies
(as at 31 March 2017):
Banyan Tree Holdings Limited
Metro Holdings Ltd

Principal Commitments:
Far East Organization Group (Advisor)
MediShield Life Council (Chairperson)
Board of Trustees of the Singapore Business Federation (Chairperson)
Board of Trustees of Singapore University of Technology & Design (Board Member)
Tote Board (Board Member)

Past Directorships in listed companies held over the preceding three years
(from 1 April 2014 to 31 March 2017):
Singapore Telecommunications Limited
Oversea-Chinese Banking Corporation Limited
Great Eastern Holdings Limited

BOARD OF DIRECTORS

ALIZA KNOX, 56
Non-Executive, Independent Director

Date of first appointment as a director: **30 August 2013**
Date of last re-election as a director: **14 July 2016**

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

Academic & Professional Qualification(s):
Masters in Business Administration in Marketing (Distinction), New York University Graduate School of Business Administration
Bachelor of Arts in Applied Math and Economics (magna cum laude), Brown University

Present Directorships in other listed companies
(as at 31 March 2017):
Scentre Group

Principal Commitments:
Unlockd (Chief Operating Officer)

Past Directorships in listed companies held over the preceding three years
(from 1 April 2014 to 31 March 2017):
InvoCare Limited
GfK SE

ELIZABETH KONG SAU WAI, 35
Non-Executive, Independent Director

Date of first appointment as a director: **10 October 2016**

Board committee(s) served on:
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 2017):
Nil

Principal Commitments:
Morgan Lewis Stamford LLC (Director)

Past Directorships in listed companies held over the preceding three years
(from 1 April 2014 to 31 March 2017):
Nil

STEVEN ROBERT LEONARD, 55
Non-Executive, Independent Director

Date of first appointment as a director: **1 June 2017**

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

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

Present Directorships in other listed companies
(as at 31 March 2017):
Nil

Principal Commitments:
SGInnovate (Founding Chief Executive Officer)

Past Directorships in listed companies held over the preceding three years
(from 1 April 2014 to 31 March 2017):
Nil

LIM CHENG CHENG, 45
Non-Executive, Non-Independent Director

Date of first appointment as a director: **1 April 2017**

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 2017):
Nil

Principal Commitments:
Singapore Telecommunications Limited (Group Chief Financial Officer)

Past Directorships in listed companies held over the preceding three years
(from 1 April 2014 to 31 March 2017):
Nil

BOARD OF DIRECTORS

PROFESSOR LOW TECK SENG, 62
Non-Executive, Independent Director

Date of first appointment as a director: **8 October 2010**
Date of last re-election as a director: **8 July 2015**

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

Academic & Professional Qualification(s):
Bachelor of Science (First Class Honours) and Ph.D, Southampton University
Institute of Electrical and Electronics Engineer (Fellow)
Royal Academy of Engineers (Fellow)
Legion of Honour with the grade of Knight (Chevalier) by the French Government in Paris on 17 March 2016

Present Directorships in other listed companies
(as at 31 March 2017):
Excelpoint Technology Ltd
ISEC Healthcare Ltd

Principal Commitments:
National Research Foundation (Chief Executive Officer)
Halza Pte Ltd (Advisor)

Past Directorships in listed companies held over the preceding three years
(from 1 April 2014 to 31 March 2017):
Nil

BOB TAN BENG HAI, 65
Non-Executive, Independent Director

Date of first appointment as a director: **10 October 2016**

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 2017):
Sembcorp Marine Ltd
Ascott Residence Trust Management Limited

Principal Commitments:
Jurong Engineering Ltd (Chairman)
Institute of Technical Education (Chairman and Board Member)
Inland Revenue Authority of Singapore (Board Member)
NTUC Club Management Council (Member)
Ong Teng Cheong Labour Leadership Institute (Board Member)
Singapore Manufacturing Federation (Member of Board of Governors)
SINGEX Holdings Pte Ltd (Chairman)
Singapore LNG Corporation Pte Ltd (Chairman)
SMRT Corporation Ltd (Director)
SMRT Trains Ltd (Director)

Past Directorships in listed companies held over the preceding three years
(from 1 April 2014 to 31 March 2017):
CapitaMalls Asia Limited

ZULKIFLI BIN BAHARUDIN, 57
Non-Executive, Independent Director

Date of first appointment as a director: **11 November 2009**
Date of last re-election as a director: **14 July 2016**

Board committee(s) served on:
Nominations and Corporate Governance Committee (Chairman)
Audit Committee (Member)
Compensation Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Science (Estate Management), National University of Singapore

Present Directorships in other listed companies
(as at 31 March 2017):
Ascott Residence Trust Management Limited
GDS Holdings Limited

Principal Commitments:
Uzbekistan (Non-Resident Ambassador)
Kazakhstan (Non-Resident Ambassador)
Indo Trans Logistics Corporation (Executive Chairman)
Singapore Management University (Member, Board of Trustees)

Past Directorships in listed companies held over the preceding three years
(from 1 April 2014 to 31 March 2017):
Nil

POSTAL SERVICES

Postal Services is transforming for a future in which mail is used increasingly to convey eCommerce goods, with expectations for rapid and flexible delivery on the rise, shaped by the digital age we are in.

Domestic letter mail volumes continue to fall with increasing migration to electronic statements, while international mail is growing, driven by rising eCommerce transhipments. As Singapore's Public Postal Licensee, SingPost is investing and innovating to optimise our operations and services for these evolving trends so that we may fulfil our service obligations and the needs of our postal customers.

INNOVATING THROUGH TECHNOLOGY

We launched the SmartPost initiative to focus our efforts in harnessing technology to enhance postal service levels and improve operational efficiency. Trials and pilot studies are ongoing as we develop integrated solutions to optimise our postal operations: from collection to sorting, last mile delivery and quality assurance. Rollout is targeted to complete by March 2019.

The solutions amalgamate the use of customised mobile apps, near-field communication, radio frequency identification, imaging technology and electronic notification. Their successful adoption will further strengthen our operational capabilities and improve customer satisfaction.

MAKING IT SIMPLER FOR OUR CUSTOMERS

We made further progress revamping our post office network, with 38 of our 57 post offices now upgraded with features that provide 24/7 access to key essential services such as parcel collection and bill payment. Semi-auto lobbies may now be found in the heartland, such as at the Whampoa and Teban Gardens post offices. The General Post Office will be making a return at our new SingPost Centre mall – recast for the future, while rooted to our 150-year heritage.

SmartPost harnesses mobile apps, near-field communication, and other technologies to strengthen operational capabilities and enhance service levels.

The upgrading of our post offices dovetails with the development of the digital post office, which comprises our new SAM self-service automated kiosks, web portal and mobile app. This omni-channel platform will provide ubiquitous access to our services and those of our partners, enabling customers to perform transactions anytime and anywhere.

On the products front, we launched the Poly M mailers, building on the success of our SmartPac envelopes and packaging boxes. Poly M and SmartPac have been well received by online retailers as both offer an all-in-one packaging solution, with prepaid postage that allows eCommerce shipments to be posted without the hassle of working out the postage required.

SPREADING OUR WINGS IN INTERNATIONAL MAIL

Our collaboration with the Alibaba Group deepened. Singles' Day 2016 was a massive event for us. We chartered flights for the first time as transhipment volumes from Hong Kong to Singapore were high and we wanted to ensure quality service to our customers. Through careful planning and working closely with airlines and ground handling agents, Singles Day shipments were processed and connected onto flights from Singapore to their final destination within 24 hours. We received an award from Alibaba's logistics arm, Cainiao Network, in recognition of our efforts for Singles' Day.

Our airport postal consignment operations were integrated into SATS' eCommerce AirHub on 1 January 2017. The partnership enables single scanning and sorting, and removes the need to tow consignments between facilities. This has enhanced operational efficiency, including shorter cycle and connection times, and better productivity.

Together with other postal operators, we launched ePAC, a premium mail service for eCommerce merchants that offers full tracking for eCommerce packages bound for Australia, Canada, Germany, Israel, the Netherlands, and the US, with other major trading destinations to come.

World Post Day celebrations at the Yishun Floral & Jade Dew RC Children's Day Carnival 2016, where Minister for Education (Higher Education and Skills) and Second Minister for Defence Mr Ong Ye Kung was the guest-of-honour.

At the 26th Universal Postal Union Postal Congress in Turkey in October 2016, Singapore was elected to the 40-member Postal Operations Council. It was also appointed the Co-Chair of the Remuneration Integration Committee, which will look into the settlement rate for the next cycle, which runs from 2022 to 2026. A key decision reached at the congress was the introduction of separate settlement rates for packages. These will take effect from 2018 to 2021 and will reflect the higher costs and service expected for eCommerce deliveries.

RAISING PRODUCTIVITY

In line with Singapore's drive to improve productivity and elevate skill levels of workers, we launched a Kaizen programme, structured on Lean Six Sigma methodology, to improve productivity of our operations. The programme established a change management platform to enhance the capability and skills of our operations staff, empowering them to identify, initiate, design, and execute on productivity improvement solutions effectively.

Some of the outcomes of our Kaizen programme include:

- Improving sorting efficiency of registered articles by more than 55 per cent through the mechanisation of a large portion of the sorting process;

- Reducing sorting machinery inspection times by over 75 per cent through the introduction of WiFi-digital equipment in place of manual inspections; and

- Improving efficiency of processing delivery receipts by 80 per cent through the adoption of high speed scanners to digitise and store delivery receipts electronically.

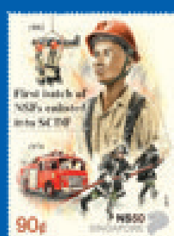
COMMEMORATING GOLDEN MOMENTS WITH STAMPS

We released 12 stamp issues during a year of many golden moments.

Singapore celebrated its first Olympic gold medal when Joseph Schooling won the 100m butterfly swimming event at Rio 2016. On top of a set of stamps released in conjunction with the Games of the XXXI Olympiad, we released a set of MyStamps featuring Schooling and the other Singapore Olympians.

2016 was also the golden jubilee of diplomatic relations between Singapore and Japan. To mark this 50-year milestone, Singapore and Japan jointly released a set of stamps, featuring ceramic artworks by renowned potters of the two countries: Singapore's Mr Iskandar Jalil, and Japan's Mr Toyozo Arakawa. We also released a set of Hello Kitty MyStamps that was launched at the SJ50 Matsuri event held at Ngee Ann City's Civic Plaza.

In 2017, we released a set of stamps commemorating key milestones during the 50 years of National Service in Singapore (NS50) since the National Service Bill was passed in 1967. Founding Prime Minister Lee Kuan Yew and former Minister for Defence, Dr Goh Keng Swee, who were instrumental to the introduction of National Service, were featured in the stamps as well.



The NS50 stamps celebrate key milestones of National Service since its introduction in 1967. These include the passing of the National Service Bill in Parliament on 14 March 1967, enlistment of the first batches of full-time National Servicemen into the Singapore Armed Forces, the Singapore Police Force and the Singapore Civil Defence Force, and introduction of the Open Mobilisation System.

LOGISTICS

The logistics segment benefited from growing eCommerce trends. We continued to expand and enhance our global eCommerce logistics network by strengthening our integrated, end-to-end logistics value chain.

Collaborations and alliances with key partners were strengthened and new infrastructure and services were launched during the year, improving our solutions for warehousing and fulfilment, last mile delivery and freight.

BEING FUTURE-READY

Our collaboration with Alibaba was strengthened by the completion of Alibaba's S$86.2 million investment in Quantium Solutions International (QSI). This joint venture enables us to grow and enhance our eCommerce logistics capabilities in Southeast Asia and Oceania, and better serve the region's rapidly growing online retail markets. The collaboration focuses on fortifying QSI's end-to-end eCommerce logistics network, and building scale for future profitability.

With the building blocks already in place, QSI continued to develop scale across the Asia Pacific. We developed innovations for QSI's eCommerce fulfilment solutions, enhancing efficiency and productivity for valued customers.

The S$182 million investment in our Regional eCommerce Logistics Hub, opened by Singapore's Deputy Prime Minister and Coordinating Minister for Economic and Social Policies, Mr Tharman Shanmugaratnam, on 1 November 2016 reflects SingPost's commitment to the development of a robust eCommerce logistics network. Singapore's regional connectivity makes this hub ideally positioned to be a centre for eCommerce as it leverages on the nation's unique geographic and infrastructural advantage.

Our Regional eCommerce Logistics Hub which has a total built-up area of 51,358 square metres, consolidates and integrates our warehousing and delivery capabilities

From left: Mr Law Chung Ming (Group Director of IE Singapore), Mr Mervyn Lim (Covering Group CEO of SingPost), Mr Simon Israel (Chairman of SingPost), Mr Tharman Shanmugaratnam (Deputy Prime Minister and Coordinating Minister for Economic and Social Policies), Mr Justin Chen (Director of SingPost and Vice President of Alibaba Group), Mr Sam Ang (CEO of Quantium Solutions) and Ms Carol Chong (Director of EDB), at the official opening of SingPost's Regional eCommerce Logistics Hub

in one building. At this facility, we provide customers with an integrated, end-to-end solution, from the front-end eCommerce platform to delivery. This integration enables a faster turnaround time, as well as provides the capacity for larger volumes. Automation is a major feature of the Regional eCommerce Logistics Hub, increasing overall productivity and efficiency.

The Regional eCommerce Logistics Hub processes parcels for delivery within Singapore and those to be shipped to destinations worldwide. Most importantly, it has been designed to be scalable, allowing new technologies to be retrofitted into our operations flow in the building, and other upgrades to meet the needs of the future.

In Australia, CouriersPlease has moved into a new 11,500 square metres purpose-built facility in Brisbane to facilitate the growth in volumes. This new warehouse will play an important role in our foray into eCommerce logistics, hence leading us through our transformation.

BUILDING OUT OUR LAST MILE DELIVERY SERVICES

CouriersPlease in Australia strengthened its position as a leading eCommerce service provider in the country. Working closely with QSI, CouriersPlease supports QSI's last mile delivery in Australia.

CouriersPlease continued to invest in providing Australian consumers with a compelling delivery experience. Its new Delivery Choices POPPoint Network consists of POPStation parcel lockers and POPShop retail outlets (in conjunction with our partner, HUBBED) located in convenient locations. Delivery Choices was launched to provide recipients with on-demand delivery options via SMS or email. These new services have enhanced

CouriersPlease's eCommerce ecosystem to provide customers with seamless access to their parcels.

We innovated new services for our POPStations. Adding to parcel collection, eCommerce returns, payment collection, and parcel posting through our online service ezy2ship, we launched Singapore's first islandwide open parcel locker service – Rent-a-POP. The service provides a cost-effective last mile delivery option with end-to-end tracking to retailers, marketplace sellers and consumers. It dovetails with the burgeoning sharing economy while optimising resources, as sellers and consumers may rent a POPStation locker to deliver their parcels conveniently 24/7, by themselves. Since the inception of POPStation, we have seen how smart lockers have been adopted by retailers and consumers for the parcel delivery flexibility they offer for today's busy lifestyles.

STRENGTHENING OUR FREIGHT SERVICES

Our freight forwarding arm, Famous Holdings continued to fortify its services by providing strong business-to-business distribution services. Despite the global downturn and depressed freight rates, our subsidiaries in Rotterdam and Japan have grown to be leading consolidators in their respective countries. Our New Zealand subsidiary has also been gaining position for outbound air freight, and its growth is well recognised in New Zealand's air freight market. We will continue to expand our global network and improve our services for our eCommerce activities globally.

Going forward, tight operating margins and intense competition are likely to prevail in the logistics industry. We will continue to boost our productivity through ongoing process improvement and innovation.

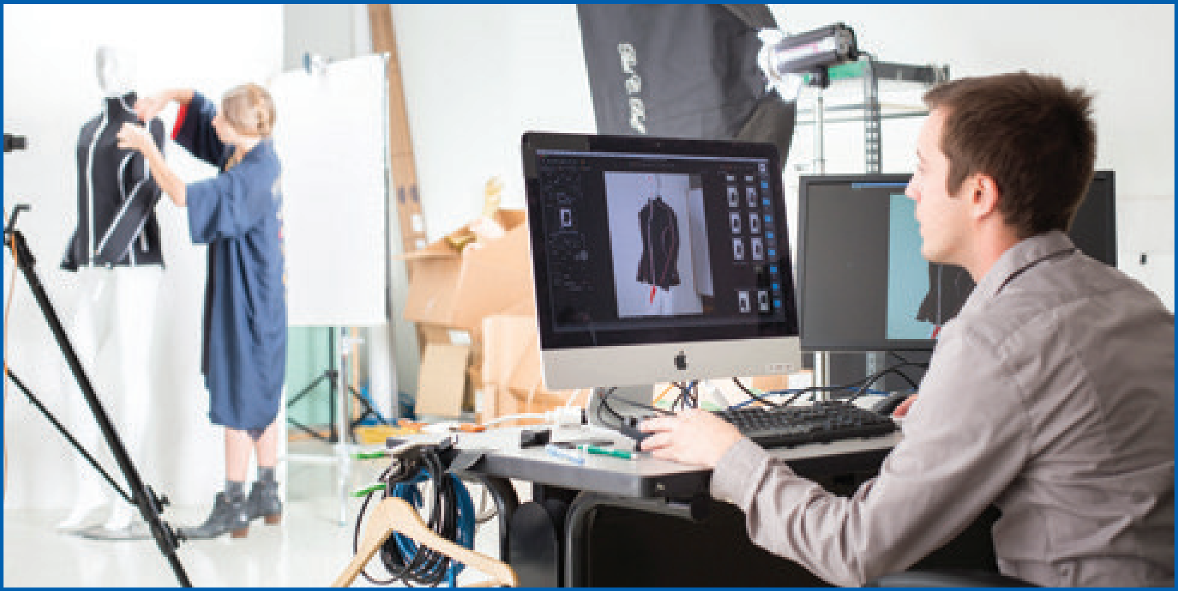
eCOMMERCE

With the acquisition of our US subsidiaries, TradeGlobal and Jagged Peak, we took a big step forward in realising our vision to become a global leader in eCommerce logistics.

The expertise and networks of TradeGlobal and Jagged Peak have greatly enhanced SingPost's global eCommerce logistics ecosystem, significantly increasing our presence and local knowledge of the US, one of the world's largest retail markets and a leader in eCommerce flows and technology. As we amalgamate talent, technology and infrastructure, we are creating the platform for international brands and retailers to reach the flourishing population of Asia's online shoppers, creating fresh growth opportunities for our customers by taking their business global.

Through SP eCommerce, we help leading brands including Calvin Klein, MUJI, Timberland and Triumph tap Asia's fast growing eCommerce markets.

eCommerce revenue rose by 171.4 per cent to S$267.1 million, as at 31 March 2017. Jagged Peak saw good growth in revenue and operating profit, exceeding targets for the year and winning several new major customers. It saw a successful peak holiday season with a healthy increase in volumes that generated positive earnings for the Group. TradeGlobal, however, had a challenging year. A labour shortage in Cincinnati increased operating costs, which were impacted as well by delays in warehouse automation that were meant to improve productivity. The operational challenges also saw delays in the rollout of services for new customers. Developments at two of its top customers also affected TradeGlobal's performance: One customer filed for bankruptcy, while the other decided to in-source its eCommerce freight operations.



While Jagged Peak and SP eCommerce performed well, TradeGlobal's underperformance led the eCommerce division into an operating loss of S$33.8 million. TradeGlobal is not expected to be profitable for the financial year ending 31 March 2018. A turnaround plan is underway, and measures have been put in place to improve TradeGlobal's operating performance, particularly during the peak season.

BROADENING MARKET ACCESS

eCommerce has become a natural extension for many businesses as it breaks down market access barriers, giving rise to new opportunities and higher business volumes. The addition of our US eCommerce businesses is fundamental to SingPost's growth strategy and completes the eCommerce logistics ecosystem that we have been working hard to build out. SingPost now has the ability to provide a one-stop, full service, end-to-end eCommerce logistics solution to brands and retailers wishing to broaden market access and expand their business around the world.

With the streamlining of TradeGlobal's and Jagged Peak's networks, we provide better support for customers across 19 markets. As we strive towards serving our customers with best-in-class eCommerce logistics solutions, we are also dedicating resources to enhance flexibility and scalability to better manage seasonal volume surges across all key eCommerce markets, namely the US, Europe, China and the rest of the Asia Pacific.

COMMITTED TO STRENGTHENING ECOMMERCE INFRASTRUCTURE

Outbound fulfilment is an imperative part of the eCommerce infrastructure that can make or break a business. Our eCommerce strategy centres on a unique business model that provides customers with a flexible and cost effective solution to manage their entire outbound fulfilment ecosystem. Our turnkey end-to-end service offers customers "plug and play" options that keep total cost of ownership low, without sacrificing flexibility and speed-to-market.

Central to this is Jagged Peak's EDGE platform, which was recognised in 2016 by Gartner and Forrester as a powerful distributed order management platform that enables sharing inventory across multiple sales channels, making possible omni-channel retailing.

The platform offers customers access to a proprietary distributed order management solution (OMS) that aggregates and orchestrates orders, and a warehouse management system (WMS) that intelligently manages and directs activities at a distribution centre or fulfilment location, and optimally selects a shipping provider based on least cost routing of goods to the consumer. Jagged Peak is working towards a complete consolidation of all key Software as a Service (SaaS) clients into a single EDGE version.

The power of this platform was key to the execution of agreements with several of the world's largest consumer packaged goods (CPG) companies, and the successful launch of a joint pilot project in the UK to aid those companies launch and test new products in global markets. We will be focusing on future growth in the CPG market, extending relationships to become the sector's preferred global eCommerce platform provider.

To help customers expand their online footprint, a marketplace programme was launched to maximise sales on channels, such as Amazon, Sears, and Walmart. We plan to expand this offering globally in 2017.

At the backend, Jagged Peak's FlexNet® programme is being accelerated through partnerships with 3PL providers and customer service providers in Europe and other regions. The FlexNet® network has been extended to Australia by partnering Quantium Solutions, and now offers worldwide distribution services to customers.

These initiatives are part of SingPost's commitment to continually reinforce the eCommerce infrastructure in the markets we serve.

SPURRING CHALLENGES

The addition of TradeGlobal to the SingPost Group at the end of 2015 has sharpened our competitive edge in the US, especially in terms of market expertise and access. Measures, such as warehouse automation, have been put in place to address its operational and structural challenges.

These initiatives are part of a turnaround business plan that is being implemented by Mr Paul Demirdjian, Interim CEO of our US businesses, who leads the overall strategy and operations of our investments in the US.

The plan will address TradeGlobal's key structural challenges, such as the ongoing disruption in the US fashion retail industry, which has impacted several of TradeGlobal's customers adversely, and the tight labour conditions at the company's Cincinnati base. We are looking at how we can transfer best practices from Jagged Peak's technology-driven, asset-light model to TradeGlobal. Apart from top line growth, we will also be placing greater consideration for the bottom line impact when negotiating contracts with customers.

It will take time for the business to turn around yet eCommerce forms a vital part of our end-to-end eCommerce logistics growth strategy and we will focus on extracting synergies from the network and capabilities of our eCommerce units.

CORPORATE SERVICES

Corporate Services is made up of support functions including Finance, Treasury, Investor Relations, Corporate Social Responsibility and Property.

All the departmental functions making up Corporate Services report to the Deputy Group CEO (Corporate Services), who is also the Group CFO.

The mission of Corporate Services is to be a catalyst for integration and collaboration across the numerous business units of the Group. With SingPost on its transformation journey from a postal service organisation into an enterprise that offers a hybrid solution of postal and eCommerce logistics, it is critical that business units and support units collaborate in an open environment so as to deliver unified end-to-end solutions to customers.

Corporate Services work to support these efforts such as integrating newly acquired business operations into the SingPost family, fostering best practices and managing talent as a Group-level resource.

As part of building collaboration and integration, Corporate Services has since February 2016 been housed at Loft@7, a 6,600 square metre open-plan office on the seventh floor of the SingPost Centre. This new concept office was designed for flexible work interaction and hot-desking. Today, Loft@7 houses some 600 staff and management from our business units and the support functions that make up Corporate Services.

In October 2016, we set up a Corporate Sustainability unit to oversee our efforts for sustainability operations and reporting, as well as community outreach.

In February 2017, SingPost was recognised as one of the pioneering enterprises of the Tripartite Alliance for Fair and Progressive Employment Practices' Human Capital Partnership Programme.

Our Investor Relations efforts received recognition during the year, where SingPost was placed third in Singapore for Best Investor Relations by FinanceAsia, under their Asia's Best Managed Companies 2017 survey.

In May 2017, a Treasury Management System was implemented in Group Treasury. This system enhances manpower productivity and timeliness of information leading to better management of liquidity and financial market risk exposure.

PROPERTY

The construction of the new SingPost Centre, which will house the new General Post Office (GPO) and a five-level retail mall, progressed well through the year. The Temporary Occupation Permit for the retail mall was received in April 2017.

The GPO, which has a floor area of around 300 square metres, will showcase what postal services will be like in the coming decade. It will combine counter service with innovations such as POPStations and SAM Kiosks to allow postal and eCommerce logistics services outside normal working hours. Given that POPStations and SAM Kiosks are critical components in SingPost's vision of evolving postal services, these devices are on a continuous upgrade path where innovative technologies are being embedded and new features introduced to serve our customers of the future. In the foyer of the new GPO, there will also be a heritage corner where visitors can enjoy a learning journey through SingPost's 150-year history. Adjacent to the GPO will be SingPost's philatelic flagship store offering a wide range of Singapore stamps, thematic MyStamps and philatelic gifts.

The new retail mall within the SingPost Centre will have a Gross Floor Area of around 25,000 square metres, which is about double that of the former mall before renovation works commenced. The extra area made available for retail activities came as a result of SingPost driving its operating efficiencies by consolidating its parcel sorting operations into the new Regional eCommerce Logistics Hub which was officially opened on 1 November 2016.

The Net Lettable Area of the retail mall is about 16,400 square metres and among the tenants are NTUC FairPrice, Golden Village and Kopitiam as well as leading retail brands, family entertainment outlets and enrichment centres. The retail mall is designed to complete the eCommerce omni-channel experience by bringing together consumers, retailers and last-mile delivery. Shoppers can enjoy both showrooming and webrooming where they can browse and buy online or buy directly from stores at the mall. SingPost can provide last-mile delivery for online purchases made in the stores while shoppers can meet family and friends for movies or meals.

In March 2017, SingPost signed a Property Management Agreement with CapitaLand Mall Asia (CMA), where they

In March 2017, SingPost hosted Mr Chan Chun Sing, Secretary-General of NTUC and Minister in the Prime Minister's Office, and NTUC/UTES leaders for an industry visit to the Regional eCommerce Logistics Hub. The union leaders had the opportunity to conduct dialogues with operations staff from Quantium Solutions, SP Parcels and SingPost. At this visit, Mr Chan shared his thoughts on the future economy with the management and staff who were present. The relationship between SingPost leaders and the union continues to be strong and we will work together to build a workforce ready for the future.

will be responsible for the pre-opening of the retail mall, marketing and promotion, lease and facilities management. The appointment of CMA will help SingPost optimise returns from the retail mall while SingPost focusses management attention on its core operations of postal services and eCommerce logistics. The retail mall is expected to start serving customers in the second half of 2017.

The new SingPost Centre will be Green Mark certified. All its common areas, lift lobbies and other facilities have been refurbished and tenants of the mall and offices will be served by an intelligent building management system.

LIST OF MAJOR PROPERTIES

Name	Address	Title	Yrs	With Effect From	Land (Sq m)	Building Gross Floor Area (Sq m)
Airmail Transit Centre	21 North Perimeter Road	Leasehold	30	25.09.00	2,903	8,862
Alexandra Post Office	110 Alexandra Road	Leasehold	99	31.03.92	2,305	923
Bukit Panjang Post Office	10 Choa Chu Kang	Leasehold	99	31.03.92	3,264	2,015
SingPost Regional eCommerce Logistics Hub	37/39 Greenwich Drive	Leasehold	30	16.11.14	32,505	51,358
Jurong Delivery Base	2 Kian Teck Way	Leasehold	30	16.10.95	4,016	3,574
Kallang Delivery Base	18 Jalan Lembah Kallang	Leasehold	30	16.09.98	2,761	6,850
Killiney Road Post Office	1 Killiney Road	Leasehold	99	31.03.92	1,029	555
Loyang Delivery Base	25 Loyang Lane	Leasehold	30	16.10.95	3,519	3,225
MacPherson Post Office	70 MacPherson Road	Leasehold	99	31.03.92	1,918	315
Pasir Panjang Post Office	396 Pasir Panjang Road	Leasehold	99	31.03.92	1,726	391
Paya Lebar Delivery Base	755 Upper Serangoon Road	Leasehold	99	31.03.92	1,353	3,012
Serangoon Garden Post Office	54 Serangoon Garden Way	Leasehold	99	31.03.92	1,215	307
Simpang Bedok Post Office	350 Bedok Road	Leasehold	99	31.03.92	1,134	329
Singapore Post Centre	10 Eunos Road 8	Leasehold	99	30.08.82	32,738	137,134
Tampines Delivery Base	29 Tampines Street 92	Leasehold	30	01.01.92	5,000	12,395
Tanglin Post Office	56 Tanglin Road	Leasehold	99	31.03.92	2,622	2,678
3B Toh Guan Road East	3B Toh Guan Road East	Leasehold	30	01.09.89	10,064	18,126
Woodlands Delivery Base	9 Woodlands Walk	Leasehold	30	16.10.95	3,040	2,393

INVESTOR RELATIONS

SingPost strives to ensure effective communication with the investment community, with the aim of helping investors make timely and informed decisions.

Management and the Investor Relations (IR) team proactively engage investors via various platforms to keep them updated on our business strategy as well as operational and financial performance. These include one-on-one and group meetings, conference calls, site visits, investor conferences and non-deal roadshows.

In FY2016/17, management and IR engaged about 420 investors through meetings and conference calls, up from about 240 the year before.

For each of the quarterly results announcement, SingPost conducts briefings to analysts and the media. The public can also access a live audio webcast or playback of the results briefing. A transcript will be published on SingPost's IR website at www.singpost.com the next working day.

The IR website is regularly updated and contains all SGXNET announcements, quarterly financial statements, investor presentations and AGM related materials. From 2016, minutes of the AGM are uploaded on the website along with the full voting results.

During the year, the IR team organises site visits for investors and analysts to gain a better understanding of our business and operations. In November 2016 and March 2017, analysts and investors were invited for a visit to the new Regional eCommerce Logistics Hub, where we showcased the use of automation systems in parcel sorting and order picking.

As part of our IR outreach programme to broaden and diversify SingPost's shareholder base, our team completed three overseas non-deal roadshows and participated in eight local and overseas conferences during the financial year.

We believe in developing and fostering strong relationships with research analysts, who play a significant role in conveying the key messages of SingPost to the investment community. 11 research firms covered us during the year, up from nine last year.

SingPost recognises the importance and value of regular engagement with our retail investors. We organise annual pre-AGM meetings for retail shareholders with the Securities Investors Association Singapore (SIAS), which provides an additional opportunity for our retail shareholders to interact with management.

Our IR activities and conduct are guided by SingPost's Market Disclosure Policy, which contains the principles, guidelines and procedures governing market disclosure. The objectives of the Policy include upholding a high standard of IR communication to ensure transparent, fair and equitable treatment of all shareholders, and protection of shareholders' interests.

FY2016/17 IR CALENDAR OF EVENTS

May 2016
- Q4 and Full Year FY2015/16 results briefing to analysts and media
- Post-results investor lunch meeting
- 7th Annual dbAccess Asia Conference 2016 – Singapore

June 2016
- Non-deal Roadshow – Europe / U.S.

July 2016
- Pre-AGM meeting for Retail Shareholders with SIAS
- 24th Annual General Meeting

August 2016
- Q1 FY2016/17 results briefing to analysts and media
- Post-results investor lunch meeting
- Macquarie 7th Annual ASEAN Conference 2016 – Singapore

September 2016
- 23rd CLSA Investors' Forum – Hong Kong

October 2016
- UOB Kay Hian Asian Gems Conference 2016 – Singapore

November 2016
- Q2 and H1 FY2016/17 results briefing to analysts and media
- Post-results investor lunch meeting
- Discover Singapore: SGX-Nomura Corporate Day – Tokyo
- Morgan Stanley's 15th Annual Asia Pacific Summit – Singapore
- Non-deal Roadshow – Kuala Lumpur

January 2017
- Extraordinary General Meeting

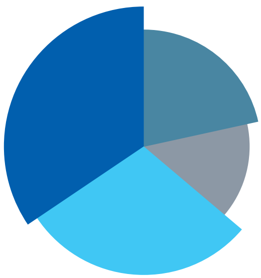
February 2017
- Q3 and 9M FY2016/17 results briefing to analysts and media
- Post-results investor lunch meeting

March 2017
- Macquarie-SGX New Digital Economy Corporate Day – Singapore
- Non-deal Roadshow – Hong Kong
- Maybank Kim Eng Invest ASEAN 2017 – Singapore

INVESTOR RELATIONS

SHARE OWNERSHIP BY INVESTOR GROUPS

As at 31 March 2017

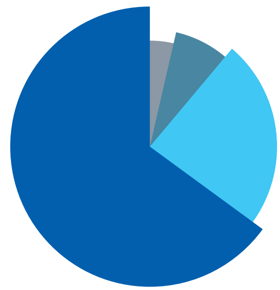


Singtel	21.7%
Alibaba Investment Ltd	14.4%
Institutional & others*	29.5%
Retail investors	34.3%

*Include shares held by brokers, custodians and nominees

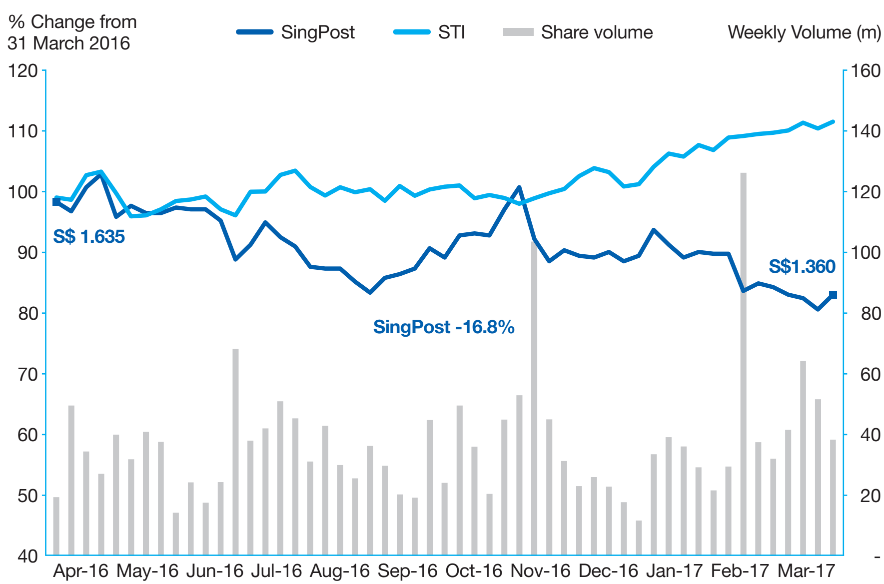
SHARE OWNERSHIP BY GEOGRAPHY

As at 31 March 2017



Singapore	65.0%
Asia ex Singapore	24.0%
Europe	7.6%
North America	3.4%

SINGPOST SHARE PRICE AND TRADING VOLUME VS FSSTI (FY2016/17)

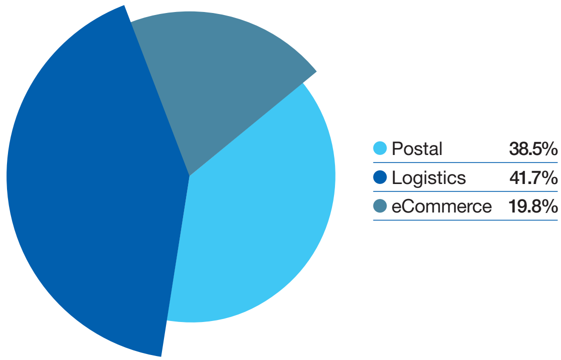


BUSINESS REVIEW

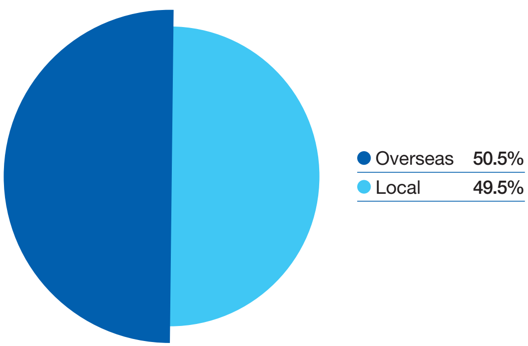
The Group reported its financials based on three main operating segments: Postal, Logistics and eCommerce. For the financial year ended 31 March 2017, the Group recorded revenue of S$1.35 billion, of which 38.5 per cent was contributed by the Postal business. Logistics contributed 41.7 per cent of Group revenue, while eCommerce contributed 19.8 per cent.

Overseas revenue accounted for 50.5 per cent of total revenue, while eCommerce-related revenue contributed 50.4 per cent of Group revenue.

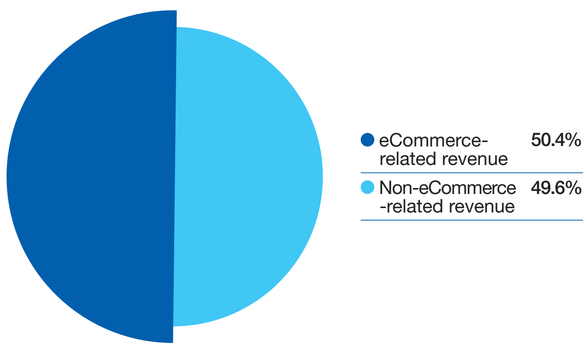
REVENUE BREAKDOWN BY SEGMENTS



GEOGRAPHICAL REVENUE BREAKDOWN



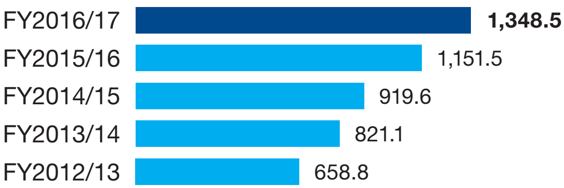
ECOMMERCE-RELATED REVENUE



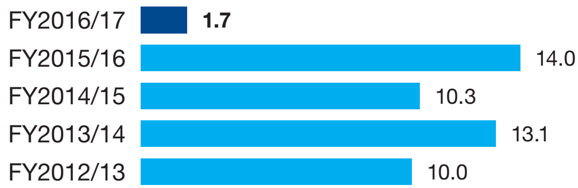
GROUP FINANCIALS

INCOME STATEMENT

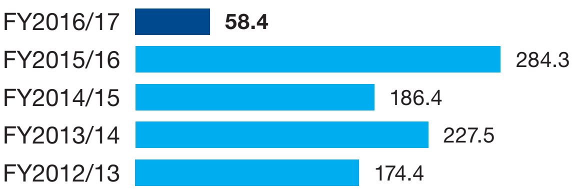
Revenue (S$M)



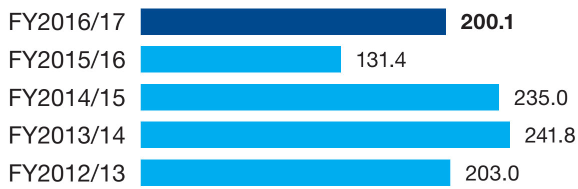
Return on Average Invested Capital (%)



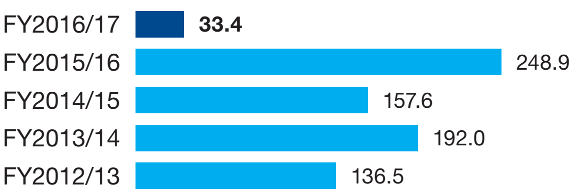
Operating Profit (S$M)



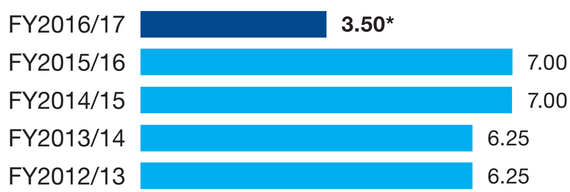
Operating Cash Flow (S$M)



Net Profit (S$M)



Dividend (cents per share)



Underlying Net Profit (S$M)

* Including final dividend of 0.5 cent per share for the approval of shareholders at the 25th Annual General Meeting.

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year ended 31 March				
	2017	2016	2015	2014	2013
		(Restated)*			
Income Statement (S$ million)					
Revenue	**1,348.5**	1,151.5	919.6	821.1	658.8
Operating profit (1)	**58.4**	284.3	186.4	227.5	174.4
EBITDA (2)	**118.1**	326.6	229.0	263.7	214.1
Net profit (3)	**33.4**	248.9	157.6	192.0	136.5
Exceptional items, net of tax (4)	**82.2**	(95.3)	2.6	(42.5)	4.5
Underlying net profit (5)	**115.6**	153.6	160.2	149.5	141.0
Balance Sheet (S$ million)					
Total assets	**2,716.6**	2,426.5	2,210.7	1,740.5	1,924.0
Ordinary shareholders' equity	**1,359.3**	1,203.6	1,117.2	765.5	690.4
Cash and cash equivalents	**366.6**	126.6	584.1	404.4	628.3
Net (cash)/net debt	**(2.6)**	153.6	(345.8)	(170.3)	(91.8)
Perpetual securities	**346.8**	346.8	346.8	346.8	346.8
Net debt plus perpetual securities (6)	**344.2**	500.5	1.0	176.5	255.1
Cash Flow (S$ million)					
Net cash inflow from operating activities	**200.1**	131.4	235.0	241.8	203.0
Capital expenditure (cash)	**199.8**	279.7	104.4	37.8	24.4
Free cash flow (7)	**0.3**	(148.3)	130.6	204.1	178.6

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year ended 31 March				
	2017	2016 (Restated)*	2015	2014	2013
Key Ratios					
EBITDA margin (%)	**8.8**	28.4	24.9	32.1	32.5
Net profit margin (%)	**2.5**	21.6	17.1	23.4	20.7
Return on average invested capital (%)	**1.7**	14.0	10.3	13.1	10.0
Return on average ordinary shareholders equity (%)	**2.6**	21.5	16.7	26.4	27.2
Net debt to ordinary shareholders equity (%)	**N.M.[8]**	12.8	N.M.[8]	N.M.[8]	N.M.[8]
Net debt plus perpetual securities to ordinary shareholders equity (%) [6]	**25.3**	41.6	0.1	23.1	36.9
EBITDA to interest expense (number of times)	**13.3**	42.1	36.4	41.6	16.8
Per Share Information (S cents)					
Earnings per share – basic	**0.85**	10.86	6.85	9.32	6.44
Earnings per share – underlying net profit [5]	**5.28**	7.13	7.69	7.87	7.46
Net assets per share	**77.3**	72.3	68.4	58.5	54.8
Dividend per share – ordinary	**3.50**	7.00	6.25	6.25	6.25
Dividend per share – special	**–**	–	0.75	–	–

Notes:

(1) Operating profit is defined as profit before net interest expense, tax and share of profit or loss of associated companies and joint ventures.

(2) EBITDA is defined as profit before interest, tax, depreciation, amortisation and impairment (excluding intangible assets and investments in associated company).

(3) Net profit is defined as profit after tax and minority interest.

(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 debt 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.

* The 2016 figures have been restated to reflect adjustments to business combination fair values and revision to contingent consideration payables.

FINANCIAL REVIEW AND OUTLOOK

FINANCIAL REVIEW

GROUP	Financial Year ended 31 March 2017 S$'000	2016 S$'000 (Restated)	Change %
Revenue	1,348,502	1,151,542	17.1
Operating profit	58,357	284,259	(79.5)
Share of (loss)/profit of associated companies and joint ventures	(1,177)	9,066	N.M.
Net profit	33,403	248,910	(86.6)
Exceptional items, net of tax (1)	82,209	(95,342)	N.M.
Underlying net profit (2)	115,612	153,568	(24.7)
Basic earnings per share (S cents)	0.85	10.86	(92.2)
Underlying earnings per share (S cents)	5.28	7.13	(26.0)

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.

Group revenue grew 17.1% for the full year ended 31 March 2017, largely due to the inclusion of the US eCommerce subsidiaries.

REVENUE	Financial Year ended 31 March 2017 S$'000	2016 S$'000 (Restated)	Change %
Postal	544,141	536,236	1.5
Logistics	636,801	625,972	1.7
eCommerce	267,082	98,423	171.4
Inter-segment eliminations	(99,522)	(109,089)	(8.8)
	1,348,502	1,151,542	17.1

In the Postal segment, Domestic mail revenue continued to decline with more companies implementing e-statements. This was offset by growth in International mail revenue which was driven by higher crossborder eCommerce deliveries, especially with higher volumes from the Alibaba Group. Consequently, Postal revenue rose slightly for the full year.

FINANCIAL REVIEW AND OUTLOOK

The deepening collaboration with Alibaba has increased transhipment volumes in the Postal segment. SingPost is working towards developing its business with Alibaba on its commercial network within the Logistics segment.

Logistics revenue rose 1.7%, driven by higher contribution from CouriersPlease from increased eCommerce-related activities, offset by a decline in Quantium Solutions.

eCommerce revenue rose with the inclusion of US subsidiaries, TradeGlobal from 14 November 2015 and Jagged Peak from 8 March 2016.

Other Income

Rental and property-related income decreased 7.1%. This was due to lower retail rental revenue with the redevelopment of Singapore Post Centre ("SPC") retail mall.

Miscellaneous other income was a gain of S$9.8 million for the full year, compared to S$12.0 million last year. The differences were mainly attributed to trade-related translation differences.

Total Expenses

Total expenses increased by 22.5%, as a result of the inclusion of new subsidiaries. Labour and related expenses were higher mainly due to additional headcount from new subsidiaries.

The increase in volume-related expenses reflects the change in business mix as part of the Group's transformation, with higher International mail terminal dues as well as higher cost of sales and outsourced services related to TradeGlobal and Jagged Peak respectively.

Administrative and other expenses rose 9.4% from property-related expenses such as warehouse rental costs from new subsidiaries.

Depreciation and amortisation expenses were higher due largely to depreciation cost from the Regional eCommerce Logistics Hub, which attained TOP in April 2016.

Finance expenses declined S$4.7 million for the full year due to favourable non-trade related foreign translation differences.

FINANCIAL REVIEW AND OUTLOOK

OPERATING PROFIT	Financial Year ended 31 March 2017 S$'000	2016 S$'000 (Restated)	Change %
Postal	150,707	157,324	(4.2)
Logistics	23,596	38,812	(39.2)
eCommerce	(33,790)	(7,300)	@
Property & Others	6,497	81	@
Operating Profit before exceptional items	147,010	188,917	(22.2)
Exceptional items	(88,653)	95,342	N.M.
Operating Profit	58,357	284,259	(79.5)

N.M. Not meaningful.
@ Denotes variance exceeding 300%.

Operating profit declined for full year, mainly due to exceptional items.

Postal operating profit declined 4.2% for the full year, largely due to the decline in contribution from Domestic mail, and the shift in mix towards lower margin international transhipment mail.

In Logistics, operating profit decreased 39.2% for the full year. The decline reflects a combination of three factors: i) costs arising from planned investments to build out our eCommerce logistics network, such as depreciation and running expenses related to the new Regional eCommerce Logistics Hub, and network expansion at CouriersPlease; ii) intense pricing and competitive pressures in the eCommerce Logistics space; and iii) depressed freight rates and volumes in the freight forwarding industry.

Operating losses from eCommerce segment were S$33.8 million for the full year. While SP eCommerce and Jagged Peak performed well, TradeGlobal faced continuing challenges with the loss of key customers and recorded higher operating losses.

“Property & Others” includes the provision of commercial property rental and corporate costs of the Group not allocated to the reportable operating segments. For the full year, operating profit improvements under “Property & Others” were largely due to trade-related translation gains and lower corporate costs.

FINANCIAL REVIEW AND OUTLOOK

Exceptional items

Further to the announcement in the Q3 quarterly results of the risk of significant impairment, the management of SingPost has reviewed the carrying value of SingPost's investments and assets. The valuation process involved a review of the FY2016/17 performance and a detailed evaluation of the underlying assumptions of future business plans for each of the businesses.

Given the extent of the impairment to SingPost's investment in TradeGlobal, SingPost had also appointed FTI Consulting, an independent global business advisory firm, which verified that the impairment provision was properly calculated following an appropriate review process and that the assumptions adopted were reasonable.

The total impairment for FY2016/17 is S$208.6 million, comprising largely TradeGlobal (S$185.0 million), Postea (S$20.5 million) and Toh Guan building (S$9.3 million). This is net of a write-back of deferred tax liability of S$6.4 million in relation to the impairment of intangible asset of TradeGlobal. The impairment was partially offset by a fair value gain on investment properties of S$108.7 million largely for SingPost Centre.

Impairment of TradeGlobal

The principal issue is that TradeGlobal has significantly underperformed the business case which supported the investment. Instead of a projected profit of S$9.4 million for FY2016/17, TradeGlobal incurred a significant loss of S$25.8 million.

TradeGlobal has experienced both operational and structural challenges. Operational difficulties included a surge in labour costs during the recent peak season, delays in warehouse automation which impacted productivity as well as management changes.

Measures have been put in place to improve TradeGlobal's operating performance, particularly during the peak season.

Key structural challenges which will impact the business moving forward include:

- Disruption in the US fashion retail industry which is adversely affecting key customers;
- Loss of two large key customers which accounted for 30% to 40% of revenue; and
- Sustained cost pressures arising from labour shortage in the Cincinnati area.

A turnaround business plan is being executed by management. In the plan, TradeGlobal's prospects have been rebased given the structural changes.

FINANCIAL REVIEW AND OUTLOOK

Management will focus on extracting post acquisition synergies from the network and capabilities of SingPost's eCommerce units. Under financial reporting standards, the value-in-use computation for purpose of impairment testing has not included these potential synergistic benefits.

eCommerce remains an important part of SingPost's strategy and provides us with the capability to offer end-to-end eCommerce Logistics solutions for customers.

Other impairment

The Group also recorded an impairment for Postea of S$20.5 million. The carrying value of the investment was no longer supported by the value-in-use as Postea's management had made material changes to its business projections.

Fair value gain/loss on investment properties, and property, plant & equipment (PPE)

The Group recorded fair value gains on investment properties of S$108.7 million, mainly for SingPost Centre, where redevelopment of the retail section of the building is nearing completion.

The Group recorded an impairment charge of S$9.3 million on an industrial property at Toh Guan Road, reflecting the decline in current market valuation of the property against its carrying value.

Independent committee appointed

Following the announcement of the risk of significant impairment in the Q3 quarterly results, the Board formed an independent committee to conduct a thorough review of the circumstances surrounding SingPost's consideration and approval of the TradeGlobal acquisition. To assure stakeholders of the independence of the review, the committee comprises Ms Elizabeth Kong, Mrs Fang Ai Lian and Mr Bob Tan, independent directors all appointed to the Board after the acquisition of TradeGlobal.

The committee has engaged WongPartnership as legal counsel to assist and advise it on the review of the TradeGlobal acquisition. It has also engaged FTI Consulting to assess the adequacy of the financial and commercial due diligence performed in relation to the transaction.

The Board will update shareholders on the outcome of the review, and will seek legal advice on appropriate actions, if any, to be taken arising from the findings of the committee. The review is expected to be completed and the findings released before the Annual General Meeting in July 2017.

FINANCIAL REVIEW AND OUTLOOK

Other exceptional items

The Group recorded a gain on dilution of interest in 4PX of S$4.9 million and a fair value gain on warrants from GD Express of S$16.0 million.

Share of profit of associated companies and joint ventures

Share of profit of associated companies and joint ventures declined, largely due to share of losses from 4PX, which is incurring higher depreciation and other expenses as a result of business expansion.

Share of profits from GD Express declined due to a lower equity shareholding percentage following a partial divestment last year.

Net Profit and Underlying Net Profit

Net profit attributable to equity holders declined 86.6% to S$33.4 million for the full year as a result of exceptional items.

Excluding exceptional items, underlying net profit declined 24.7% from S$153.6 million to S$115.6 million for the full year. The decline were due to the impact of planned investments in building out our eCommerce Logistics platform such as the Regional eCommerce Logistics Hub, associates which are investing for growth, as well as higher losses in the US eCommerce business and a decline in Postal operating profit.

	Financial Year ended 31 March		
CASH FLOW	**2017 S$'000**	**2016 S$'000**	**Change %**
Net cash provided by operating activities	200,066	131,433	52.2
Net cash used in investing activities	(89,599)	(457,087)	80.4
Net cash provided by/(used in) financing activities	129,507	(131,846)	N.M.
Net increase/(decrease) in cash and cash equivalents	239,974	(457,500)	N.M.
Cash and cash equivalents at beginning of year	126,640	584,140	(78.3)
Cash and cash equivalents at end of year	366,614	126,640	189.5
Free cash flow	299	(148,309)	N.M.
Cash capital expenditure as a percentage of revenue	14.8%	24.3%	

N.M. Not meaningful.

FINANCIAL REVIEW AND OUTLOOK

Operating activities

Net cash inflow from operating activities for the full year amounted to S$200.1 million, compared to S$131.4 million last year. Operating cash inflow before working capital changes was down S$8.0 million while working capital improved S$76.6 million due to lower receivables and higher trade and other payables largely for settlement of terminal dues.

Investing activities

Net cash outflow for investing activities was S$89.6 million, compared to S$457.1 million last year. Capital expenditure of S$199.8 million in the period comprised committed capital expenditures for the ongoing redevelopment of SPC retail mall and the construction of the Regional eCommerce Logistics Hub. This was partially offset by proceeds from the partial divestment of Quantium Solutions International.

Financing activities

Net cash inflow from financing activities was S$129.5 million, compared to net cash outflow of S$131.8 million last year, largely due to net proceeds from Alibaba Investment Limited for additional stake in SingPost and net proceeds from bank loans which have a positive carry.

Free cash flow

For the financial year ended 31 March 2017, the Group's free cash flow (operating cash flow less capital expenditure) was an inflow of S$299,000 versus an outflow of S$149.3 million in the previous financial year, as a result of lower capital expenditure in the financial year ended 31 March 2017.

FINANCIAL REVIEW AND OUTLOOK

CAPITAL MANAGEMENT

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

Group Debt And Perpetual Securities	Financial Year ended 31 March 2017 S$'000	2016 S$'000	Change %
Total debt	363,985	280,272	29.9
Net (cash)/net debt	(2,629)	153,632	N.M.
Total debt plus perpetual securities*	710,811	627,098	13.3
Net debt plus perpetual securities*	344,197	500,458	(31.2)
Net debt plus perpetual securities to ordinary shareholders equity (%)*	25.3%	41.6%	
EBITDA to interest expense (number of times)	13.3	42.1	

* Presented for comparative purposes.

Total borrowings increased from S$280.3 million as at 31 March 2016 to S$364.0 million as at 31 March 2017. Interest coverage ratio has fallen to 13.3 times compared to 42.1 times last year, largely due to the decline in earnings caused by exceptional items. Excluding exceptional items, interest coverage ratio for financial year ended 31 March 2017 was 21.6 times.

FINANCIAL REVIEW AND OUTLOOK

DIVIDEND

The Board of Directors is recommending a final dividend of 0.5 cent per share for the financial year ended 31 March 2017. Together with the interim dividend payments for the first three quarters totaling 3.0 cents per share, the annual dividend in respect of the current financial year would amount to 3.5 cents per share, which represents a payout ratio of 66% of underlying net profit.

	cents per share
Interim Q1	1.50 cents
Interim Q2	1.00 cents
Interim Q3	0.50 cent
Proposed final	0.50 cent
Total dividends paid and proposed in relation to FY 2016/17	3.50 cents

The dividend policy is based on a payout ratio ranging from 60% to 80% of underlying net profit for each financial year, paid quarterly.

OUTLOOK

In FY2017/18, the Group plans to grow revenue and volumes through new business opportunities, integrating past acquisitions and extracting synergies, as well as leveraging the strategic partnership with Alibaba and its subsidiaries.

Postal

In the Postal segment, Domestic letter mail volumes continue to decline, with increasing migration towards e-statements. The impact is expected to be partially offset by growth from International mail volumes due to higher cross-border eCommerce deliveries.

The International mail transhipment market remains highly competitive, and margins are relatively low. Changes in the international terminal dues system will take effect from 1 January 2018 and the Group is assessing the potential impact. With the shift in mix towards lower margin International mail, blended Postal margin is expected to decline.

FINANCIAL REVIEW AND OUTLOOK

The Group will continue to focus on improving productivity and efficiency to mitigate margin pressures while maintaining service quality. We will upskill our workers and deploy technology to drive innovative solutions such as automated self-service machines or SAMs, and the POPStation smart locker system.

Logistics

In the Logistics segment, the Group is expected to benefit from growing eCommerce trends. We will seek to grow our customer base, and develop collaborations and alliances with strategic partners to increase volumes.

Quantium Solutions International (QSI), the joint venture between SingPost and Alibaba, will be used as a platform to develop and enhance eCommerce Logistics capabilities in Southeast Asia and Oceania.

Operating leverage will be derived from economies of scale as the Group grows volumes and increases utilisation of existing infrastructure such as the Regional eCommerce Logistics Hub.

The industry is likely to continue to experience tight operating margins and intense competition. It will take time for the Logistics segment to grow its profit contribution while it executes on its plans.

eCommerce

The eCommerce business forms a vital part of the Group's end-to-end eCommerce logistics growth strategy. eCommerce revenue remains robust and will continue to contribute significantly to the Group's revenue.

TradeGlobal is facing operational and structural challenges. Management is executing a turnaround business plan.

It will take time for these measures to deliver results. While business and cost initiatives are being put in place to improve performance, TradeGlobal is not expected to be profitable for the financial year ending 31 March 2018.

Property & Others

In the Property and Others segment, the retail mall at the new SingPost Centre is expected to open in the second half of the year. SingPost has appointed CapitaLand as the retail mall manager which will help optimise returns from this asset.

The Group had foregone rental income during the period of re-development, and will begin to progressively recognise rental income from the second half of FY2017/18 onwards as occupancy ramps up towards a steady state.

FINANCIAL REVIEW AND OUTLOOK

Capital Expenditure and Cash flow

Capital expenditure for FY2017/18 is expected to be lower than FY2016/17, as the majority of development projects had been completed.

In FY2017/18, there will be residual capital expenditure committed for the remainder of the SPC retail mall redevelopment works, in addition to the regular maintenance capital expenditure.

With lower capital expenditure, free cash flow is expected to improve in FY2017/18.

SingPost continues to build its capabilities to transform from a Singapore postal company into a leading eCommerce Logistics provider. This will lay a foundation for long term sustainable growth. However, it will take time for the investments to contribute materially to earnings.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Good corporate governance is crucial to the long-term success of a company. Both the Board and Management of SingPost are strongly committed to adopting best-in-class practices in order to achieve a high standard of corporate governance.

In the financial year ended 31 March 2017, the Company undertook a major review to improve the effectiveness of corporate governance in the Company. The Company voluntarily commissioned a Special Audit to review, *inter alia*, whether the Company had complied with its policies, processes and procedures when it acquired Famous Holdings Pte Ltd and related subsidiaries, as well as the disclosure of Directors' interests in relation to these transactions. The Company also voluntarily called for a Corporate Governance Review which involved a thorough examination of the Company's then corporate governance practices.

Both the Special Audit and the Corporate Governance Review were conducted by independent third parties and the findings of the Special Audit and the Corporate Governance Review were released and publicly announced on SGXNet on 3 May 2016 and 4 July 2016 respectively.

The Special Auditors had made three recommendations, namely to (i) review the adequacies of the Company's processes and procedures on mergers and acquisitions to ensure best practices are incorporated in such guidelines; (ii) standardise documentation and procedures for the declaration of Directors' interests; and (iii) standardise internal checklists of action for internal controls including a checklist for public announcements. The three recommendations were accepted by the Board and duly implemented. To provide assurance to investors and the Singapore Exchange Securities Trading Limited (SGX-ST), the SGX-ST had asked the Company to obtain independent confirmation on the implementation of these recommendations. The Company duly obtained the independent confirmation from the law firm Lee & Lee, which having conducted an independent review, confirmed that the implementations adequately address the recommendations.

The recommendations of the Corporate Governance Review have also been implemented, details of which appear subsequently in this Report. Following the announcement of the risk of significant impairment in the third quarter results for the financial year ended 31 March 2017, the Board formed an independent committee to conduct a thorough review of the circumstances surrounding SingPost's consideration and approval of the acquisition of TradeGlobal Holdings, Inc. (TG Review). To assure stakeholders of the independence of the review, the committee comprises Ms Elizabeth Kong Sau Wai, Mrs Fang Ai Lian and Mr Bob Tan Beng Hai, independent Directors who were all appointed to the Board after the acquisition. The outcome of the TG Review is expected to be completed and the findings released before the forthcoming annual general meeting (AGM). The Board will update shareholders on the outcome of the TG Review and will seek legal advice on appropriate actions, if any.

CORPORATE GOVERNANCE REPORT

A BOARD MATTERS

Principle 1: The Board's Conduct of Affairs
Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Role of the Board

The Board is collectively responsible for the long-term success of the Company. The Board provides leadership and guidance to Management on the Group's overall strategy, reviews Management's performance and oversees the Group's overall performance objectives, key operational initiatives, risk management and corporate governance practices, financial plans, annual budgets, major funding proposals, and major investment and divestment proposals. The Board approves financial results for release to the SGX-ST, the appointment of Directors and key Management staff, and changes in the composition and terms of reference of Board Committees. As one of the recommendations from the Corporate Governance Review, the Company has also documented all reserved matters which require Board's approval.

There is a framework of internal controls which sets out financial authorisation and approval limits for operating and capital expenditure, procurement of goods and services, as well as acquisition and divestment of assets. Board's approval is required for transactions exceeding certain threshold limits, while authority for transactions below those limits is delegated to Management to optimise operational efficiency.

Board Committees

To assist the Board in discharging its duties and to enhance the effectiveness of the Board, the Board has established Board Committees as set out in the table at pages 60 and 61. Without abdicating its responsibility, the Board has delegated the authority to make certain decision to Board Committees. Each Board Committee has written terms of reference, which clearly set out such delegated authority and duties. One of the recommendations from the Corporate Governance Review was for the Company to review all the terms of reference of the Board Committees. This has been done and the terms of reference of all the Board Committees have been enhanced to be in line with best practices. Further implementation of the recommendations from the Corporate Governance Review include documenting the success profiles and roles for key Board leadership roles namely the Board Chair, the Lead Independent Director, the Committee Chairs as well as the role of the Company Secretary.

CORPORATE GOVERNANCE REPORT

A further recommendation from the Corporate Governance Review was for the Executive Committee to be reconstituted as a Finance and Investment Committee with a reduction of scope. Accordingly, the Executive Committee, which had assisted the Board in overseeing the management of the business and affairs of SingPost, was dissolved and its function subsumed into the Board. In October 2016, the Board established the Finance and Investment Committee with the narrower scope of advising the Board on the overall strategy of the SingPost Group's business, investments, divestments, liabilities and treasury policies.

Board Committee	Key Responsibilities	Membership as at 12 May 2017
Audit Committee	• Assists the Board in fulfilling its oversight responsibilities on internal controls, financial reporting, compliance and risk management.	Mrs Fang Ai Lian (Chairperson) Mr Bob Tan Beng Hai Mr Zulkifli Bin Baharudin
Board Risk and Technology Committee	• 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.	Professor Low Teck Seng (Chairperson) Ms Aliza Knox Mr Bob Tan Beng Hai
Compensation Committee	• Assists the Board in fulfilling its responsibilities for developing an appropriate compensation and remuneration framework to attract and retain talent.	Mr Bob Tan Beng Hai (Chairperson) Mrs Fang Ai Lian Mr Simon Israel Mr Zulkifli Bin Baharudin
Finance and Investment Committee	• Provides advisory support to the Board on the overall strategy of the Group's business, investments, divestments, liabilities and treasury policies.	Mr Simon Israel (Chairperson) Mr Chen Jun Ms Elizabeth Kong Sau Wai Ms Lim Cheng Cheng

CORPORATE GOVERNANCE REPORT

Board Committee	Key Responsibilities	Membership as at 12 May 2017
Nominations and Corporate Governance Committee *(formerly Nominations Committee)*	• Assists the Board in fulfilling its responsibilities on Board succession planning, Board evaluation, training of Board members and the selection, nomination, appointment and re-appointment of Directors to the Board of SingPost. Also has responsibility to recommend enhancements to the corporate governance principles applicable to SingPost and to uphold the same.	Mr Zulkifli Bin Baharudin (Chairperson) Mrs Fang Ai Lian Mr Simon Israel Ms Elizabeth Kong Sau Wai

Board Meetings and Attendance

The Board meets regularly to discuss and resolve matters requiring the Board's approval. For the financial year ended 31 March 2017, the Board met a total of 13 times. Board and Board Committee meetings, as well as the AGM of the Company, are scheduled in advance of each year in consultation with all Directors. Ad hoc Board and Board Committee meetings are convened as and when warranted by particular circumstances between these scheduled meetings. Directors who are unable to attend meetings in person can participate either through video or telephone conferencing. Decisions of the Board or a Board Committee may also be obtained via circular resolution. To facilitate more effective oversight of Management, non-executive Directors set aside time at every meeting for discussions without the presence of Management. The Directors also communicate on an ad hoc basis without the presence of Management to review matters of a confidential nature.

CORPORATE GOVERNANCE REPORT

The attendance of each Director at Board meetings and Board Committee meetings for the financial year ended 31 March 2017 is as follows:

		BOARD COMMITTEES *				
NAME OF DIRECTORS	BOARD	AUDIT COMMITTEE	BOARD RISK AND TECHNOLOGY COMMITTEE	COMPENSATION COMMITTEE	FINANCE AND INVESTMENT COMMITTEE	NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE
Number of Meetings Held	**13**	**5**	**4**	**3**	**2**	**5**
Directors in service as at 31 March 2017						
Simon Israel(1)	8/8	–	–	2/2	2/2	2/2
Chen Jun(2)	12/13	–	–	–	2/2	–
Fang Ai Lian(3)	2/2	3/3	–	2/2	–	–
Aliza Knox	12/13	–	4/4	–	–	–
Elizabeth Kong Sau Wai(4)	2/2	–	–	–	2/2	2/2
Professor Low Teck Seng	13/13	–	4/4	–	–	–
Bob Tan Beng Hai(5)	2/2	3/3	2/2	–	–	–
Zulkifli Bin Baharudin(6)	12/13	5/5	–	3/3	–	5/5
Directors who have left service as at 31 March 2017						
Bill Chang York Chye(7)	12/13	–	4/4	1/1	2/2	–
Soo Nam Chow(8)	13/13	5/5	–	–	–	5/5
Michael James Murphy(9)	7/13	–	2/2	–	–	–
Lim Ho Kee(10)	6/8	–	–	–	–	2/2
Tan Yam Pin(11)	7/8	1/1	1/1	1/1	–	–
Dr Wolfgang Baier(12)	5/8	–	–	–	–	–
Goh Yeow Tin(13)	7/7	–	–	–	–	–
Keith Tay Ah Kee(14)	3/5	1/1	–	–	–	1/1

* The Executive Committee was dissolved on 16 June 2016 and no Executive Committee meetings were held from 1 April 2016 to 16 June 2016.

Notes

(1) Mr Simon Israel was appointed as Chairman of the Board on 11 May 2016 in place of Mr Lim Ho Kee who stepped down as Chairman of the Board on 10 May 2016. Mr Simon Israel was also appointed as chairperson of the Finance and Investment Committee and as member of both the Compensation Committee and Nominations and Corporate Governance Committee on 10 October 2016.

(2) Mr Chen Jun was appointed as member of the Finance and Investment Committee on 10 October 2016.

(3) Mrs Fang Ai Lian was appointed as Director of SingPost, chairperson of the Compensation Committee and as member of the Audit Committee on 10 October 2016. Mrs Fang Ai Lian was subsequently appointed as chairperson of the Audit Committee and Lead Independent Director on 24 April 2017. By virtue of her role as Lead Independent Director, she was appointed as member of the Nominations and Corporate Governance Committee as recommended under Guideline 4.1 of the Singapore Code of Corporate Governance 2012. Mrs Fang Ai Lian stepped down as chairperson of the Compensation Committee on 24 April 2017 but remains as its member.

(4) Ms Elizabeth Kong Sau Wai was appointed as Director of SingPost and as member of both the Finance and Investment Committee and Nominations and Corporate Governance Committee on 10 October 2016.

(5) Mr Bob Tan Beng Hai was appointed as Director of SingPost and as member of both the Audit Committee and Board Risk and Technology Committee on 10 October 2016. Mr Bob Tan Beng Hai was appointed as chairperson of the Compensation Committee on 24 April 2017 in place of Mrs Fang Ai Lian who stepped down as chairperson of the Compensation Committee.

(6) Mr Zulkifli Bin Baharudin was appointed chairperson of the Nominations and Corporate Governance Committee (then the Nominations Committee) on 8 April 2016 in place of Mr Keith Tay Ah Kee who stepped down as chairperson of the Nominations and Corporate Governance Committee (then the Nominations Committee).

(7) Mr Bill Chang York Chye stepped down as member of the Compensation Committee and was appointed as member of the Finance and Investment Committee on 10 October 2016. He resigned from the Board on 31 March 2017. Upon his resignation, he ceased to be member of both the Board Risk and Technology Committee and Finance and Investment Committee.

(8) Mr Soo Nam Chow was appointed as Lead Independent Director with effect from 16 June 2016. He resigned from the Board on 31 March 2017. Upon his resignation, he ceased to be Lead Independent Director, chairperson and member of the Audit Committee and member of the Nominations and Corporate Governance Committee.

(9) Mr Michael James Murphy stepped down as member of the Board Risk and Technology Committee on 10 October 2016. He resigned from the Board on 23 February 2017.

(10) Mr Lim Ho Kee stepped down as Chairman of the Board on 10 May 2016 and retired from the Board following the conclusion of the AGM held on 14 July 2016. Upon his retirement, he ceased to be member of the Nominations and Corporate Governance Committee.

(11) Mr Tan Yam Pin retired from the Board following the conclusion of the AGM held on 14 July 2016. Upon his retirement, he ceased to be chairperson and member of the Compensation Committee and member of both the Audit Committee and Board Risk and Technology Committee.

(12) Dr Wolfgang Baier ceased to be Group Chief Executive Officer (Group CEO) and Director on 30 June 2016.

(13) Mr Goh Yeow Tin resigned as Deputy Chairman and Executive Director on 24 June 2016.

(14) Mr Keith Tay Ah Kee stepped down as chairperson of the Nominations and Corporate Governance Committee (then the Nominations Committee) on 8 April 2016 and Lead Independent Director on 3 May 2016. He later stepped down as member of the Audit Committee, Nominations and Corporate Governance Committee (then the Nominations Committee) and Executive Committee with effect from 9 May 2016. He resigned from the Board on 12 May 2016.

Board Induction and Training

Each newly appointed Director receives a formal letter informing of the Director's duties and advising disclosure obligations under the Companies Act, Cap. 50 and the SGX-ST listing rules. In line with the recommendation of the Special Audit, enhanced standardised documentation and procedures have been implemented for the declaration of Directors' interest. The Company also has in place a compulsory orientation programme to familiarise incoming Directors with the Group's businesses and strategic objectives. The programme includes presentations on the Company's strategic plans and financial performance, and presentations by senior Management on their respective businesses, directions and corporate governance practices. The orientation programme not only serves its objective of thoroughly acquainting new Directors with the nature and workings of the Group's business, but also serves as a platform for new Directors to get to know members of senior Management and to ask questions.

Existing Directors are kept informed of changing commercial risks faced by the Group through briefings at Board meetings, as well as articles and reports circulated to the Board. In addition, facility visits are arranged for Directors to better understand the Group's business operations. Directors are also briefed on changes in regulations and guidelines.

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10 per cent shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Board Composition

As at 12 May 2017, the Board comprised nine Directors, namely:

Mr Simon Israel
Mr Chen Jun
Mrs Fang Ai Lian
Ms Aliza Knox
Ms Elizabeth Kong Sau Wai
Ms Lim Cheng Cheng
Professor Low Teck Seng
Mr Bob Tan Beng Hai
Mr Zulkifli Bin Baharudin

Of the nine, six are independent Directors, which make up more than half of the Board, thereby satisfying Guideline 2.2 of the Singapore Code of Corporate Governance 2012 (2012 Code) where the Chairman is not an independent Director.

The Board composition changed substantially in the financial year ended 31 March 2017. Eight Directors left the Board namely Mr Keith Tay Ah Kee, Mr Goh Yeow Tin, Dr Wolfgang Baier, Mr Lim Ho Kee, Mr Tan Yam Pin, Mr Michael James Murphy, Mr Soo Nam Chow and Mr Bill Chang York Chye. Four new Directors were appointed, namely Mr Simon Israel, Mrs Fang Ai Lian, Ms Elizabeth Kong Sau Wai and Mr Bob Tan Beng Hai. Ms Lim Cheng Cheng was appointed on 1 April 2017.

The Company has on 29 December 2016 announced that Mr Paul William Coutts will be appointed Group CEO and non-independent executive Director to the Board with effect from 1 June 2017. Additionally, the Company has on 25 May 2017 announced that Mr Steven Robert Leonard will be appointed as an independent non-executive Director to the Board also effective 1 June 2017. Profiles of the Directors can be found on pages 18 to 23 of this report.

The Board has followed the recommendations of the Corporate Governance Review in the selection and appointment of the new Directors. This included having a structured process for assessing and evaluating potential new Directors using the pivotal expertise and Board leadership competencies created as part of the Corporate Governance Review. The Corporate Governance Review had also specifically recommended the appointment of a legal expert, preferably someone with deep experience in mergers and acquisitions as well as a Director with strong financial/accounting expertise.

The Corporate Governance Review had noted that the Board then comprised only one female member and had recommended that the Board should prioritise the appointment of candidates who increase gender diversity. The number of female Directors on the Board has since been increased from one to four.

Collectively, the Directors provide an appropriate balance and diversity of skills, experience, gender and knowledge. They 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, information and communication technology, engineering and regional business experience. A Board Composition Matrix was created as part of the Corporate Governance Review. As recommended by the Corporate Governance Review, the Board continues to use the Board Composition Matrix to review alignment between Board composition and strategic priorities.

Review of Directors' Independence

The Corporate Governance Review, which included individual interviews with Management and Directors to seek their respective views on the independence of Directors, had concluded that the definition of "independence" as set out in Guideline 2.3 of the 2012 Code was met.

Additionally, the Board, taking into account the views of the Nominations and Corporate Governance Committee, makes a determination of the independence of each Director on an annual basis and as and when circumstances require, based on the guidelines provided in the 2012 Code. Each Director is required to complete a Director's independence checklist of himself or herself. The Nominations and Corporate Governance Committee reviews the checklists in arriving at its recommendations to the Board on the independence of Directors. Based on the recommendations of the Nominations and Corporate Governance Committee, the Board was of the opinion that, with the exception of the Chairman Mr Simon Israel, Ms Lim Cheng Cheng and Mr Chen Jun, all the other Directors are independent. Mr Simon Israel is the Chairman of the Board of Singapore Telecommunications Limited (Singtel) which holds more than 10 per cent of the total voting shares in SingPost. While Mr Simon Israel is neither appointed as a nominee Director of Singtel to the SingPost Board nor directly associated with Singtel as defined under the 2012 Code, nevertheless to provide added assurance to the Company's investors, Mr Simon Israel is treated by SingPost as a non-independent Director and Chairman. Ms Lim Cheng Cheng is the Group Chief Financial Officer (Group CFO) of Singtel and a nominee of Singtel to the SingPost Board, and Mr Chen Jun is a Vice President of Alibaba Group Holding Limited which holds more than 10 per cent of the total voting shares in SingPost.

CORPORATE GOVERNANCE REPORT

The recommendations of the Corporate Governance Review included the need to adopt a clear Board renewal practice and process, and to adopt a Board tenure policy. Accordingly, SingPost has adopted a Board Renewal and Tenure Policy which commits the Board to a process of Board renewal and orderly succession planning. Under this policy, Directors are to serve for no more than six years, though an additional term of up to a maximum of three years may be permitted to accommodate phasing or the retention of critical skills sets. No Director is therefore expected to serve on the Board beyond nine years.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Separation of the Role of Chairman and Group CEO

The Board has defined distinct and separate roles of the Chairman and Group CEO to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

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. At meetings, he promotes a culture of open dialogue and debate, facilitating the effective contribution of all Directors. 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.

CORPORATE GOVERNANCE REPORT

Role of the Group CEO

The Group CEO 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 the Executive Leadership Group (ELG). The ELG comprises the Group CFO, Executive Vice Presidents and heads of various departments of SingPost. In the financial year ended 31 March 2017, the ELG met at least once a month to review and direct the execution and implementation of the Group's strategy, business development, financial and risk management policies, operational policies and activities.

Regulatory Approvals

The appointments of the Chairman, the Group CEO of the Company and new Directors require the prior written approval of the Infocomm Media Development Authority of Singapore (IMDA) and the Monetary Authority of Singapore (MAS). The Company duly sought and obtained the approval of both regulators in respect of all new appointments.

Lead Independent Director

As described above, the Chairman Mr Simon Israel is treated as a non-independent Director. Accordingly, as recommended by Guideline 3.3(d) of the 2012 Code, the Company has appointed a Lead Independent Director who is available to shareholders where they have concerns for which contact through the normal channels of the Chairman, the Group CEO or Group CFO has failed to resolve or is inappropriate. Mr Soo Nam Chow served as the Lead Independent Director in the financial year ended 31 March 2017. Following his resignation, Mrs Fang Ai Lian was elected by the independent Directors and appointed Lead Independent Director. As recommended by Guideline 4.1 of the 2012 Code, she has also been appointed member of the Nominations and Corporate Governance Committee.

CORPORATE GOVERNANCE REPORT

Principle 4: Board Membership

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

Nominations and Corporate Governance Committee

The Corporate Governance Review had recommended that the Nominations Committee be reconstituted as a Nominations and Corporate Governance Committee, with the added mandate of oversight and responsibility for all matters relating to corporate governance, including conflicts of interest, and to be explicitly tasked to focus on Board succession and renewal. This was complied together with the adoption of a Code of Business Conduct and Ethics for Members of the Board, as well as a Policy on Directors' Conflicts of Interest, the adoption of which were recommendations from the Corporate Governance Review.

Succession Planning and Nomination Process

The Nominations and Corporate Governance Committee followed the recommendations of the Corporate Governance Review in the nomination process resulting in the new appointments described in the above section of this Report on Board Composition. Candidates were identified through professional search agencies, and consultation with Directors and shareholders. The Nominations and Corporate Governance Committee also considered all recommendations received from shareholders and members of the public. After a candidate has been endorsed by the Nominations and Corporate Governance Committee, the Committee will make its recommendation to the Board whereupon the Board meets with the shortlisted candidates to (i) assess the suitability of each candidate; (ii) communicate to the candidates the level of commitment expected; 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 Nominations and Corporate Governance Committee. Upon the Board's approval, SingPost will seek IMDA's approval, in accordance with the requirement set out in the Postal Services Act, Cap. 237A, and MAS' approval in accordance with the requirement set out in the Money-changing and Remittance Businesses Act, Cap. 187.

CORPORATE GOVERNANCE REPORT

Directors' Time Commitment

The Nominations and Corporate Governance Committee is tasked with ensuring that Directors 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 Committee will consider the other directorships held by the Directors and their principal commitments. The Board believes that each Director has to personally determine the demands of his or her other directorships and commitments and assess how much time is available to serve on the Board and Board Committees effectively. Accordingly, the Board has not made a determination of the maximum number of listed company board representations a Director may hold. Under the terms of the new Policy on Directors' Conflict of Interest, Directors are to consult the Chairman of the Board and the chairperson of the Nominations and Corporate Governance Committee 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 past financial year, the Nominations and Corporate Governance Committee 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 three appointments on the boards of listed companies.

Annual Determination of Directors' Independence

The Nominations and Corporate Governance Committee has the responsibility of determining on an annual basis whether or not each Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. The Nominations and Corporate Governance Committee has duly determined and made its recommendations on independence to the Board. Details are reported earlier on in this Report at page 65 in the section on the Review of Directors' Independence.

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. SingPost's Constitution requires newly appointed Directors to retire and stand for re-election at the AGM immediately following their appointment (new Directors re-election rule). The Constitution also requires a Director to retire and stand for re-election at the AGM if, were he or she not to do so, he or she would at the next AGM have held office for more than three years. 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/re-appointment to retire from office by rotation at each AGM (1/3 rotation rule). Pursuant to the foregoing, eight Directors will retire, seven of whom will submit themselves for re-election/re-appointment at the forthcoming AGM. Professor Low Teck Seng will upon retiring at the forthcoming AGM not be seeking re-election.

Name	Retiring and standing for re-election pursuant to:
Mrs Fang Ai Lian *(appointed on 10 October 2016)*	new Directors re-election rule (Article 97)
Ms Elizabeth Kong Sau Wai *(appointed on 10 October 2016)*	new Directors re-election rule (Article 97)
Mr Bob Tan Beng Hai *(appointed on 10 October 2016)*	new Directors re-election rule (Article 97)
Ms Lim Cheng Cheng *(appointed on 1 April 2017)*	new Directors re-election rule (Article 97)
Mr Paul William Coutts *(appointed on 1 June 2017)*	new Directors re-election rule (Article 97)
Mr Steven Robert Leonard *(appointed on 1 June 2017)*	new Directors re-election rule (Article 97)
Mr Chen Jun *(last re-elected in 2015)*	1/3 rotation rule (Article 91(b))

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

Board Effectiveness Assessment

The Corporate Governance Review had included an assessment of the effectiveness of the Board. Following from such assessment, the Corporate Governance Review recommended two areas of focus, namely the need to improve on external stakeholder communication and to prioritise succession planning in order to create a robust pipeline of future leaders. The Company has since formed a Market Disclosure Committee to ensure compliance with disclosure obligations and has adopted a Market Disclosure Policy that sets out the review and approval process for all public communications including SGXNet announcements. To better address succession planning, the mandate of the Compensation Committee has been widened to include management succession planning, given the fact that the Compensation Committee by virtue of its compensation function has deeper insight into Management bench strength compared to the other Board Committees.

Principle 6: Access to Information

In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Board members require timely access to complete and adequate information in order to be effective. One of the recommendations of the Corporate Governance Review was to implement a policy for the minutes of all Board and Board Committee meetings to be circulated within a pre-determined number of days from the meeting. The terms of reference of all the Board Committees have been amended to reflect such recommendation.

Management staff attend Board and Board Committee meetings to respond to any queries that Directors may have. Directors are encouraged to, and do seek additional information from Management as and when needed to make informed decisions. Management does its best to meet such requests in a timely manner.

The Board has separate and independent access to Management and the Company Secretary. The Company Secretary attends to all corporate secretarial matters and is responsible for ensuring that SingPost complies with its Constitution and applicable rules and requirements under the Companies Act and the SGX-ST listing rules. The Company Secretary attends all Board meetings and facilitates and organises Directors' induction and training. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flow within the Board, its Board Committees and between Management and non-executive Directors.

CORPORATE GOVERNANCE REPORT

B REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

The Compensation Committee meets yearly to discuss the specific remuneration package for the Group CEO, and these recommendations are submitted to the Board for approval. The Compensation Committee also reviews and approves the remuneration of key Management personnel, as well as the annual increment and variable bonus for employees.

Directors' fees are recommended by the Compensation Committee and submitted to the Board for endorsement. Directors' fees are subject to the approval of shareholders at the AGM.

Over the past year, the Compensation Committee reviewed the effectiveness of Management incentive plans. To encourage desired performance from Management, enhancements will be made to share-based incentives which will apply for the following year.

Shares to be granted in financial year 2017/18 onwards will, subject to shareholders' approval at the forthcoming AGM, consist of two types of awards:

a) Performance Share Plan; and
b) Restricted Share Plan.

The Performance Share Plan will have two long-term performance hurdles: Return on Equity and Absolute Total Shareholder Returns. The Restricted Share Plan will have one long-term performance hurdle: Underlying Net Profit. The intent behind this change is to ensure long-term alignment between Management's interests and shareholders.

The Compensation Committee has access to both internal and external expert advice on human resource matters whenever there is a need to consult.

Principle 8: Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Non-executive Directors' remuneration takes into account the effort and time spent, and responsibilities of the Directors. These Directors receive a basic retainer fee, additional fees for appointment to Board Committees and attendance fees for Board and Board Committee meetings. The Directors' remuneration is reviewed yearly to ensure its competitiveness and the quantum of the fees is approved by shareholders at the AGM.

The former Group CEO Dr Wolfgang Baier, was an executive Director, and not paid Directors' fees. His employment contract contained clearly spelled out terms for the discontinuation of service.

The level and structure of remuneration of the Directors and the former Group CEO are disclosed in Principle 9.

Principle 9: Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

CORPORATE GOVERNANCE REPORT

Directors' Remuneration

The Directors' compensation for the financial year ended 31 March 2017 is as listed below:

Directors in service as at 31 March 2017

							SingPost Share Option Scheme[6]		SingPost Restricted Share Plan[6]	
Name of Directors	**Fixed Component[1] (S$'000)**	**Variable Component[2] (S$'000)**	**Directors' Fees (S$'000)**	**Provident Fund[3] (S$'000)**	**Benefits[4] (S$'000)**	**Total Compensation[5] (S$'000)**	**No. Awarded & Accepted ('000)**	**Value (S$'000)**	**No. Awarded & Accepted ('000)**	**Value (S$'000)**
Below S$250,000										
Simon Israel[7]	–	–	198.8	–	–	198.8	–	–	–	–
Aliza Knox	–	–	94.2	–	–	94.2	–	–	–	–
Professor Low Teck Seng	–	–	141.6	–	–	141.6	–	–	–	–
Zulkifli Bin Baharudin[8]	–	–	144.9	–	1.5	146.4	–	–	–	–
Chen Jun[9]	–	–	83.8	–	–	83.8	–	–	–	–
Fang Ai Lian[10]	–	–	56.3	–	–	56.3	–	–	–	–
Elizabeth Kong Sau Wai[11]	–	–	52.7	–	–	52.7	–	–	–	–
Bob Tan Beng Hai[12]	–	–	56.3	–	–	56.3	–	–	–	–

Directors who have left service as at 31 March 2017

							SingPost Share Option Scheme[6]		SingPost Restricted Share Plan[6]	
Name of Directors	**Fixed Component[1] (S$'000)**	**Variable Component[2] (S$'000)**	**Directors' Fees (S$'000)**	**Provident Fund[3] (S$'000)**	**Benefits[4] (S$'000)**	**Total Compensation[5] (S$'000)**	**No. Awarded & Accepted ('000)**	**Value (S$'000)**	**No. Awarded & Accepted ('000)**	**Value (S$'000)**
S$1,250,000 to below S$1,500,000										
Dr Wolfgang Baier[13] *Group CEO*	224.0	1,180.0	–	–	40.2	1,444.2	–	–	–	–
Below S$250,000										
Bill Chang York Chye[14]	–	–	118.9	–	–	118.9	–	–	–	–
Soo Nam Chow [15]	–	–	137.6	–	–	137.6	–	–	–	–
Lim Ho Kee[16]	–	–	55.3	–	0.4	55.7	–	–	–	–
Michael J. Murphy[17]	–	–	94.1	–	–	94.1	–	–	–	–
Tan Yam Pin[18]	–	–	63.3	–	0.4	63.7	–	–	–	–
Keith Tay Ah Kee[19]	–	–	22.8	–	0.2	23.0	–	–	–	–
Goh Yeow Tin[20]	112.7	–	–	1.4	0.3	114.4	–	–	–	–

Notes

(1) Fixed Component refers to base salary and Annual Wage Supplement for the financial year ended 31 March 2017.
(2) Variable Component refers to variable bonus and contractual payments paid in the financial year ended 31 March 2017.
(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 and housing benefits, where applicable.
(5) Total Compensation excludes the value of share options and restricted shares.
(6) The option/restricted share valuation adopted simulation methodologies consistent with assumptions that apply under the Trinomial Option Pricing Model/Adjusted Share Price Model.
(7) Mr Simon Israel was appointed as Chairman on 11 May 2016. Mr Simon Israel was also appointed as chairperson of the Finance and Investment Committee and as member of both the Compensation Committee and Nominations and Corporate Governance Committee on 10 October 2016.
(8) Mr Zulkifli Bin Baharudin was appointed as chairperson of the Nominations and Corporate Governance Committee (then the Nominations Committee) on 8 April 2016.
(9) Mr Chen Jun was appointed as member of the Finance and Investment Committee on 10 October 2016.
(10) Mrs Fang Ai Lian was appointed as Director of SingPost, chairperson of the Compensation Committee and as member of the Audit Committee on 10 October 2016. Mrs Fang Ai Lian was subsequently appointed as chairperson of the Audit Committee and Lead Independent Director on 24 April 2017. By virtue of her role as Lead Independent Director, she was appointed as member of the Nominations and Corporate Governance Committee as recommended under Guideline 4.1 of the 2012 Code. Mrs Fang Ai Lian stepped down as chairperson of the Compensation Committee on 24 April 2017 but remains as its member.
(11) Ms Elizabeth Kong Sau Wai was appointed as Director of SingPost and as member of both the Finance and Investment Committee and Nominations and Corporate Governance Committee on 10 October 2016.
(12) Mr Bob Tan Beng Hai was appointed as Director of SingPost and as member of both the Audit Committee and Board Risk and Technology Committee on 10 October 2016. Mr Bob Tan Beng Hai was appointed as chairperson of the Compensation Committee on 24 April 2017.
(13) Dr Wolfgang Baier ceased to be Group CEO and Director on 30 June 2016.
(14) Mr Bill Chang York Chye stepped down as member of the Compensation Committee and was appointed as member of the Finance and Investment Committee on 10 October 2016. He resigned from the Board on 31 March 2017. Upon his resignation, he ceased to be member of the Board Risk and Technology Committee and Finance and Investment Committee.
(15) Mr Soo Nam Chow was appointed as Lead Independent Director with effect from 16 June 2016. He resigned from the Board on 31 March 2017. Upon his resignation, he ceased to be Lead Independent Director, chairperson and member of the Audit Committee and member of the Nominations and Corporate Governance Committee.
(16) Mr Lim Ho Kee stepped down as Chairman of the Board on 10 May 2016 and retired from the Board following the conclusion of the AGM held on 14 July 2016. Upon his retirement, he ceased to be member of the Nominations and Corporate Governance Committee.
(17) Mr Michael James Murphy stepped down as member of the Board Risk and Technology Committee on 10 October 2016. He resigned from the Board on 23 February 2017.
(18) Mr Tan Yam Pin retired from the Board following the conclusion of the AGM held on 14 July 2016. Upon his retirement, he ceased to be chairperson and member of the Compensation Committee and member of both the Audit Committee and Board Risk and Technology Committee.
(19) Mr Keith Tay Ah Kee stepped down as chairperson of the Nominations and Corporate Governance Committee (then the Nominations Committee) on 8 April 2016 and Lead Independent Director on 3 May 2016. He later stepped down as member of the Audit Committee, Nominations and Corporate Governance Committee (then the Nominations Committee) and Executive Committee with effect from 9 May 2016. He resigned from the Board on 12 May 2016.
(20) Mr Goh Yeow Tin resigned as Deputy Chairman and Executive Director on 24 June 2016.

No employee of the Company and its subsidiary companies is an immediate family member of a Director or of the former Group CEO, and whose remuneration exceeded S$50,000 during the financial year ended 31 March 2017.

CORPORATE GOVERNANCE REPORT

Executives' Remuneration

The Company adopts a remuneration strategy that supports a pay-for-performance philosophy. 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 is a key factor determining their remuneration.

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

Fixed Component
Fixed pay comprises basic salary and Annual Wage Supplement.

Variable Component
This component refers to the variable bonus that is paid based on the Group's and individual's performance. To ensure rewards are closely linked to performance, the percentage of variable component is higher for key Management personnel than other employees.

Provident Fund
This component is made up of the Company's contributions towards the Singapore Central Provident Fund.

Benefits
Benefits provided are consistent with market practice and include medical, flexible benefits and car allowance. Eligibility for these benefits will depend on individual job grade and scheme of service. Housing benefits are provided to only a few where applicable.

Long-term Incentives
Long-term incentives are granted to align staff's interests with that of shareholders, and these are granted in the form of either share options or restricted shares. These long-term incentives are granted with reference to the desired remuneration structure target and valued based on the Trinomial Option Pricing Model/Monte Carlo Model/Adjusted Share Price Model. Details of the long-term incentive schemes can be found in the "Directors' Statement" section of the Annual Report. In addition, identified key Management personnel, are considered for Performance Share options which are tied to set performance targets. In the financial year ended 31 March 2017, not all performance targets were met fully. Details of the grant are in the "Directors' Statement" section. To encourage desired performance from Management, and subject to shareholders' approval for amendments to the existing Restricted Share Plan, enhancements will be made to share-based incentives.

CORPORATE GOVERNANCE REPORT

The following information relates to the remuneration of the Company's key Management personnel (not being Director) for the financial year ended 31 March 2017:

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)	SingPost Restricted Share Plan[6] Value (S$'000)
S$1,000,000 to below S$1,250,000							
Ang Sing Mein Sam *Executive Vice President*	58	37	1	4	100	55.6	78.3
S$500,000 to below S$750,000							
Woo Keng Leong *Chief Executive Officer, Postal Services*	66	27	1	6	100	82.6	116.3
Lim Sing Hok Mervyn *Deputy Group CEO (Corporate Services) & Group CFO*	69	22	2	7	100	54.0	75.9
Marcelo Wesseler *Chief Executive Officer, SingPost Commerce*	47	15	2	36	100	30.3	42.7
Ramesh Narayanaswamy *Group Chief Information Officer*	67	24	3	6	100	34.6	48.8

Notes

(1) Fixed Component refers to base salary earned and Annual Wage Supplement, if applicable, for the year ended 31 March 2017.

(2) Variable Component refers to variable bonus paid in the financial year ended 31 March 2017.

(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, international assignment package, long service awards and housing benefits, where applicable.

(5) Total Compensation excludes the value of restricted shares.

(6) The option valuation adopted simulation methodologies consistent with assumptions that apply under the Adjusted Share Price Model. It comprised of restricted shares granted in the financial year ended 31 March 2017.

CORPORATE GOVERNANCE REPORT

C ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

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 annual and quarterly 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. Management provides the Board with management accounts and other financial statements on a monthly basis.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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 Board Risk and Technology Committee assists the Board in the oversight of the Group's risk management framework and policies.

The Board Risk and Technology Committee meets on a quarterly basis, and the meetings are attended by key Management staff including the Group Chief Information Officer.

Management 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 Board Risk and Technology Committee.

CORPORATE GOVERNANCE REPORT

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 information technology (IT) risk exposures are identified and appropriately managed.

At least once a year, the Group undertakes a formal enterprise-wide review of the adequacy and effectiveness of its risk management and internal control systems, including financial, operational, compliance and IT controls. During this exercise, risk owners review and update the risks and controls for their respective areas. The result of this annual risk review is presented to the Board Risk and Technology Committee to ensure enterprise risks are appropriately identified and managed such that residual risks are acceptable given the operational nature of the business.

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; and
- having qualified and experienced persons to take charge of important functions.

The Board has received written assurance from the Deputy Group CEO (Corporate Services) and Group CFO, who is also the Covering Group CEO, CEO (Postal Services) and Senior Vice President (Group Internal Audit) that:

- 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; and
- subject to the outcome of the recommendations, if any, arising from the TG Review referred to at page 58 at the beginning of this Report, the Group's internal controls and risk management systems were adequate and effective as at 31 March 2017 to address the risks which the Group considers relevant and material to its operations and finances.

The Board, with the concurrence of the Audit Committee, is of the opinion that subject as aforesaid to the outcome of the recommendations, if any, arising from the TG Review, the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective as at 31 March 2017 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 Deputy Group CEO (Corporate Services) and Group CFO who is also the Covering Group CEO, CEO (Postal Services) and Senior Vice President (Group Internal Audit).

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.

Principle 12: Audit Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee currently comprises three Directors, all of whom are non-executive. The chairperson of the Audit Committee and all other members are independent Directors. At least two members, including the Audit Committee chairperson have recent and relevant accounting or related financial management expertise and experience. The Audit Committee's key responsibilities are outlined in the "Board Committees" section of this Report.

The Audit Committee 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 Audit Committee has direct access to the external auditor. If required, the Audit Committee has authority to seek external resources to enable it to discharge its functions properly, including obtaining legal and other professional advice and services.

Internal Audit performs detailed work to assist the Audit Committee in the evaluation of material internal controls of the Group. The external auditor, in the course of conducting their normal audit procedures on the statutory financial statements of the Group, also review 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 auditor, these weaknesses and the auditor's recommendations are reported to the Audit Committee.

The Audit Committee 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 Audit Committee also meets with the internal and external auditors, without the presence of Management, at least annually.

The Audit Committee has reviewed the quarterly and annual financial statements of SingPost and the Group and the related SGXNet announcements for the financial year ended 31 March 2017, as well as the auditor's reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the Audit Committee.

The Audit Committee has 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 2017. Based on the nature and extent of the services provided, the Audit Committee 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 Audit Committee.

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

The Audit Committee reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2017, as well as the Independent Auditor's Report thereon before submitting them to the Board for its approval. The Audit Committee 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 Audit Committee:

CORPORATE GOVERNANCE REPORT

Key Audit Matters	How the Audit Committee reviewed these matters and what decisions were made
Assessment of impairment of goodwill and other intangible assets	The Audit Committee considered the approach and methodology applied to the valuation models used in goodwill impairment assessment as well as the assessment of indicators of impairment of intangible assets. The Audit Committee reviewed the reasonableness of cash flow forecasts, terminal growth rates and discount rates used in the valuation model for each cash generating unit. Given the extent of the impairment to the Group's investment in TG Acquisition Corporation, the immediate holding company of TradeGlobal Holdings, Inc., SingPost appointed an independent external consulting firm to perform a review and report on the reasonableness of the valuation methodology and the key assumptions applied for the assessment of impairment of TG Acquisition Corporation. The Audit Committee considered this report. 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 2017. Refer to pages 127 and 128 of the Annual Report.
Assessment of impairment of property, plant and equipment and investments in associated companies	The Audit Committee considered the approach and methodology applied to the valuation models used in the impairment assessment of property, plant and equipment and investments in associated companies. The Audit Committee reviewed the determination of the recoverable amounts of property, plant and equipment and investments in associated companies based on the higher of fair values determined by an independent and qualified valuer, and value-in-use calculations which involved management's assessment of the future cash flow forecasts, terminal growth rates and discount rates used in these calculations. 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 2017. Refer to pages 129 and 130 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Key Audit Matters	How the Audit Committee reviewed these matters and what decisions were made
Valuation of investment properties	The Audit Committee considered the approach and methodology applied to the valuation models used in assessing the valuation of investment properties. The Audit Committee reviewed the data, estimates and assumptions 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 2017. Refer to page 131 of this Annual Report.
Assessment of indefinite useful life assumption for trademarked brand	The Audit Committee considered the approach and methodology applied to the assessment of indefinite useful life assumption for the trademarked brand arising from the acquisition of a subsidiary in prior financial years. The Audit Committee reviewed the relevant factors in the assessment which included potential legal, regulatory, contractual, technological or other factors which could limit the useful life of the trademarked brand. The assessment of the indefinite useful life assumption for the trademarked brand 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 2017. Refer to page 132 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Key Audit Matters	How the Audit Committee reviewed these matters and what decisions were made
Assessment of contingent consideration for business acquisitions	The Audit Committee considered the approach and methodology applied to the assessment of contingent consideration for business acquisitions in prior financial years, as well as the reasonableness of the revised fair values of the contingent consideration in respect of these acquisitions. The assessment of contingent consideration for business acquisitions 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 2017. Refer to page 133 of this Annual Report.

Whistle-blowing Policy

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Audit Committee reviews policies and arrangements by which staff and any other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The Group has 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. All reportable incidents including allegations of fraudulent practices are brought to the attention of the chairperson of the Audit Committee and the Chairman of the Board and are investigated promptly, professionally, fairly and honestly. Details of the whistle-blowing policy, arrangements and procedures for raising such concerns are posted on the SingPost intranet and website for easy reference by staff and any other persons. New staff are briefed on these during the staff orientation programme.

Additionally, the Code of Business Conduct and Ethics for Members of the Board of Directors, which was adopted by the Board as recommended by the Corporate Governance Review, require Directors to communicate any suspected violations of this code promptly to the Chairman of the Board and the chairperson of the Nominations and Corporate Governance Committee. If the suspected violations involve the Chairman of the Board or the chairperson of the Nominations and Corporate Governance Committee, they should be communicated to the chairperson of the Audit Committee whereupon suspected violations will be investigated by the Board of Directors or by a person or persons designated by the Board of Directors and appropriate action will be taken in the event it is determined that any violation of this code has occurred.

Principle 13: Internal Audit

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Group's internal audit function covers the audits of subsidiaries. Its primary line of reporting is to the chairperson of the Audit Committee, although it would also report administratively to the Group CEO. The Audit Committee approves the hiring, removal, evaluation and compensation of the head of the internal audit function.

The internal audit function has unfettered access to all of the Group's documents, records, properties and personnel, including direct access to the Audit Committee.

The Audit Committee reviews the adequacy and effectiveness of the internal audit function on an ongoing basis. The Audit Committee ensures that the internal audit function is adequately resourced, has appropriate standing within the Group and is able to perform its functions effectively and objectively. The internal audit function adopts the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.

CORPORATE GOVERNANCE REPORT

D SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

SingPost treats all shareholders fairly and equitably and is committed to upholding a practice of fair, transparent and timely disclosure. SingPost publicly releases all price-sensitive information prior to any meetings with individual analysts or investors.

The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings. Shareholders are duly informed of the rules including voting procedures that govern the general meetings.

Principle 15: Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

SingPost has in place a Market Disclosure Policy (MDP) which contains the principles, guidelines and procedures governing market disclsoure and communication with shareholders.

One of the key objectives of the MDP is to uphold a high standard of investor relations communications to ensure transparency, fair and equitable treatment of all shareholders and protection of shareholders' interests.

To keep shareholders informed of corporate developments, SingPost posts its disclosures, including SGXNet announcements, circulars and investor presentations, on the investor relations section of SingPost's corporate website (www.singpost.com) and maintains regular dialogue with the investment community.

The Management and investor relations team proactively engage investors through various platforms, including quarterly results briefings and the accompanying live audio webcasts, conference calls, one-on-one and group meetings, and local and overseas investor roadshows and conferences.

CORPORATE GOVERNANCE REPORT

Principle 16: Conduct of Shareholder Meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company encourages shareholder participation at general meetings, which serve as a good platform for engagement with the Board and Management.

SingPost disseminates information on its general meetings through notices in its Annual Reports or Circulars to Shareholders. Annual Reports and Circulars are sent to shareholders as well as posted on the Company's website. The notices are also released via SGXNet and published in the local press. The meetings are held in a central location in Singapore to ensure convenient access for shareholders. A shareholder who is unable to attend may appoint up to two proxies, who need not be shareholders of SingPost, to attend and vote on his or her behalf.

Board members and the respective chairpersons of all the Board Committees, together with Management, are present and available at general meetings to address shareholders' queries. The Company's external auditor's are 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.

SingPost employs electronic polling at its general meetings. Separate resolutions are proposed on each substantially separate issue. 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 displayed 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 website.

Voting in absentia by mail, email or fax is currently not permitted under the Company's Constitution until security, integrity and other pertinent issues are satisfactorily resolved.

CORPORATE GOVERNANCE REPORT

DEALINGS IN SECURITIES

SingPost's securities trading policy provides that Directors and officers of the Group should not deal in SingPost's shares during the periods commencing one month before the announcement of SingPost's annual results, and two weeks before the announcement of its quarterly results, and ending on the date of the announcement of the relevant results, or if they are in possession of unpublished price-sensitive information on the Group. Directors and officers are also required to comply with insider trading laws at all times even when dealing in SingPost's shares outside the prohibited trading period. The policy also discourages trading on short-term considerations.

CORPORATE GOVERNANCE DISCLOSURE GUIDE

In line with SingPost's commitment towards corporate governance and disclosure compliance, the Company has completed the Corporate Governance Disclosure Guide developed by the SGX-ST in January 2015.

Corporate governance is a continuing journey. The Board and Management of SingPost are fully committed to putting in place leading practices of corporate governance to ensure that the Company's performance and compliance a.re conducive towards the enhancement of shareholder value.

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2012

Guideline	Questions		How has the Company complied?
General	(a)	Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	SingPost has complied in all material respects with the principles and guidelines set out in the Code.
	(b)	In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not applicable.
Board Responsibility			
Guideline 1.5	What are the types of material transactions which require approval from the Board?		A framework of internal controls is in place setting out financial authorisation and approval limits for operating and capital expenditure, procurement of goods and services, as well as acquisition and divestment of assets. Board's approval is required for transactions exceeding certain threshold limits, while authority for transactions below those limits is delegated to Management to optimise operational efficiency.

CORPORATE GOVERNANCE REPORT

Guideline		Questions	How has the Company complied?
Members of the Board			
Guideline 2.6	(a)	What is the Board's policy with regard to diversity in identifying Director nominees?	The Board has followed the recommendations of the Corporate Governance Review in the selection and appointment of the new Directors. This included having a structured process for assessing and evaluating potential new Directors using the pivotal expertise and Board leadership competencies created as part of the Corporate Governance Review. The Corporate Governance Review had also specifically recommended the appointment of a legal expert, preferably someone with deep experience in mergers and acquisitions as well as a Director with strong financial/accounting expertise. The Corporate Governance Review had noted that the Board then comprised only one female member and had recommended that the Board should prioritise the appointment of candidates who increase gender diversity. The number of female Directors on the Board has since been increased from one to four.
	(b)	Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The current composition of the Board provides diversity of skills, experience, gender and knowledge. The profiles of the Directors can be found on pages 18 to 23 of this Report.
	(c)	What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The Board has adopted the recommendations of the Corporate Governance Review when appointing new Directors in order to achieve the balance and diversity necessary to maximise its effectiveness. A Board Composition Matrix was created as part of the Corporate Governance Review. As recommended by the Corporate Governance Review, the Board continues to use the Board Composition Matrix to review alignment between Board composition and strategic priorities.

Guideline	Questions	How has the Company complied?
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new Directors and (ii) re-electing incumbent Directors.	The Nominations and Corporate Governance Committee followed the recommendations of the Corporate Governance Review in the nomination process resulting in the new appointments described in the "Board Composition" section of this Report. Candidates were identified through professional search agencies, and consultation with Directors and shareholders. The Nominations and Corporate Governance Committee also considered all recommendations received from shareholders and members of the public. After a candidate has been endorsed by the Nominations and Corporate Governance Committee, the Committee will make its recommendation to the Board whereupon the Board meets with the shortlisted candidates to (i) assess the suitability of each candidate; (ii) communicate to the candidates the level of commitment expected; 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 Nominations and Corporate Governance Committee. Upon the Board's approval, SingPost will seek IMDA's approval, in accordance with the requirement set out in the Postal Services Act, Cap. 237A, and MAS' approval in accordance with the requirement set out in the Money-changing and Remittance Businesses Act, Cap. 187.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
Guideline 4.6 (continued)		The Nominations and Corporate Governance Committee is tasked with ensuring that Directors 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 Committee will consider the other directorships held by the Directors and their principal commitments. For the past financial year, the Nominations and Corporate Governance Committee has determined that all the Directors have devoted a satisfactory amount of time and attention to the Company and have discharged their duties adequately. The Board, in consultation with the Nominations and Corporate Governance Committee, based on each Director's attendance, preparedness and participation at Board and Board Committee meetings (where applicable) is of the view that each Director has contributed effectively to the Board and has demonstrated commitment to his or her role. SingPost's Constitution requires newly appointed Directors to retire and stand for re-election at the AGM immediately following their appointment (new Directors re-election rule). The Constitution also requires a Director to retire and stand for re-election at the AGM if, were he or she not to do so, he or she would at the next AGM have held office for more than three years. The Constitution further requires one-third of the remaining Directors starting from those with the longest term in office since their appointment or re-election/re-appointment to retire from office by rotation at each AGM (1/3 rotation rule). The Nominations and Corporate Governance Committee, subject to the rules set out in the Constitution, Board Composition Matrix and Board Renewal and Tenure Policy, recommended the retirement and re-election/re-appointment of Directors to the Board.

CORPORATE GOVERNANCE REPORT

Guideline		Questions	How has the Company complied?
Guideline 1.6	(a)	Are new Directors given formal training? If not, please explain why.	Yes, new Directors are given formal training.
	(b)	What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	(i) Each newly appointed Director receives a formal letter informing of the Director's duties and advising disclosure obligations under the Companies Act, Cap. 50 and the SGX-ST listing rules. In line with the recommendation of the Special Audit, enhanced standardised documentation and procedures have been implemented for the declaration of Directors' interest. The Company also has in place a compulsory orientation programme to familiarise incoming Directors with the Group's businesses and strategic objectives. The programme includes presentations on the Company's strategic plans and financial performance, and presentations by senior Management on their respective businesses, directions and corporate governance practices. The orientation programme not only serves its objective of thoroughly acquainting new Directors with the nature and workings of the Group's business, but also serves as a platform for new Directors to get to know members of senior Management and to ask questions. (ii) Existing Directors are kept informed of changing commercial risks faced by the Group through briefings at Board meetings, as well as articles and reports circulated to the Board. In addition, facility visits are arranged for Directors to better understand the Group's business operations. Directors are also briefed on changes in regulations and guidelines.

CORPORATE GOVERNANCE REPORT

Guideline		Questions	How has the Company complied?
Guideline 4.4	(a)	What is the maximum number of listed company board representations that the Company has prescribed for its Directors? What are the reasons for this number?	The Board has not made a determination of the maximum number of listed company board representations a Director may hold. Under the terms of the new Policy on Directors' Conflict of Interest, Directors are to consult the Chairman of the Board and the chairperson of the Nominations and Corporate Governance Committee 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.
	(b)	If a maximum number has not been determined, what are the reasons?	Determining the maximum number of listed companies board representations which a Director may hold has no direct bearing on the ability of a Director to dedicate sufficient time and attention to the Company. Much depends on the Directors level of involvement in these other listed companies, other principal commitments which may not involve listed companies and the level of efficiency of the individual. The Board therefore believes that each Director has to personally determine the demands of his or her other directorships and commitments and assess how much time is available to serve on the Board and Board Committees effectively.
	(c)	What are the specific considerations in deciding on the capacity of Directors?	The Nominations and Corporate Governance Committee is tasked with ensuring that Directors 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 Committee will consider the other directorships held by the Directors and their principal commitments.

Guideline		Questions	How has the Company complied?
Board Evaluation			
Guideline 5.1	(a)	What was the process upon which the Board reached the conclusion on its performance for the financial year?	The Corporate Governance Review had included an assessment of the effectiveness of the Board. Following from such assessment, the Corporate Governance Review recommended two areas of focus, namely the need to improve on external stakeholder communication and to prioritise succession planning in order to create a robust pipeline of future leaders. The Company has since formed a Market Disclosure Committee to ensure compliance with disclosure obligations and has adopted a Market Disclosure Policy that sets out the review and approval process for all public communications including SGXNet announcements. To better address succession planning, the mandate of the Compensation Committee has been widened to include management succession planning, given the fact that the Compensation Committee by virtue of its compensation function has deeper insight into Management bench strength compared to the other Board Committees.
	(b)	Has the Board met its performance objectives?	The Board believes that it has met its performance objectives.

Guideline	Questions	How has the Company complied?
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	The Board as at 12 May 2017 had nine Directors, six of whom were independent. This ratio amply complies with the Code's requirement that independent Directors make up at least 1/3 of the Board.
Guideline 2.3	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	Has any independent Director served on the Board for more than nine years from the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	None as of financial year ended 31 March 2017.

CORPORATE GOVERNANCE REPORT

Guideline	Questions		How has the Company complied?
Disclosure on Remuneration			
Guideline 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?		Yes, particulars of which can be found on page 74 of this Report.
Guideline 9.3	(a)	Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes, particulars of which can be found on page 77 of this Report.
	(b)	Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	Approximately S$4.1 million for top five key executives which includes fixed & variable pay, benefits, CPF and fair value of long-term incentive grants.

Guideline	Questions		How has the Company complied?
Guideline 9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.		No.
Guideline 9.6	(a)	Please describe how the remuneration received by executive Directors and key management personnel has been determined by the performance criteria.	Remuneration of the Group CEO and key management personnel is driven by a pay-for-performance philosophy and is made up of three key components: a fixed pay component, a variable bonus component, and share-based incentives. The variable bonus is paid based on the Group's and individual's performance. Performance share options are tied to the achievement of set performance targets.
	(b)	What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Information on the remuneration of the Group CEO and key management personnel can be found at pages 74 and 77 of this Report and in Note 36 of the Notes to the Financial Statements which can be found on page 261 of this Report.
	(c)	Were all of these performance conditions met? If not, what were the reasons?	Not all performance conditions were met due to stretched targets and market performance beyond management's control.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	New Directors are provided information on the Company's businesses as part of the Induction Programme as well as the opportunity to ask Management questions. The Board is provided information on a regular basis regarding media reports on the Company, its competitors and the relevant industries. When the Board participates in a Board strategy workshop with Management, much information on the business is shared by Management with the Board in order to facilitate planning of the Group's longer term strategy. Board papers are submitted to the Board prior to Board and Board Committee meetings for approval and for information and these contain relevant information regarding the Company to facilitate the discussions at these meetings. The Group CEO, Group CFO and other senior management staff attend Board and Board Committee meetings to respond to any queries that Directors may have. Directors are encouraged to request additional information from Management that is needed to make informed decisions. Management does its utmost to meet any request in a timely manner. At all times, the Board has separate and independent access to Management and the Company Secretary.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	The Company has an internal audit function. The primary line of reporting of the Group's internal audit function is to the chairperson of the Audit Committee, although it also reports administratively to the Group CEO. The Audit Committee approves the hiring, removal, evaluation and compensation of the head of the internal audit function.

CORPORATE GOVERNANCE REPORT

Guideline		Questions	How has the Company complied?
Guideline 11.3	(a)	In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	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 Board Risk and Technology Committee assists the Board in the oversight of the Group's risk management framework and policies. 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 information technology (IT) risk exposures are identified and appropriately managed. At least once a year, the Group undertakes a formal enterprise-wide review of the adequacy and effectiveness of its risk management and internal control systems, including financial, operational, compliance and IT controls. During this exercise, risk owners review and update the risks and controls for their respective areas. The result of this annual risk review is presented to the Board Risk and Technology Committee to ensure enterprise risks are appropriately identified and managed such that residual risks are acceptable given the operational nature of the business.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
Guideline 11.3 (continued)		The Board, with the concurrence of the Audit Committee, is of the opinion that subject as aforesaid to the outcome of the recommendations, if any, arising from the TG Review, the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective as at 31 March 2017 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 Deputy Group CEO (Corporate Services) and Group CFO who is also the Covering Group CEO, CEO (Postal Services) and Senior Vice President (Group Internal Audit). 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.

CORPORATE GOVERNANCE REPORT

Guideline		Questions	How has the Company complied?
Guideline 11.3 (continued)	(b)	In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	The Board has received written assurance from the Deputy Group CEO (Corporate Services) and Group CFO, who is also the Covering Group CEO, CEO (Postal Services) and Senior Vice President (Group Internal Audit) that: • 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; and • subject to the outcome of the recommendations, if any, arising from the TG Review referred to at page 58 at the beginning of this Report, the Group's internal controls and risk management systems were adequate and effective as at 31 March 2017 to address the risks which the Group considers relevant and material to its operations and finances.
Guideline 12.6	(a)	Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	As disclosed in SGX Listing Manual Requirements, which can be found on page 287 of this Report, the fees paid/payable to the auditors of the Company for audit and non-audit services for the financial year ended 31 March 2017: **S$'000** Audit fees paid / payable: 1, 747 Non-audit fees paid / payable: 511
Guideline 12.6 (continued)	(b)	If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Non-audit fees amount to 23% of the total fees paid / payable to the auditors of the Company. The Audit Committee is of the opinion that the non-audit services provided by the auditors would not affect their independence.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How has the Company complied?
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	SingPost has in place a Market Disclosure Policy (MDP) which contains the principles, guidelines and procedures governing market disclosure and communications with shareholders. To keep shareholders informed of corporate developments, SingPost posts its disclosures, including SGXNet announcements, circulars and investor presentations, on the investor relations section of the corporate website (www.singpost.com) and maintains regular dialogue with the investment community. The management and Investor Relations (IR) team proactively engage investors through various platforms including quarterly results briefings and the accompanying live audio webcasts, conference calls, one-on-one and group meetings, as well as local and overseas investor roadshows and conferences. For the financial year ended 31 March 2017, SingPost engaged about 420 investors through meetings and conference calls.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes, SingPost has a dedicated IR team.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Please refer to answer (a).
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

RISK MANAGEMENT

There are many sources of risk that may impact our organisation and disrupt its ability to carry out its business. Some risks can be eliminated, some may be accepted and managed as part of the nature of our business model while other risks are beyond our influence and control and may only be mitigated.

SingPost's risk management strategy involves assessing and balancing risk probabilities, providing for reasonable contingencies without incurring unnecessary precautionary expenditures or activities.

Our risk governance structure and framework is set out in the Corporate Governance Report, including risk management processes and internal controls. At a broad enterprise-level, our organisation faces these "top line" risks and has taken steps to mitigate them:

- **Post-merger integration risk**
  After making several acquisitions and investments to strengthen our eCommerce logistics capabilities and reach, SingPost needs to integrate these new subsidiaries and associated companies into the operational fabric of our organisation. This is critical to achieve scale and synergy benefits envisioned in the investment cases, while avoiding talent flight and culture mismatch.

  To mitigate these risks, a task force comprising senior management was set up in early December 2015. This task force leads the integration of the business and operations flows of the acquired entities with the goal of accelerating growth of SingPost's global eCommerce logistics business, while enhancing sustainability of our mail business.

- **Personal Data Protection Act (PDPA) compliance**
  As SingPost manages customers' personal data and stores it for necessary business purposes in our IT systems, we conduct electronic training programmes on complying with the Personal Data Protection Act. All SingPost staff receive training and regular updates to highlight the importance of complying with the PDPA. Our framework of compliance is set out in the SingPost PDPA Handbook which is accessible by all staff via the company intranet.

- **Cyber-attack risk**
  SingPost recognises the threats and potential damage from cyber-attacks and invests in people, processes and technology to minimise cyber exposures and mitigate risks. We have in place a holistic cyber defence strategy involving: Identification (of signs of attacks and vulnerabilities of SingPost's IT infrastructure), Detection of intrusion, Prevention and Response. We conducted cyber security awareness workshops for staff members and have implemented IT tools to detect phishing and malware intrusions.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

- **Technology risk**

  Technology is a critical component of SingPost's transformation into an eCommerce logistics provider. In developing and investing in technology, there are associated risks, including the implementation of new infrastructure, data security and continuity of critical IT facilities and systems.

  Technology failure can disrupt business operations, impact corporate reputation and lead to financial loss. To mitigate such risks, the Board Risk and Technology Committee, comprising mainly of Directors with competencies in technology, oversees our technology and IT strategy for investments and capital expenditure. This Committee reviews and evaluates plans, policies and proposals relating to IT matters, the progress of significant IT projects, and the management of IT risks. Implementation is then carried out at Business and Support Units.

- **Postal regulatory compliance and declining mail business risk**

  SingPost is a designated Public Postal Licensee working within the postal regulatory framework for basic mail services, which requires compliance with regulated service standards, licensing conditions, the Postal Services Act (Cap. 237A), the Postal Competition Code, Postal Services Regulations, Codes of Practices, Directions, and Guidelines etc. Non-compliance with the above, including service failures and breach of licence conditions may result in financial penalties.

  Along with global postal industry trends, we face declining letter mail volumes due to substitution by digital communications. Operating costs in Singapore and terminal dues (out-payments to other postal operators for the delivery of international mail) have also been increasing.

  To ensure the obligations and the service quality standards imposed on us are met, SingPost has launched several initiatives to ensure competency in our role as Singapore's postal services provider. We have invested in postal infrastructure to enhance service quality and productivity. In addition to upgrading our mail sorting infrastructure, we have also been replacing our two-wheel scooters with three-wheeler scooters in phases. The three-wheeler scooters improve stability on the road for our postmen and have greater load capacity. This not only improves the productivity of our postmen but also increases the road safety factor for both our postmen and other road users.

  We ensure operational readiness through business continuity. Systems are in place for business operations to respond to incidents, crises and threats should these ever occur. We have contingency plans for a broad span of scenarios including trans boundary haze, pandemics, security threats as well as many forms of disruption that might occur in the course of our business. In addition to operational response plans, we also have set out processes to communicate in a forthright manner to all our stakeholders and customers in times of disruption or crisis. Stakeholders can expect SingPost to give open and timely accounts of all incidents and the progress of the recovery efforts that are being carried out.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

In addition, our crisis management and communication plans are reviewed and refined periodically, and updated into various business continuity plans. This enables us to respond to crises in an organised and efficient manner, and expedite the recovery process.

For example, in the event of dense haze, there is a crisis management team with action plans for specific groups of staff at risk. Preparations include earmarking recovery centres in operational facilities, and stocking up masks and eye drops for those working outdoors.

INNOVATION AND PRODUCTIVITY

Like all industries, enterprises and societies the world over, SingPost has to face and find its place in a world that is being increasingly disrupted by advances in technology, particularly digital technologies.

Devices like smartphones and tablets are in everyone's hands and the power of data processing and global connectivity from these devices is impacting every sphere of human existence. Entire sectors like banking, manufacturing, medical science and government are affected. The postal and logistics industries are not spared and in our future, we see the application of the Internet of Things, Big Data analytics, and robots which can deliver parcels from autonomous vehicles like self-driving vans and drones.

Innovation is therefore critical for SingPost to stay ahead of the evolving demands of our customers. Digital technology and communications have increased demands on postal and eCommerce logistics companies like ourselves – customers want greater speed, flexibility, accuracy and traceability – but lower costs.

In FY2016/17, we embarked on several initiatives across our postal and eCommerce logistics businesses to raise our service quality and productivity, while creating new experiences for our customers.

Our SmartPost initiative is working on amalgamating the use of customised mobile apps, near-field communication, radio frequency identification, imaging technology and electronic notification to enhance postal service levels and improve operational efficiency. Trials and pilot studies are underway for integrated solutions to optimise postal operations: from collection to sorting, last mile delivery and quality assurance. Rollout is targeted to complete by March 2019.

We made a major step forward in our vision for the digital post office with the islandwide rollout of a new version of our SAM self-service automated kiosks. Together with our SAM web portal and mobile app, they form an omni-channel platform that will give our customers access to postal and other services anytime and anywhere.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

To improve productivity of our postal operations, we launched a Kaizen programme, structured on the Lean Six Sigma methodology. Through this, sorting efficiency of registered articles was improved by more than 55 per cent through mechanisation, inspection time of sorting machinery was reduced by over 75 per cent by introducing WiFi-digital monitoring equipment, and delivery receipt processing has become more efficient after adopting high speed scanners to digitise and store the receipts electronically.

We officially opened our Regional eCommerce Logistics Hub. This is an important development for our eCommerce logistics network as Singapore's regional connectivity makes the hub ideally positioned as a centre for eCommerce fulfilment. The hub brings together warehousing and delivery capabilities in one highly automated facility, enabling us to provide brands and retailers with an integrated, end-to-end solution, from the front-end eCommerce platform to delivery. The integration we have planned into the hub achieves faster turnaround, as well as provides capacity for larger volumes. The facility has been designed to be scalable, and new technologies and other upgrades may be retrofitted to meet the needs of the future.

In Australia, CouriersPlease launched its Delivery Choices POPPoint Network, made up of POPStation parcel lockers and POPShop retail outlets (in conjunction with HUBBED) at convenient locations across Australia. Delivery Choices allows customers to choose their delivery options by SMS or email, giving access to their parcels at times and places convenient to them.

In Singapore, POPStation functionality was enhanced to enable eCommerce returns and payment collection, and parcel posting through our online service ezy2ship. We launched Singapore's first islandwide open parcel locker service – Rent-a-POP. This is a cost effective last mile delivery option that offers end-to-end tracking to retailers, marketplace sellers and consumers. These new services build on the flexibility that has driven POPStation's adoption by retailers and consumers.

Through the amalgamation of our eCommerce businesses, we created a global end-to-end, direct-to-consumer platform for companies to connect with consumers in North America, Europe and the Asia Pacific through our global fulfilment and distribution network. Jagged Peak's EDGE platform was recognised by Gartner and Forrester as a powerful distributed order management platform that enables inventory to be shared across multiple sales channels, making omni-channel retailing possible.

Further ahead SingPost has a vision where every smartphone and tablet (in whatever shape they take in the years ahead) will be able to function as a post office, we look forward to being part of the urban logistics solution that will further Singapore's goal to be Smart City and a Smart Nation.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT

The Group values the environment in which it operates and establishes programmes in its businesses as part of its efforts to conserve and protect the environment. We are committed to promoting greater environmental responsibility and continue to explore using technology to enable innovative, efficient and environmentally friendly modes of operations for our business.

We are gradually replacing the fleet of delivery scooters with three-wheelers that carry a larger pannier box and allow more deliveries to be made per trip, hence reducing fuel utilisation and carbon emissions. Further, in collaboration with TUMCREATE, a research platform to improve Singapore's public transportation, we have started the road trial of a prototype electric three-wheeler. The vehicle produces zero local exhaust emissions, offers near silent operation and is equipped with a smart instrument cluster that includes dynamic GPS routing. The ongoing vehicle replacement program also gradually replaces ageing delivery vans with Euro V and VI compliant vehicles.

The smart locker POPStation network has helped to reduce delivery trips made by SingPost couriers. With about 150 smart lockers across the island, multiple deliveries are made at each location, reducing the distance travelled by couriers by up to 100,000 kilometres a month on average.

At the SingPost Centre head office, the consolidation of the majority of support functions and business units in a single location has enabled savings in office equipment and consumables. The "smart head office" utilises a shared network of 11 multifunctional photocopiers in seven zones in the office, compared to more than 30 photocopiers and fax machines in individual departments prior to the consolidation. The centralised structure and use of paperless systems and e-equipment such as e-white boards and smart writing panels have enabled office consumables such as paper and stationery usage to be monitored, managed and reduced. Paper procured for the office is Forest Stewardship Council certified.

In our operations, we have switched to utilising environmentally friendly biodegradable polybags for printed materials for the letter shopping business. On average, up to 10 million pieces of polybags are used each year. In addition, a process was instituted for segregation of waste materials generated at the letter shopping operations for disposal and recycling.

Following our first BCA Green Mark Award for Retail (Platinum) for our new post office in City Square Mall, we aim to achieve the Green Mark rating for other new post offices.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

PEOPLE ARE OUR FUTURE

To build a workforce ready for the future, SingPost's human resource strategy centres on efforts to develop and grow our staff. This is embedded into SingPost's business strategy to increase competitiveness and to be future ready.

SingPost's people development framework is designed to create a learning culture, focused on each employee taking ownership to learn and develop his or her organisational and functional capabilities in alignment with business needs. Since 2016, we have used an online eLearning platform, Harvard ManageMentor, to support Just-In-Time development for managerial and supervisory staff while our On-the-Job-Training framework supports development of operations staff. Additionally, complementing the national SkillsFuture initiative to encourage Singaporeans to adopt lifelong learning, SingPost, as a supportive employer has educated all eligible staff on the avenues and resources available for their personal and professional development in order to support capability development and career growth. Employees will also be supported with a progressive Career Development programme that will be rolled out to all staff in 2017.

This year, SingPost also launched its in-house developed Manager Effectiveness Programme, which has been created to equip all people managers with the right attitude, skills and knowledge to be effective managers who are in turn able to inspire and lead performance of their teams by being role models of professional capability and commitment.

As SingPost's operations expand globally and the people within our business units become more diverse, we have also introduced a programme to build team collaboration through a behavioral preference tool called Emergenetics. This tool helps our people understand, communicate and collaborate with each other through building insights into each other's thought and behavioural traits. This programme which was launched in 2014 has become the means to build a "common language" across SingPost.

SingPost was recognised in February 2017 as one of the pioneering enterprises of the Tripartite Alliance for Fair and Progressive Employment Practices' Human Capital Partnership Programme. This partnership highlights SingPost's strong Singaporean core workforce at all levels and our efforts to develop careers for Singaporeans through progressive human capital practices.

In March 2017, SingPost hosted Mr Chan Chun Sing, Secretary-General of NTUC and Minister in the Prime Minster's Office, and NTUC/UTES leaders for an industry visit to the Regional eCommerce Logistics Hub. The union leaders had the opportunity to conduct dialogues with operations staff from Quantium Solutions, SP Parcels and SingPost. At this visit, Mr Chan shared his thoughts on the future economy with the management and staff who were present. The relationship between SingPost leaders and the union continues to be strong and we will work together to build a workforce ready for the future.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

This year we continued to drive the revamped performance management review system and business objective driven bonus plan. The review includes 360 degree feedback, performance measured against defined competencies and achievement of indicators on a balanced score card. The performance review takes into account the extent the individual exhibits the SingPost values of 5T – Trust, One Team, Total Customer, Top Execution and Transformation.

To ensure these values percolate through the entire organisation, a staff engagement programme to promote the 5T values is in place - each month, staff are encouraged to recognise their colleagues who demonstrate they live out the 5T values. Recognition is made through shopping vouchers and publicity in internal communication.

SingPost's staff social and recreational committee, Zest.O, continued to build wider staff interaction in informal settings. This includes monthly sporting and social programmes and this year SingPost held its first Leadership Bonding Day 2016, bringing together more than 400 managers and senior leadership.

PROMOTING WORKPLACE SAFETY AND HEALTH

SingPost has been re-certified a bizSAFE Level 3 organisation in August 2016 by the Workplace Safety and Health Council of Singapore. We are committed to provide a safe work environment for our employees with a strong safety culture in the workplace. This year, we sponsored 88 delivery drivers and riders to attend defensive driving and riding courses to give them the skills to deal with potentially hazardous road situations and the unpredictable behavior of other road users.

We have continued to put in place measures to protect our employees' hearing. Where staff are exposed to equipment noise for long periods such as in the Mail Processing Centre, they are provided with ear plugs and are sent for annual audiometric testing.

During the outbreak of Zika in Singapore between August and October 2016, mosquito repellents were issued to all staff working in "hot zones". Expectant mothers whose workplaces were in such areas were given the flexibility to work from home.

HELPING OUR PEOPLE KEEP FIT

We initiated an effort with the Health Promotion Board (HPB) to reach out to operation staff in the Mail Processing Centre to promote wellness and preventive care. The programme includes workshops on healthy cooking, on-site health screening for diabetes, hypertension and high cholesterol. HPB-appointed ergonomists are also brought in to develop programmes for staff who perform manual work involving repetitive lifting so as to prevent musculoskeletal disorders that may be caused by poor posture and incorrect lifting methods.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY

It is our responsibility as good corporate citizens to contribute towards enriching our communities of residence and work.

Leveraging competencies to serve the community

The Group leverages its network and resources to serve the community. During Giving Week 2016, SingPost sponsored the postage of up to 400,000 postcards issued by the National Volunteer & Philanthropy Centre, to encourage organisations and individuals to express their appreciation to loved ones. We partnered Mercy Relief, a humanitarian aid agency, for its fund-raising with the placement of donation tins at 18 post offices across Singapore. Our post offices also offered digital TV slots to help raise awareness of campaigns, such as Singapore Cancer Society's Relay for Life and Singapore Police Force's scam alerts, among the public.

We continued our collaboration with Food from the Heart, a charity that manages food distribution to the needy in the community and schools. Our postal staff and vans are deployed to collect unsold bread and pastries from bakeries and hotels several times a week and distribute the food to various collection centres across the island. SingPost also works with Food from the Heart to sponsor monthly supplies to needy students in its Food Goodie Bag programme.

Our subsidiary General Storage, which operates Lock+Store self-storage solutions, focuses its CSR program on animal welfare, and partnered an animal welfare group for a photo exhibition at its facilities to promote the adoption of stray dogs.

In Australia, CouriersPlease leverages its network to support the local charities. It is a partner of the RSPCA Queensland, providing monthly pick-up and delivery of promotional materials to the charity's retail partners. CouriersPlease also supports The Smith Family, a charity that helps underprivileged children, with pick-up and delivery of educational materials to needy children.

Donations and sponsorships

SingPost honours its heritage by making annual contributions to the Singapore Philatelic Museum for the upkeep and preservation of philatelic materials and museum activities, and promotion of stamp collecting. To preserve and promote the legacy of post, SingPost will be setting up a heritage corner in the flagship General Post Office to be opened in FY2017/18.

BUILDING A LONG TERM SUSTAINABLE GROUP AND STRENGTHENING CORPORATE SOCIAL RESPONSIBILITY

The Group makes cash and in-kind donations to various charities and sponsors bursaries for the children of its unionised workers. It also continued to match staff contributions to the Community Chest employee payroll deduction programme.

Overall cash donations and sponsorships by the Group amounted close to S$500,000 in FY2016/17.

Encouraging staff volunteerism

The Group encourages employees to be involved in community outreach. We introduced a staff CSR program Charity@Work that allows our employees to organise team-bonding activities with a CSR theme.

During the year, our staff undertook various activities to raise funds for charities and volunteer at community initiatives. This included a three-day fund-raising initiative in the head office that offered massages by visually handicapped masseurs and sale of food and snacks. Our Singapore staff donated and organised food and rice distribution to the needy elderly in the Kolam Ayer and Chai Chee housing estates, and also donated toys to underprivileged school children in Food from the Heart's Toys Buffet programme. In Australia, CouriersPlease staff packed and distributed Christmas gifts donated by businesses which were sent out to children in need.

PROFILES OF KEY EXECUTIVES

MR LIM SING HOK MERVYN, 59
Deputy Group Chief Executive Officer (Corporate Services) & Group Chief Financial Officer

Mr Lim has more than 25 years of senior management experience in finance, general management and corporate secretarial practice that spans local and regional responsibilities as well as a wide range of industries, including retail, logistics, public transportation and mining. He was Chief Financial Officer, Chief Operating Officer and Company Secretary for listed companies such as TIBS Holdings (now part of SMRT Corporation), MPH Limited, Robinsons, FJ Benjamin and TT International Limited. He was a business advisor to small and medium-sized enterprises and a full time university lecturer in finance, investment and banking for three years before he returned to the commercial sector. He graduated from the National University of Singapore with a Bachelor of Accountancy degree and has a Master of Business Administration degree from the University of Brunel (UK).

MR WOO KENG LEONG, 61
Chief Executive Officer, Postal Services

Mr Woo joined SingPost in 1980, when it was the Postal Services Department, on a posting as a Public Service Commission scholar. He has been responsible for transforming SingPost's postal business into one of the most efficient and admired postal service providers in the world. Mr Woo is focused on the quality of our postal services, as well as the sustainability of the mail business, which is the backbone of eCommerce logistics services. He is also responsible for SingPost's international postal relationships. Mr Woo sits on the boards of DataPost Pte Ltd, SingPost Distribution Pte Ltd, Singapore Post Enterprise Private Limited, SingPost Investments (Tampines) Pte Ltd, SingPost Investments (eCommerce Logistics) Pte Ltd, SingPost eCommerce Logistics Holdings Pte Ltd, GD Express Carrier Berhad, Famous Holdings Pte Ltd, Lock+Store (Ayer Rajah) Pte Ltd, Lock+Store (Chai Chee) Pte Ltd, Lock+Store (Tanjong Pagar) Pte Ltd, Lock and Store (Glenmarie) Sdn Bhd, L+S Self Storage Pte. Ltd. (formerly known as Store Friendly Self Storage Group Private Limited), SingPost Investment Pte Ltd, SingPost Centre (Retail) Pte Ltd and the Singapore Philatelic Museum. He is also a member of Singapore's Stamp Advisory Committee. Mr Woo obtained a Bachelor of Arts with Honours degree from Nanyang University in Singapore, and has completed an International Post Office Management course in the UK.

PROFILES OF KEY EXECUTIVES

MR ANG SING MEIN SAM, 62
Executive Vice President

Mr Ang joined SingPost in July 2015. He heads the SingPost Logistics pillar comprising of Quantium Solutions, CouriersPlease, Famous Holdings and SP Parcels. Prior to joining SingPost, Mr Ang had 22 years of experience as the Chief Executive Officer of DHL Global Forwarding for South East Asia and was a member of the DHL Global Forwarding Asia Pacific Management Board until 2014. He was responsible for the DHL Global Forwarding's operations across South East Asia while based in Singapore. Mr Ang has more than 35 years of experience in shipping, ocean freight forwarding, air freight forwarding and logistics management. Apart from DHL, Sam has held several management positions within the British conglomerate, Inchcape, and was the first local Director of Yusen Air & Sea Services, Japan's second largest forwarder. He has a Bachelor of Business Administration degree from the former University of Singapore and is a graduate of Insead Senior Management Course in Fontainbleu France.

MR MARCELO WESSELER, 45
Chief Executive Officer, SingPost Commerce

Mr Wesseler joined SingPost in 2012. He led the growth and development of SingPost's eCommerce business as CEO of SingPost Commerce (SP Commerce), which integrates SingPost's eCommerce division with leading US-based eCommerce providers, TradeGlobal and Jagged Peak. Mr Wesseler has 20 years of international experience in global eCommerce businesses and held senior management positions at KPMG Consulting, Hewlett Packard, and RS Components. He has a Master of Business Administration degree from Carl von Ossietzky University Oldenburg, Germany, and has completed the executive education programme at Stanford University. Mr Wesseler has resigned and is serving notice until 5 June 2017.

MR RAMESH NARAYANASWAMY, 42
Chief Information Officer

Mr Narayanaswamy joined SingPost in May 2012 as Chief Information Officer to oversee and implement all the technology related transformation programmes across the SingPost Group. He is responsible for technology strategy, delivery and support of all applications and to build world class infrastructure for all the various business units. He is also the Chief Data Protection Officer for the SingPost Group. Prior to joining SingPost, Mr Narayanaswamy was the Head of Technology Solution Delivery for retail banking in Standard Chartered Bank. Mr Narayanaswamy has Bachelor of Engineering (Hons) and Master of Science (Hons) degrees from the Birla Institute of Technology and Science, Pilani, India and an MBA in Strategic Management from the Nanyang Business School, Singapore. He has resigned and is serving notice until 23 June 2017.

STATUTORY REPORTS AND FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' STATEMENT

For the financial year ended 31 March 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2017 and the balance sheet of the Company as at 31 March 2017.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 137 to 286 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and 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)	
Ms Aliza Knox	
Mr Bob Tan Beng Hai	(Appointed on 10 October 2016)
Mr Chen Jun	
Ms Elizabeth Kong Sau Wai	(Appointed on 10 October 2016)
Mrs Fang Ai Lian	(Appointed on 10 October 2016)
Ms Lim Cheng Cheng	(Appointed on 1 April 2017)
Professor Low Teck Seng	
Mr Zulkifli Bin Baharudin	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE 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 118 to 123 of this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or 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 31.3.2017	At 1.4.2016	**At 31.3.2017**	At 1.4.2016
Company				
Singapore Post Limited				
(No. of ordinary shares)				
Professor Low Teck Seng	**80,460**	–	**60,000**[1]	60,000[1]
Ms Aliza Knox	**20,529**	–	**–**	–

[1] Deemed interests through spouse

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.3.2017	At 1.4.2016 or date of appointment, If later	**At 31.3.2017**	At 1.4.2016 or date of appointment, If later
Company				
Singapore Post Limited				
(4.25% Singapore Post perpetual securities)				
Mrs Fang Ai Lian	**250,000**	250,000	**–**	–

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

(b) According to the register of directors' shareholdings, 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 118 to 123 of this statement.

	Number of unvested restricted shares held by director	
	At 31.3.2017	At 1.4.2016
<u>Unvested restricted shares</u>		
Ms Aliza Knox	**–**	20,529
Professor Low Teck Seng	**–**	80,460

(c) The directors' interests in the shares and convertible securities of the Company as at 21 April 2017 were the same as those as at 31 March 2017.

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 Mrs Fang Ai Lian (Chairman[1]), Mr Simon Claude Israel and Mr Zulkifli Bin Baharudin during the financial year ended 31 March 2017.

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.

[1] Mrs Fang Ai Lian was appointed as the chairperson of the Compensation Committee on 10 October 2016 in place of Mr Tan Yam Pin who stepped down as chairman and member of the Compensation Committee on 14 July 2016.

SHARE OPTIONS (continued)

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 follow:

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

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 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 2016, a total of 171,626,936 share options were granted. Particulars of the options were set out in the Directors' Report for the respective financial years.

SHARE OPTIONS (continued)

During the financial year ended 31 March 2017, 7,061,000 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 1.4.16 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.17 ('000)**
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
26.06.06 [(1)]	27.06.07 to 26.06.16	S$1.048	27	–	27	–	–
26.06.07	27.06.08 to 26.06.17	S$1.278	196	–	–	–	196
30.06.08	01.07.09 to 30.06.18	S$1.100	280	–	90	–	190
29.06.09 [(1)]	30.06.10 to 29.06.19	S$0.890	10	–	10	–	–
29.06.10	30.06.11 to 29.06.20	S$1.140	533	–	20	–	513
26.07.11	27.07.12 to 26.07.21	S$1.100	855	–	189	–	666
19.03.12 [(1)]	20.03.13 to 19.03.22	S$0.980	200	–	200	–	–
10.05.12 [(1)]	11.05.13 to 10.05.22	S$1.030	200	–	200	–	–
11.05.12	19.05.14 to 11.05.22	S$1.030	1,050	–	–	–	1,050
10.08.12	11.08.13 to 10.08.22	S$1.070	2,590	–	1,066	–	1,524
03.09.12 [(1)]	04.09.13 to 03.09.22	S$1.080	50	–	50	–	–
07.05.13	08.05.13 to 07.05.23	S$1.290	75	–	–	–	75
17.01.14	18.01.17 to 17.01.24	S$1.350	11,316	–	1,991	1,723	7,602
07.03.14	08.03.17 to 07.03.24	S$1.330	500	–	–	–	500
10.03.14	11.03.15 to 10.03.24	S$1.330	80	–	–	–	80
01.04.14	02.04.17 to 01.04.24	S$1.360	200	–	–	–	200
20.05.14	21.05.15 to 20.05.24	S$1.450	7,689	–	686	1,370	5,633
07.08.14	08.08.15 to 07.08.24	S$1.760	708	–	–	140	568
28.11.14	29.11.15 to 28.11.24	S$1.920	200	–	–	200	–
07.04.15	08.04.16 to 07.04.25	S$1.960	1,588	–	–	1,588	–
13.05.15	14.05.16 to 13.05.25	S$1.910	950	–	–	–	950
19.05.15	20.05.16 to 19.05.25	S$1.890	15,933	–	–	2,976	12,957
12.06.15	13.06.16 to 12.06.25	S$1.880	40	–	–	–	40
20.05.16	21.05.17 to 20.05.27	S$1.570	–	7,061	–	374	6,687
Total Share Options			45,270	7,061	4,529	8,371	39,431

(1) All outstanding share options granted on 26 June 2006, 29 June 2009, 19 March 2012, 10 May 2012 and 3 September 2012 had been exercised before the expiry date.

SHARE OPTIONS (continued)

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 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.

The Plan is a share incentive scheme. It is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to key employees and directors of the Group and Associated Companies who contribute to the growth of the Group. The Plan will enable grants of fully paid Shares to be made to non-executive directors of the Group and Associated Companies.

RESTRICTED SHARE PLAN (continued)

The release schedule for the shares granted to eligible employees (excluding non-executive directors) 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 2016, a total of 3,402,479 restricted shares were granted.

During the financial year ended 31 March 2017, 2,436,639 restricted 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 1.4.16 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.17 ('000)
05.08.13	401	–	365	28	8
20.05.14	443	–	189	21	233
19.05.15	662	–	198	68	396
03.08.15	112	–	112	–	–
20.05.16	–	2,437	–	419	2,018
Total Shares	**1,618**	**2,437**	**864**	**536**	**2,655**

DIRECTORS' STATEMENT

For the financial year ended 31 March 2017

AUDIT COMMITTEE

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

Mrs Fang Ai Lian (Chairman)
Mr Zulkifli Bin Baharudin
Mr Bob Tan Beng Hai

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 scopes, 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 balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2017 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 made its recommendations to the Board of Directors and the Board of Directors is satisfied with the proposed appointment of Deloitte & Touche LLP as external auditor of the Company in place of the retiring auditor, PricewaterhouseCoopers LLP, at the forthcoming 2017 Annual General Meeting.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2017

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, will not be seeking re-appointment and Deloitte & Touche LLP has been nominated to be the auditor for the ensuing year. The appointment of Deloitte & Touche LLP is subject to shareholders' approval at the forthcoming 2017 Annual General Meeting.

On behalf of the directors

Mr Simon Claude Israel
Chairman

Mrs Fang Ai Lian
Director

Singapore, 15 May 2017

INDEPENDENT AUDITOR’S REPORT

To the Members of Singapore Post Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying consolidated financial statements of Singapore Post Limited (the “Company”) and its subsidiaries (the “Group”) and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and of the financial position of the Company as at 31 March 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the year ended 31 March 2017;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated balance sheet of the Group as at 31 March 2017;
- the balance sheet of the Company as at 31 March 2017;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended, and
- the notes to the financial statements, including a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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 2017. 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	How our audit addressed the Key Audit Matter
Assessment of impairment of goodwill and other intangible assets *Refer to Notes 3(a) and 23 to the financial statements.* We focused on this area due to the magnitude of the goodwill balance (S$305.1 million as at 31 March 2017) across the Group and the other intangible assets (S$95.6 million as at 31 March 2017), principally customer relationships and trademarked brands with indefinite useful lives.	We agreed management's future cash flow projections to internal forecasts and strategic plans, and tested them against external data as well as historic trend analyses, expectations of the future development of the business, and market and publicly available industry and economic data. We compared the current year actual results with the prior year forecast to consider whether the assumptions made in the prior year, with hindsight, had been reasonable. We involved our valuation specialists in evaluating management's assumptions applied to future cash flow projections as follows: • terminal growth rates, by comparing them against economic and industry forecasts.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of impairment of goodwill and other intangible assets (continued) In addition, 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, discount rates and royalty rates applied to the future cash flow projections. For the financial year ended 31 March 2017, a total impairment charge of S$205.7 million was recognised on certain of the Group's goodwill on acquisitions and customer relationships. Included therein was S$166.1 million for the goodwill on acquisition and S$19 million for the customer relationships in respect of TG Acquisition Corporation, the immediate holding Company of TradeGlobal. The Group appointed an independent external consulting firm to perform a review and report on the reasonableness of the valuation methodology and the key assumptions applied for the assessment of impairment of TG Acquisition Corporation.	• discount rates, by assessing the weighted average cost of capital ("WACC") used against comparable organisations, as well as considering territory specific factors. • royalty rates, by assessing them against rates charged by comparable organisations. We performed sensitivity calculations over the recoverable amounts of the Group's CGUs, based on reasonably possible changes in the key assumptions as set out above. We read and considered the report obtained by the Group from the independent external consulting firm in respect of their review of the methodology and assumptions applied by management in the assessment of impairment of TG Acquisition Corporation. We considered the adequacy of the Group's disclosures (in Notes 3(a) and 23) made in relation to goodwill and other intangible assets. We found the estimates and assumptions used in the impairment assessment of goodwill and other intangible assets to be reasonable. We also found the disclosures in the financial statements in respect of goodwill and other intangible assets, and impairment thereof, to be adequate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of impairment of property, plant and equipment and investments in associated companies *Refer to Notes 3(b), 19 and 22 to the financial statements.* The Group operates various businesses globally, which utilise property, plant and equipment with a total carrying value of S$565.6 million as at 31 March 2017. The Group also has investments in associated companies with a total carrying value of S$117.8 million as at 31 March 2017. We focused on these areas due to the size of the asset carrying values as well as the significant judgment involved in management's assessment of the recoverability of the invested amounts. Such judgment relates to the determination of the recoverable amounts of the property, plant and equipment and investments in associated companies. Recoverable amounts are determined based on the higher of fair values based on valuations performed by an independent and qualified valuer, and value-in use calculations which involve management's assessment of the future cash flow projections of the business, and the appropriate terminal growth rates and discount rates applied to the future cash flow projections.	Our audit procedures included procedures to identify triggering events for potential impairment. *Assessment of fair values* We assessed the appropriateness of the fair values used in management's assessment of impairment. The audit procedures were performed in conjunction with the procedures performed to address the key audit matter, "Valuation of investment properties" as set out below. *Assessment of value-in-use calculations* • We agreed management's future cash flow projections to internal forecasts and strategic plans, and tested them against historic trend analyses, and expectations of the future development of the business, and market and publicly available industry and economic data. • We compared the current year actual results with the prior year forecast to consider whether the assumptions made in the prior year, with hindsight, had been reasonable. • We evaluated management's assumptions applied to future cash flow projections as follows: o terminal growth rates, by comparing them against economic and industry forecasts o discount rates, by assessing the WACC used against comparable organisations, as well as considering territory specific factors.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of impairment of property, plant and equipment and investments in associated companies (continued) For the financial year ended 31 March 2017, the Group recognised impairment charges of S$20.5 million for one of the Group's investments in associated companies, and S$9.3 million for one of the Group's properties.	• We performed sensitivity calculations over the value-in-use of the Group's property, plant and equipment and investments in associated companies, based on reasonably possible changes in the key assumptions as set out above. We considered the adequacy of the Group's disclosures (in Notes 3(b), 19 and 22) made in relation to property, plant and equipment, and investments in associated companies. We found the estimates and assumptions used in the impairment assessment of property, plant and equipment and investments in associated companies to be reasonable. We also found the disclosures in the financial statements to be adequate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties *Refer to Notes 3(c) and 21 to the financial statements.* The carrying value of the Group's investment properties of S$970.4 million accounted for 35% of the Group's total assets as at 31 March 2017. The net fair value gains on investment properties recognised in the financial year then ended amounted to S$108.7 million. The valuation of these investment properties (primarily Singapore Post Centre, and the Group's warehousing and self-storage facilities) is inherently subjective, due principally to the unique nature of each property (including its location) which heavily influences the future rental it is expected to generate. The assumptions on which the property values are based are influenced by tenure and tenancy details for each property, prevailing market yields and comparable market transactions. The significance of the value of these investment properties and the inherent judgment involved in the valuation of these properties made this a key audit matter.	The valuations were carried out by a third party valuer (the "Valuer") engaged by the Group. Our audit procedures included the assessment of the following: *Experience of the Valuer and relevance of their work* We read the Valuer's reports. We confirmed that the valuation approaches used were consistent with the requirements of FRSs. We assessed the Valuer's competence and capabilities and read their terms of engagement with the Group, determining that there were no matters that affected their independence and objectivity or imposed scope limitations upon their work. *Data provided to the Valuer* We tested the data provided to the Valuer by management on a sample basis by agreeing to appropriate supporting documentation. This data included tenancy schedules, capital expenditure details, acquisition cost schedules and square footage details. *Assumptions and estimates used by the Valuer* We met with the Valuer and evaluated the valuation methods and assumptions used. The nature of assumptions used varied across the portfolio depending on the nature of each property and they included, estimated capital values, investment yields, construction costs and developers' margins. In each of these areas, on a sample basis, we compared the estimates and assumptions used by the Valuer against our own expectations developed based on the location of each property, comparable market transactions and publicly available industry and economic data. We found the valuation methodologies used to be in line with generally accepted market practices and the estimates and assumptions used to be justified in the context of the Group's property portfolio. We also found the disclosures in the financial statements to be adequate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of indefinite useful life assumption for trademarked brand *Refer to Notes 3(d) and 23(e) to the financial statements* The Group has a trademarked brand arising from the acquisition of a subsidiary, which amounted to S$42.7 million as at 31 March 2017. The assessment of the indefinite useful life assumption is an area of focus because it involves significant management judgement about the factors which could limit the useful life of the related trademarked brand, such as the typical product life cycle for the brand and useful lives of similar brands adopted by companies within the same industry and the stability of the industry in which the brand operates and changes in market demand for the services from or related to the brand.	We evaluated management's assessment of the relevant factors, including stability of the industry that the subsidiary operates and the useful lives of similar brands adopted by companies within the same industry, by reviewing comparable market transactions and publicly available industry and economic data. We considered management's assessment of whether there could be any material legal, regulatory, contractual, technological or other factors which could limit the useful life of the trademarked brand. We considered the adequacy of the Group's disclosures (in Notes 3(d) and 23(e)) made in relation to trademarked brands with indefinite useful lives. We found management's assessment of the factors which could limit the useful life of the related trademarked brands to be reasonable. We also found the disclosures in the financial statements to be adequate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of contingent consideration for business acquisitions *Refer to Notes 3(e) and 24 to the financial statements* In prior financial years, the Group had recognised contingent consideration in respect of the acquisitions of certain businesses. The carrying value of contingent consideration payable as at 31 March 2017 amounted to S$23.4 million. For the financial year ended 31 March 2017, the Group recognised a net write-back of the fair value of contingent consideration payable of S$25.9 million. The assessment of contingent consideration in respect of business acquisitions require significant management judgment in determining the future results of the acquired businesses which has a direct impact on the need for, and magnitude of, contingent consideration at year-end.	We agreed the expected future results of the acquired companies, used in the calculation of the contingent consideration, to internal forecasts and strategic plans. We compared the current year actual results with the prior year forecasts included in the calculations of contingent consideration to consider whether the forecasts made in the prior year, with hindsight, had been reasonable. We considered management's determination of the fair value adjustments to contingent considerations payable and tested the accuracy and appropriateness of the adjustments. We considered the adequacy of the Group's disclosures (in Notes 3(e) and 24) made in relation to contingent considerations payable. We found the results of management's determination of the fair value adjustments to contingent consideration to be reasonable. We also found the disclosures in the financial statements to be adequate.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Other Information

Management is responsible for the other information. The other information comprises all the sections of 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 and will 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.

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 and FRSs, 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 scepticism 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

- 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.

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 period 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. Daniel Khoo.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 15 May 2017

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2017

	Note	Group 2017 S$'000	2016 S$'000
Revenue	4	**1,348,502**	1,151,542
Other income and gains (net)			
– Rental and property-related income	4	**36,574**	39,373
– Miscellaneous	4	**9,777**	11,992
Labour and related expenses	5	**(345,099)**	(300,444)
Volume-related expenses	6	**(688,653)**	(535,425)
Administrative and other expenses	7	**(144,336)**	(131,942)
Depreciation and amortisation		**(51,018)**	(31,886)
Selling expenses		**(15,298)**	(10,025)
Finance expenses	8	**(5,674)**	(10,365)
Total expenses		**(1,250,078)**	(1,020,087)
Exceptional items	9	**(88,653)**	95,342
Share of (loss)/profit of associated companies and joint ventures	19	**(1,177)**	9,066
Profit before income tax		**54,945**	287,228
Income tax expense	10	**(25,233)**	(34,189)
Total profit		**29,712**	253,039
Profit attributable to:			
Equity holders of the Company		**33,403**	248,910
Non-controlling interests		**(3,691)**	4,129
		29,712	253,039
Earnings per share attributable to ordinary shareholders of the Company	11		
– Basic		**0.85 cent**	10.86 cents
– Diluted		**0.84 cent**	10.83 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

	Group	
	2017	2016
	S$'000	S$'000
Total profit	**29,712**	253,039
Other comprehensive gain/(loss) (net of tax):		
Items that may be reclassified subsequently to profit or loss:		
Available for sale financial assets:		
– Fair value gain/(loss)	**446**	(637)
Currency translation differences:		
– Gains/(losses)	**6,797**	(18,913)
– Transfers to profit or loss arising from disposals of subsidiaries, associated companies and joint venture	**73**	(2,026)
Revaluation gain on property, plant and equipment upon transfer to investment properties	**17,386**	20,029
Other comprehensive income/(loss) for the year (net of tax)	**24,702**	(1,547)
Total comprehensive income for the year	**54,414**	251,492
Total comprehensive income attributable to:		
Equity holders of the Company	**58,008**	246,794
Non-controlling interests	**(3,594)**	4,698
	54,414	251,492

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

BALANCE SHEETS

As at 31 March 2017

	Note	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**366,614**	126,640	**303,179**	49,626
Financial assets	13	**4,301**	8,127	**3,954**	7,780
Trade and other receivables	14	**199,007**	210,177	**173,304**	194,719
Derivative financial instruments	15	**16,079**	846	**16,142**	846
Inventories		**4,450**	4,499	**107**	367
Other current assets	16	**17,174**	17,206	**5,180**	4,915
		607,625	367,495	**501,866**	258,253
Non-current assets					
Financial assets	13	**36,010**	38,083	**35,748**	37,832
Trade and other receivables	17	**7,091**	5,351	**405,122**	563,193
Investments in associated companies and joint ventures	19	**117,783**	146,401	**14,849**	14,348
Investments in subsidiaries	20	**–**	–	**340,533**	356,229
Investment properties	21	**970,392**	745,844	**927,538**	760,842
Property, plant and equipment	22	**565,583**	517,376	**240,371**	241,943
Intangible assets	23	**400,683**	593,984	**–**	227
Deferred income tax assets	27	**6,218**	5,544	**–**	–
Other non-current assets	16	**5,198**	6,408	**–**	–
		2,108,958	2,058,991	**1,964,161**	1,974,614
Total assets		**2,716,583**	2,426,486	**2,466,027**	2,232,867

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

BALANCE SHEETS

As at 31 March 2017

	Note	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
LIABILITIES					
Current liabilities					
Trade and other payables	24	**395,084**	385,679	**353,681**	274,432
Current income tax liabilities	10	**34,774**	35,918	**30,367**	29,950
Deferred income	26	**7,413**	7,268	**7,413**	7,268
Derivative financial instruments	15	**1,055**	801	**1,055**	759
Borrowings	25	**148,786**	71,090	**117,743**	33,000
		587,112	500,756	**510,259**	345,409
Non-current liabilities					
Trade and other payables	24	**44,462**	32,225	**2,070**	–
Borrowings	25	**215,199**	209,182	**202,318**	203,044
Deferred income	26	**49,545**	56,785	**49,545**	56,785
Deferred income tax liabilities	27	**62,547**	66,035	**22,603**	19,199
		371,753	364,227	**276,536**	279,028
Total liabilities		**958,865**	864,983	**786,795**	624,437
NET ASSETS		**1,757,718**	1,561,503	**1,679,232**	1,608,430
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	28	**638,756**	448,775	**638,756**	448,775
Treasury shares	28	**(1,227)**	(2,116)	**(1,227)**	(2,116)
Other reserves	30	**71,787**	7,258	**37,249**	34,713
Retained earnings	31	**650,007**	749,647	**657,628**	780,232
		1,359,323	1,203,564	**1,332,406**	1,261,604
Perpetual securities	29	**346,826**	346,826	**346,826**	346,826
		1,706,149	1,550,390	**1,679,232**	1,608,430
Non-controlling interests		**51,569**	11,113	**–**	–
Total equity		**1,757,718**	1,561,503	**1,679,232**	1,608,430

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2017

	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 S$'000	Non-controlling interests S$'000	Total equity S$'000
2017										
Balance at 1 April 2016		**448,775**	**(2,116)**	**749,647**	**7,258**	**1,203,564**	**346,826**	**1,550,390**	**11,113**	**1,561,503**
Reclassification	20	**–**	**–**	**6,571**	**–**	**6,571**	**–**	**6,571**	**(6,571)**	**–**
Acquisition of non-controlling interest in a subsidiary	20	**–**	**–**	**–**	**(1,599)**	**(1,599)**	**–**	**(1,599)**	**(776)**	**(2,375)**
Partial divestment of a subsidiary	20	**–**	**–**	**(5,191)**	**39,437**	**34,246**	**–**	**34,246**	**51,397**	**85,643**
Distribution paid on perpetual securities	29	**–**	**–**	**–**	**–**	**–**	**(14,875)**	**(14,875)**	**–**	**(14,875)**
Dividends	32	**–**	**–**	**(119,548)**	**–**	**(119,548)**	**–**	**(119,548)**	**–**	**(119,548)**
Total comprehensive income for the period		**–**	**–**	**18,528**	**24,605**	**43,133**	**14,875**	**58,008**	**(3,594)**	**54,414**
		448,775	**(2,116)**	**650,007**	**69,701**	**1,166,367**	**346,826**	**1,513,193**	**51,569**	**1,564,762**
New shares issued	28	**183,960**	**–**	**–**	**–**	**183,960**	**–**	**183,960**	**–**	**183,960**
Employee share option scheme:										
– Value of employee services	30(b)(i)	**–**	**–**	**–**	**3,351**	**3,351**	**–**	**3,351**	**–**	**3,351**
– New shares issued	28	**6,021**	**–**	**–**	**(376)**	**5,645**	**–**	**5,645**	**–**	**5,645**
– Treasury shares re-issued	28	**–**	**889**	**–**	**(889)**	**–**	**–**	**–**	**–**	**–**
Balance at 31 March 2017		**638,756**	**(1,227)**	**650,007**	**71,787**	**1,359,323**	**346,826**	**1,706,149**	**51,569**	**1,757,718**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2017

	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 S$'000	Non-controlling interests S$'000	Total equity S$'000
2016										
Balance at 1 April 2015		429,980	(2,831)	682,639	7,448	1,117,236	346,826	1,464,062	3,675	1,467,737
Transfer to statutory reserves		–	–	(2)	2	–	–	–	–	–
Acquisition of subsidiaries		–	–	–	–	–	–	–	2,740	2,740
Distribution paid on perpetual securities	29	–	–	–	–	–	(14,915)	(14,915)	–	(14,915)
Dividends	32	–	–	(166,985)	–	(166,985)	–	(166,985)	–	(166,985)
Total comprehensive income for the year		–	–	233,995	(2,116)	231,879	14,915	246,794	4,698	251,492
		429,980	(2,831)	749,647	5,334	1,182,130	346,826	1,528,956	11,113	1,540,069
Employee share option scheme:										
– Value of employee services	30(b)(i)	–	–	–	4,053	4,053	–	4,053	–	4,053
– New shares issued	28	18,795	–	–	(1,414)	17,381	–	17,381	–	17,381
– Treasury shares re-issued	28	–	715	–	(715)	–	–	–	–	–
Balance at 31 March 2016		448,775	(2,116)	749,647	7,258	1,203,564	346,826	1,550,390	11,113	1,561,503

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

	Note	Group 2017 S$'000	Group 2016 S$'000
Cash flows from operating activities			
Total profit		**29,712**	253,039
Adjustments for:			
– Income tax expense		**25,233**	34,189
– Depreciation and amortisation – net		**43,352**	25,865
– Fair value gain on investment properties		**(108,744)**	–
– Gains on disposals of investments, property, plant and equipment		**(4,577)**	(109,856)
– Gain on derivative financial instruments		**(16,011)**	–
– Share option expense		**3,351**	4,053
– Interest expense		**8,846**	7,766
– Interest income		**(3,439)**	(4,268)
– Impairment/write-off of intangible assets, investments and property, plant and equipment		**215,063**	256
– Share of losses/(profits) of associated companies and joint ventures		**1,177**	(9,066)
		164,251	(51,061)
Operating cash flow before working capital changes		**193,963**	201,978
Changes in working capital, net of effects from acquisition and disposal of subsidiaries			
– Inventories		**49**	332
– Trade and other receivables		**(4,867)**	(28,287)
– Trade and other payables		**41,437**	(12,008)
Cash generated from operations		**230,582**	162,015
Income tax paid		**(30,516)**	(30,582)
Net cash provided by operating activities		**200,066**	131,433

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

	Note	Group 2017 S$'000	2016 S$'000
Cash flows from investing activities			
Acquisition of non-controlling interests	20(a)	**(2,375)**	–
Acquisition of subsidiaries, net of cash acquired		**–**	(272,480)
Additions to property, plant and equipment, investment properties and intangible assets		**(199,767)**	(279,742)
Contingent consideration paid in relation to acquisition of a subsidiary		**(528)**	–
Disposal of subsidiaries, net of cash disposed of	12	**(1,568)**	50,962
Dividend received from associated companies		**2,583**	2,167
Interest received		**2,682**	4,782
Investment in an associated companies and joint ventures		**(798)**	(49,430)
Loan to an associated company		**(1,844)**	(1,360)
Proceeds from partial divestment of interest in a subsidiary	20(b)	**85,643**	–
Payment relating to purchase of assets		**–**	(250)
Proceeds from partial divestment of shares in an associated company		**–**	78,910
Proceeds from disposal of property, plant and equipment		**1,976**	1,553
Proceeds from sale of financial assets		**–**	15,294
Proceeds from maturity of financial assets, held–to–maturity		**6,250**	19,250
Purchase of financial assets, held–to–maturity		**–**	(28,321)
Repayment of loans by associated companies		**18,147**	1,578
Net cash used in investing activities		**(89,599)**	(457,087)
Cash flows from financing activities			
Distribution paid to perpetual securities		**(14,875)**	(14,915)
Dividends paid to shareholders		**(119,548)**	(166,985)
Interest paid		**(9,637)**	(8,444)
Proceeds from issuance of ordinary shares		**189,605**	17,381
Proceeds from bank loans		**537,060**	296,029
Repayment of bank loans		**(453,098)**	(254,912)
Net cash provided by/(used in) financing activities		**129,507**	(131,846)
Net increase/(decrease) in cash and cash equivalents		**239,974**	(457,500)
Cash and cash equivalents at beginning of financial year	12	**126,640**	584,140
Cash and cash equivalents at end of financial year	12	**366,614**	126,640

Non-cash transactions

In the current financial year, contingent consideration amounting to S$2,060,000 (2016: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

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 postal, eCommerce logistics and retail services. 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.

As at 31 March 2017, the Company's current liabilities exceeded their current assets by S$8,393,000 (2016: S$87,156,000). The Company and the Group have the intent and ability to take actions necessary to continue as going concerns.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2017

On 1 April 2016, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Revenue for the Group represents the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's business. Revenue is presented net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. It takes into account the gross income received and receivable from revenue sharing arrangements entered into with overseas postal administrations in respect of mail traffic exchanged.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement, the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related costs can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sales of goods and services – Postal and Logistics-related activities

Revenue from sale of goods is recognised when there is transfer of risks and rewards of ownership to the customer, which generally coincides with their delivery and acceptance.

Revenue from the rendering of services is recognised when the services are rendered. Where services are provided over the period, revenue is recognised using the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(a) Sales of goods and services – Postal and Logistics-related activities (continued)

Accrual for unearned revenue is made for stamps which have been sold, but for which services have not been rendered as at the balance sheet date. This accrual is classified as advanced billings under trade and other payables.

Deferred income relates to amounts received with respect to postassurance collaboration from AXA Life Insurance Singapore Private Limited (“AXA”). Deferred income is recognised in profit or loss on a straight-line basis over the period of 10 years till 19 January 2025.

(b) Sale of goods and services – eCommerce-related activities

Revenue from eCommerce-related activities comprises the fair value of the consideration received or receivable for the goods and services rendered, net of goods and services tax.

Sales are recognised when the Company has delivered the products to the customers, the customers have accepted the products and the collectability of the related receivables is reasonably assured. Sales are presented, net of goods and service tax, rebates and discounts.

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

(c) Rendering of services – freight forwarding

Revenue from the provision of freight forwarding services is recognised upon services being rendered.

Brokerage income, being net of costs of premium against premium income is recognised at the effective date of the related insurance policies. Brokerage on premium adjustments, including policy cancellations are recognised as they occur.

Interest income is recognised using the effective interest method.

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

Dividend income is recognised when the right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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. They are deconsolidated from the date on 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 balance sheet. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(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 FRS.

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 2.7 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 transactions with the non-controlling equity owners of that subsidiary. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. 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 ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies and joint ventures 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 ventures 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 ventures and are 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 ventures' post-acquisition profits or losses are 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 ventures 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 venture, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

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 2.7 for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.4 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(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 – 99 years
Buildings	5 – 50 years
Postal equipment	3 – 20 years
Plant and machinery	3 – 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 each balance sheet date. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(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 2.6 for the accounting policy on the transfer from investment properties to property, plant and equipment.

2.5 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, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

(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) Acquired licence

Licence fee represents a lump-sum fee paid to the Info-communications Media Development Authority upon the granting of the postal licence. It is initially recognised at cost and is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the licence over the licence period of 20 years starting from 1 April 2017.

(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) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

(f) Trademarked brands

Trademarked brands acquired as part of business combinations are recognised at their fair values at the acquisition date.

The trademarked brand with finite useful life is carried at cost less accumulated amortisation and accumulated impairment losses. The cost is amortised on a straight line basis over the estimated useful life of 9 years.

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.

The amortisation period and amortisation method of intangible assets other than goodwill and trademarked brand with indefinite useful life are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.6 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. Where there is a change in intention to hold existing investment properties for sale without development, such investment properties will continue to be classified as investment properties but within current assets, until they are derecognised.

Investment properties are initially recognised at cost and subsequently carried at fair value, representing open market values determined on an annual basis by directors based on independent professional valuations. Changes in fair values are recognised in the income statement. In determining the fair values, the valuers have used valuation techniques including the direct comparison method, capitalisation approach and/or discounted cash flows in arriving at the open market values.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investment property (continued)

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in the income statement. The cost of maintenance, repairs and minor improvement is recognised in the income statement when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amounts is recognised in the income statement.

2.7 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 balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 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 ("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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets (continued)

(a) Goodwill (continued)

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
Investment property
Investments in subsidiaries, associated companies and joint ventures

Other intangible assets, property, plant and equipment, investment property 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets (continued)

(c) *Other intangible assets (excluding goodwill and trademarked brand with indefinite useful life)*
Property, plant and equipment
Investment property
Investments in subsidiaries, associated companies and joint ventures (continued)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit and 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.

2.9 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as “trade and other receivables”, “cash and cash equivalents” and “other assets” on the balance sheet.

Trade and other receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired. Allowance for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets

(a) Classification

The Group classifies its financial assets other than loans and receivables as held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of other financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of another financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

(d) Subsequent measurement

Financial assets, held to-maturity are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables/Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default, or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

(e) Impairment (continued)

(i) Loans and receivables/Held-to-maturity financial assets (continued)

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.10(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 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 in 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 balance sheet date are included in current borrowings in the balance sheet. Other borrowings with an unconditional right to defer settlement for at least twelve months after the balance sheet date are included in non–current borrowings in the balance sheet.

2.12 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 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 designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

Fair value hedge

The Group has entered into interest rate swaps that are fair value hedges for the fixed rate note and bonds. The fair value changes on the hedged item resulting from interest rate risk are recognised in profit or loss. The fair value changes on the effective portion of interest rate swaps designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of interest rate swaps are recognised separately in profit or loss.

Net investment hedge

The Group has foreign currency forwards that qualify as net investment hedges of foreign operations. These hedging instruments are accounted for similarly to cash flow hedges. The fair value changes on the effective portion of the currency forwards designated as net investment hedges are recognised in other comprehensive income in the consolidated financial statements, accumulated in the currency translation reserve and reclassified to profit or loss as part of the gain or loss on disposal of the foreign operation. The currency translation differences relating to the ineffective portion of the hedge are recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Operating leases

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

The Group leases various retail outlets, warehouse space and machinery under operating leases from non-related parties.

Leases of assets where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) *When the Group is the lessor:*

The Group leases retail and office space under operating leases to non-related parties.

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

When an operating lease is terminated before the lease period expires, any payment made (or received) by the Group as penalty is recognised as an expense (or income) in the financial year in which termination takes place.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Income taxes

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 by the balance sheet date.

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 measured:

(i) 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 balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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 directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.17 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 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.

(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 balance sheet 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 cost are amortised on a straight-line basis over the vesting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee compensation (continued)

(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 each balance sheet date, 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 share capital account, when new ordinary shares are issued, or to the “treasury shares” account, when treasury shares are re-issued to the employees.

2.19 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Currency translation (continued)

(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 balance sheet date are recognised in profit or loss. However, 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 date of the balance sheet;

(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 from January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the covering Group Chief Executive Officer/Group Chief Financial Officer who are responsible for allocating resources and assessing performance of operating segments.

2.21 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.

2.22 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 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 issue 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.

2.24 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payments.

2.25 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.

2.26 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.

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.

(a) 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 financial budgets approved by the Board of Directors covering, minimally, a three-year period. Significant judgements are used to estimate the terminal growth rates, discount rates and royalty 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 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 Notes 23(a) and 23(e).

The Group has recognised an impairment charge on its goodwill and customer relationships of S$186.7 million (2016: Nil) and S$19.0 million (2016: Nil) respectively during the financial year, which resulted in the carrying amount of goodwill and customer relationships as at 31 March 2017 being reduced to S$305.1 million (2016: S$482.3 million) and S$36.7 million (2016: S$57.9 million) respectively.

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.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(b) *Estimated impairment of other non-financial assets*

Property, plant and equipment 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. 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 has recognised impairment charges on property, plant and equipment and investments in associated companies of S$9.3 million and S$20.5 million respectively during the financial year. Details are provided in Note 22 and Note 19 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.

(c) *Valuation of investment properties*

As at 31 March 2017, the Group's investment properties of S$970.4 million (Note 21) 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 unforeseen events. Consequently, the actual results and the realisation of these properties could differ significantly from the estimates disclosed in these financial statements.

(d) *Use of indefinite useful life assumption for trademarked brands*

Trademarked brands arise from the acquisitions of subsidiaries. In the assessment of the useful life of a trademarked brand arising from acquisition of a subsidiary in 2014, management performed an analysis of the relevant factors including stability of the industry that the subsidiary operates. Management has also considered the useful lives of similar assets adopted by companies within the same industry. The Group is also not aware of any material legal, regulatory, contractual, technological, or other factor which could limit the useful life of the trademark. Based on the mentioned factors, management has concluded that there is no foreseeable limit to the period over which the trademarked brand is expected to generate net cash inflows for the Group and hence, the trademarked brand is not amortised.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(d) Use of indefinite useful life assumption for trademarked brands (continued)

In connection with the annual impairment assessment of the indefinite useful life of the trademarked brand, the critical accounting judgement in respect of the indefinite useful life will also be reviewed.

(e) Estimated fair values of contingent consideration for business acquisitions

The initial accounting on the acquisition of subsidiaries, associates and joint ventures involves identifying and determining the fair values of contingent considerations payable in respect of these acquisitions. The fair values of these contingent considerations are determined based on management's estimates of future results of the acquired companies. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amounts of the contingent considerations.

(f) 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 each balance sheet date 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 2017 was S$565.6 million (2016: S$517.4 million). There were no significant revisions to the estimated residual values and useful lives as at 31 March 2017.

4. REVENUE, OTHER INCOME AND OTHER GAINS (NET)

	Group	
	2017	2016
	S$'000	S$'000
		(Restated)
Revenue from services rendered	**1,328,442**	1,130,414
Sale of products	**20,060**	21,128
Revenue	**1,348,502**	1,151,542
Other income and gains (net):		
– Rental and property-related income	**36,574**	39,373
Miscellaneous:		
– Interest income		
– Bank deposits	**1,533**	3,051
– Financial assets, held–to–maturity	**1,012**	1,138
– Others	**894**	79
	3,439	4,268
– Currency exchange gains (net)	**1,379**	4,493
– Net loss on disposal of property, plant and equipment	**(659)**	(2,242)
– Others	**5,618**	5,473
	6,338	7,724
Miscellaneous	**9,777**	11,992
Other income and other gains (net)	**46,351**	51,365
	1,394,853	1,202,907

5. LABOUR AND RELATED EXPENSES

	Group	
	2017	2016
	S$'000	S$'000
Wages and salaries	**224,090**	206,385
Employer's contribution to defined contribution plans including Central Provident Fund	**28,153**	29,044
Share options expense (Note 30(b)(i))	**3,351**	4,053
Other benefits	**10,875**	9,897
Temporary and contract staff cost	**84,301**	58,961
Government grant	**(5,671)**	(7,896)
	345,099	300,444

6. VOLUME-RELATED EXPENSES

	Group	
	2017	2016
	S$'000	S$'000
Traffic expenses	**374,111**	340,360
Outsourcing services and delivery expenses	**314,542**	195,065
	688,653	535,425

7. ADMINISTRATIVE AND OTHER EXPENSES

	Group	
	2017	2016
	S$'000	S$'000
Included in administrative and other expenses are the following:		
Professional services	**16,895**	30,663
Repair and maintenance expenses	**22,511**	18,466
Rental on operating leases	**41,615**	34,605
Supplies and services	**23,864**	19,418

8. FINANCE EXPENSES

	Group	
	2017	2016
	S$'000	S$'000
Interest expense:		
– Fixed rate notes	**6,274**	6,314
– Bank borrowings	**2,572**	1,452
	8,846	7,766
Currency exchange (gains)/losses – net	**(3,172)**	2,599
	5,674	10,365

9. EXCEPTIONAL ITEMS

	Group	
	2017	2016
	S$'000	S$'000
Fair value gains:		
– Investment properties (Note 21)	**108,744**	–
– Warrants from an associated company	**16,011**	–
Impairment losses:		
– Property, plant and equipment (Note 22)	**(9,349)**	–
– Goodwill (Note 23(a))*	**(166,063)**	–
– Customer relationships (Note 23(b))	**(18,953)**	–
– Associated company (Note 19(a))	**(20,471)**	–
Write-off of goodwill	**(227)**	–
Loss on disposal of property, plant and equipment	**(659)**	(2,242)
Net gains on disposal of investments:		
– Subsidiary	**–**	33,344
– Associated company	**–**	64,749
– Financial assets	**–**	14,005
Gain on dilution of interest in associated company (Note 19(a))	**4,892**	–
M & A related professional fees	**(1,620)**	(13,859)
Provision for the restructuring of overseas operation	**(958)**	–
Severance cost in relation to disposal of a subsidiary	**–**	(655)
	(88,653)	95,342

Details of reclassification of prior year comparatives are provided in Note 40.

* Included in exceptional items is a S$20.6 million gain arising from the full write-back of contingent consideration for a subsidiary assessed to be no longer payable. This write-back was offset by a purchase price adjustment that reduced the carrying value of goodwill on acquisition of this subsidiary by the same amount of the write-back.

10. INCOME TAXES

(a) Income tax expense

	Group 2017 S$'000	Group 2016 S$'000
Tax expense attributable to profit is made up of:		
– Current income tax	**31,027**	33,244
– Deferred income tax (Note 27)	**(3,492)**	1,900
	27,535	35,144
Under/(over) provision in preceding financial years:		
– Current income tax	**(1,624)**	(1,151)
– Deferred income tax (Note 27)	**(678)**	196
	25,233	34,189

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 2017 S$'000	Group 2016 S$'000
Profit before tax	**54,945**	287,228
Less: Share of loss/(profit) of associated companies and joint ventures	**1,177**	(9,066)
Profit before tax and share of results of associated companies and joint ventures	**56,122**	278,162
Tax calculated at a tax rate of 17% (2016: 17%)	**9,541**	47,288
Effects of:		
– Different tax rates in other countries	**(2,776)**	1,069
– Withholding tax deducted at source	**–**	16
– Singapore statutory stepped income exemption	**(126)**	(222)
– Tax incentive	**(973)**	(1,016)
– Income not subject to tax	**(26,476)**	(20,696)
– Expenses not deductible for tax purposes	**36,335**	7,305
– Utilisation of tax losses and capital allowances	**(336)**	–
– Deferred income tax assets not recognised	**12,346**	1,400
– Over provision in preceding financial years	**(2,302)**	(955)
Tax charge	**25,233**	34,189

10. INCOME TAXES (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**35,918**	35,318	**29,950**	29,704
Acquisition of subsidiaries	**–**	(235)	**–**	–
Disposal of subsidiaries	**–**	(491)	**–**	–
Currency translation difference	**(31)**	(185)	**–**	–
Income tax paid	**(30,516)**	(30,582)	**(22,756)**	(24,417)
Tax expense	**31,027**	33,244	**24,206**	24,663
Over provision in preceding financial years	**(1,624)**	(1,151)	**(1,033)**	–
End of financial year	**34,774**	35,918	**30,367**	29,950

11. EARNINGS PER SHARE

(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	
	2017	2016
Net profit attributable to equity holders of the Company (S$'000)	**33,403**	248,910
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,875)**	(14,915)
Net profit attributable to ordinary shareholders of the Company (S$'000)	**18,528**	233,995
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,191,060**	2,154,955
Basic earnings per share (cents per share)	**0.85**	10.86

11. EARNINGS PER SHARE (continued)

(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	
	2017	2016
Net profit attributable to equity holders of the Company (S$'000)	**33,403**	248,910
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,875)**	(14,915)
Net profit attributable to ordinary shareholders of the Company (S$'000)	**18,528**	233,995
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,191,060**	2,154,955
Adjustment for share options ('000)	**2,031**	6,241
Weighted average number of ordinary shares for diluted earnings per share ('000)	**2,193,091**	2,161,196
Diluted earnings per share (cents per share)	**0.84**	10.83

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Cash at bank and on hand	**106,352**	123,184	**47,004**	46,717
Deposits with financial institutions	**260,262**	3,456	**256,175**	2,909
	366,614	126,640	**303,179**	49,626

Acquisition and disposal of subsidiaries

Please refer to Note 38 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

On 7 September 2016, the Group disposed of its entire interest in Japan Self Storage Company Limited for a cash consideration of S$2,372,000. The effects of the disposal on the cash flows of the Group were:

	Group
	2017
	$'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	**3,940**
Total assets	**3,940**
Trade and other payables	**7**
Total liabilities	**7**
Net assets derecognised	**3,933**
Less: Non-controlling interest	**(1,573)**
Net assets disposed of	**2,360**

12. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries (continued)

The aggregate cash inflows arising from the disposal of in Japan Self Storage Company Limited were:

	Group 2017 $'000
Net assets disposed of (as above)	**2,360**
– Reclassification of currency translation reserve	**(332)**
	2,028
Gain on disposal	**344**
Cash proceeds from disposal	**2,372**
Less: Cash and cash equivalents in subsidiaries disposed of	**(3,940)**
Net cash outflow on disposal	**(1,568)**

On 20 May 2015, the Group disposed of its entire interest in Novation Solutions Limited for a cash consideration of S$25,459,000. The effects of the disposal on the cash flows of the Group were:

	Group 2016 $'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	9,953
Trade and other receivables	7,920
Property, plant and equipment	2,250
Investment in associated companies	6
Deferred tax assets	188
Inventory	1,862
Total assets	**22,179**
Trade and other payables	(1,927)
Current income liabilities	(20)
Deferred income tax liabilities	(69)
Total liabilities	**(2,016)**
Net assets derecognised	20,163
Less: Non-controlling interest	(736)
Net assets disposed of	**19,427**

12. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries (continued)

The aggregate cash inflows arising from the disposal of Novation Solutions Limited were:

	Group 2016 $'000
Net assets disposed of (as above)	19,427
– Reclassification of currency translation reserve	(1,961)
	17,466
Gain on disposal	7,993
Cash proceeds from disposal	25,459
Less: Cash and cash equivalents in subsidiaries disposed of	(9,953)
Net cash inflow on disposal	**15,506**

On 20 May 2015, the Group disposed of its entire interest in DataPost (HK) Pte Limited for a cash consideration of S$977,000. The effects of the disposal on the cash flows of the Group were:

	Group 2016 $'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	388
Trade and other receivables	335
Property, plant and equipment	6
Total assets	**729**
Trade and other payables	(253)
Total liabilities	**(253)**
Net assets derecognised	476
Net assets disposed of	**476**

12. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries (continued)

The aggregate cash inflows arising from the disposal of DataPost (HK) Pte Limited were:

	Group 2016 $'000
Net assets disposed of (as above)	476
– Reclassification of currency translation reserve	66
	542
Gain on disposal	435
Cash proceeds from disposal	977
Less: Cash and cash equivalents in subsidiaries disposed of	(388)
Net cash inflow on disposal	**589**

On 1 September 2015, the Group partially disposed 90% of its interest in its wholly-owned subsidiary, DataPost Pte Ltd for a cash consideration of S$44,516,000. The effects of the disposal on the cash flows of the Group were:

	Group 2016 $'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	9,649
Trade and other receivables	20,800
Property, plant and equipment	4,012
Investment in associated companies and joint venture	2,975
Total assets	**37,436**
Trade and other payables	(12,458)
Current income liabilities	(471)
Deferred income tax liabilities	(462)
Total liabilities	**(13,391)**
Net assets derecognised	24,045
Net assets disposed of	**24,045**

12. CASH AND CASH EQUIVALENTS (continued)

Acquisition and disposal of subsidiaries (continued)

The aggregate cash inflows arising from the disposal of DataPost Pte Ltd were:

	Group 2016 $'000
Net assets disposed of (as above)	24,045
– Reclassification of currency translation reserve	(83)
– Professional fees incurred for sale	199
	24,161
Gain on disposal	24,916
	49,077
Less: Fair value of retained interest	(4,561)
Cash proceeds from disposal	44,516
Less: Cash and cash equivalents in subsidiaries disposed of	(9,649)
Net cash inflow on disposal	**34,867**

The Group recognised a gain of S$2,511,000 as a result of measuring at fair value its equity interest of 10% in DataPost Pte Ltd retained after the disposal. The gain is included within "Other income and gains (net)" in the Group's consolidated income statement for the financial year ended 31 March 2016. Gains on disposal of DataPost Pte Ltd, Novation Solutions Limited and DataPost (HK) Pte Limited are allocated under the "Others" segment.

13. FINANCIAL ASSETS

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Current				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**–**	4,272	**–**	4,272
Financial assets, available-for-sale				
– Equity securities – quoted	**3,954**	3,508	**3,954**	3,508
– Equity instrument – unquoted	**347**	347	**–**	–
	4,301	8,127	**3,954**	7,780
Non-current				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**31,187**	33,271	**31,187**	33,271
Financial assets, available-for-sale				
– Equity instrument – unquoted	**4,823**	4,812	**4,561**	4,561
	36,010	38,083	**35,748**	37,832

The bonds are corporate bonds at fixed rates between 2.7% to 3.8% per annum and due between 10 April 2019 and 29 August 2022.

13. FINANCIAL ASSETS (continued)

The fair values of the financial assets at the balance sheet date are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Current				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**–**	4,258	**–**	4,258
Financial assets, available-for-sale				
– Equity security – quoted	**3,954**	3,508	**3,954**	3,508
– Equity instrument – unquoted	**347**	347	**–**	–
	4,301	8,113	**3,954**	7,766
Non-current				
Financial assets, held-to-maturity				
– Bonds – quoted in Singapore	**31,371**	32,925	**31,371**	32,925
Financial assets, available-for-sale				
– Equity instrument – unquoted	**4,823**	4,812	**4,561**	4,561
	36,194	37,737	**35,932**	37,486

The fair values of quoted securities are based on published price quotations at the balance sheet date.

14. TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables				
– Subsidiaries	**–**	–	**75,842**	85,595
– Associated company	**46,115**	31,397	**46,115**	31,397
– Companies related by a substantial shareholder	**1,776**	3,248	**1,776**	3,248
– Non-related parties	**148,904**	148,784	**46,972**	55,907
	196,795	183,429	**170,705**	176,147
Less: Allowance for impairment of receivables – non-related parties	**(5,665)**	(5,390)	**(951)**	(1,741)
Trade receivables – net	**191,130**	178,039	**169,754**	174,406
Loan to associated companies	**3,394**	19,509	**–**	17,600
Less: Non-current portion (Note 17)	**(2,423)**	(743)	**–**	–
	971	18,766	**–**	17,600
Staff loans (Note 18)	**51**	38	**51**	38
Interest receivable	**1,033**	276	**1,029**	272
Other receivables	**5,822**	13,058	**2,470**	2,403
	199,007	210,177	**173,304**	194,719

(a) The loan of S$789,000 (2016: Nil) to an associated company is unsecured, repayable in full on 15 June 2020 and bears interest at 1.14% above the 1 month bank bill swap rate per annum.

(b) The loan of S$1,634,000 (2016: Nil) to an associated company is unsecured, repayable in full on 29 June 2020 and bears interest at 1.14% above the 1 month bank bill swap rate per annum.

(c) The loan of S$647,000 (2016: S$634,000) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.15% per annum.

(d) Remaining loan of S$324,000 (2016: Nil) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.95% per annum.

14. TRADE AND OTHER RECEIVABLES – CURRENT (continued)

(e) As at 31 March 2016, there were loans of S$18,875,000 to an associated company, of which:

– S$1,275,000 was unsecured, bore interest at 1.5% per annum for the first three years and at 8.5% per annum thereafter and payable in full by 30 November 2016; and

– S$17,600,000 was unsecured, bore interest at 1.5% per annum and payable in full on demand.

These loans were fully repaid in the current financial year.

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract Notional amount 2017 S$'000	**Fair value Assets/ (liabilities) 2017 S$'000**	Contract Notional Amount 2016 S$'000	Fair value Assets/ (liabilities) 2016 S$'000
Group				
Net investment hedges				
Currency forwards	**10,210**	**20**	30,303	784
Other non-hedging derivatives				
Currency forwards	**164,905**	**(1,007)**	81,767	(739)
Warrants	**–**	**16,011**	–	–
Total derivative financial instruments	**175,115**	**15,024**	112,070	45
Company				
Net investment hedges				
Currency forwards	**10,210**	**83**	30,303	826
Other non-hedging derivatives				
Currency forwards	**164,905**	**(1,007)**	76,908	(739)
Warrants	**–**	**16,011**	–	–
Total derivative financial instruments	**175,115**	**15,087**	107,211	87

15. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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 balance sheet date. 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.

Currency forwards designated for hedging as net investment hedges are accounted for in accordance with Note 2.13.

The fair value of derivative financial instruments are shown on the balance sheet as follows:

	Group		**Company**	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Assets:				
– Current	**16,079**	846	**16,142**	846
Liabilities				
– Current	**(1,055)**	(801)	**(1,055)**	(759)

16. OTHER ASSETS

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Current				
Deposits	**6,354**	6,531	**2,359**	2,362
Prepayments	**10,820**	10,675	**2,821**	2,553
	17,174	17,206	**5,180**	4,915
Non-current				
Deposits	**5,198**	6,408	**–**	–

Included within non-current deposits is an escrow deposit of S$5,134,000 (2016: S$5,519,000) for the acquisition of a subsidiary.

17. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Loans to subsidiaries	**–**	–	**599,242**	562,956
Less: Allowance for impairment	**–**	–	**(194,365)**	–
	–	–	**404,877**	562,956
Loan to an indirect associated company (Note 14)	**2,423**	743	**–**	–
Loan to a shareholder of a subsidiary	**4,423**	4,371	**–**	–
Staff loans (Note 18)	**245**	237	**245**	237
	7,091	5,351	**405,122**	563,193

17. TRADE AND OTHER RECEIVABLES – NON-CURRENT (continued)

Loan to a subsidiary of S$75,065,000 (2016: S$260,080,000) is non-trade related, unsecured and interest-free. Although there are no fixed terms of repayment, the loan is not expected to be repayable within the next twelve months. The loan is considered part of the Company's net investment in subsidiaries.

Loans to subsidiaries of S$33,963,000 (2016: S$43,613,000) are non-trade related, unsecured, interest bearing at SIBOR plus 1.2% per annum and will be repaid in full on 7 July 2019. The carrying amount of these loans approximate their fair value.

Loan to a subsidiary of S$5,817,000 (2016: Nil) 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 12 months. The carrying amount of the loan approximates its fair value.

Loan to a subsidiary of S$2,272,000 (2016: S$4,616,000) is non-trade related, unsecured, interest bearing at ABS SIBOR plus 1.2% per annum and is payable in full on demand. Settlement of the loan is not foreseeable within the next 12 months. The carrying amount of these loans approximates their fair value.

Loans to subsidiaries of S$287,760,000 (2016: S$254,647,000) are non-trade related, unsecured, interest bearing at 2.2% to 4.1% per annum and repayable in full on various dates up to 31 October 2019. The fair value of the loans is S$283,171,000 (2016: S$248,494,000). The fair value of the loans is computed based on cash flows discounted at market borrowing rates of 1.264% to 1.755% (2016: 1.798% to 2.146%). The fair value is within Level 2 of the fair value hierarchy.

The loan to a shareholder of a subsidiary is unsecured, interest bearing at 1.6% to 2.1% per annum (2016: 1.3% to 1.7% per annum) and repayable in full by 19 May 2019. The carrying amount of the loan approximates its fair value.

18. STAFF LOANS

	Group and Company	
	2017	2016
	S$'000	S$'000
Not later than one year (Note 14)	**51**	38
Later than one year (Note 17)	**245**	237
– Between one and five years	**113**	37
– Later than five years	**132**	200
	296	275

As at balance sheet date, no loan was made to the key management personnel of the Group.

19. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Investments in associated companies (Note (a))	**117,783**	146,401	**14,849**	14,348
Investments in joint ventures (Note (b))	**–**	–	**–**	–
	117,783	146,401	**14,849**	14,348

19. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

(a) Associated companies

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Equity investment at cost			**14,849**	14,348
Beginning of financial year	**146,401**	104,413		
Acquisition of an associated company	**–**	20,222		
Additional investment in an associated company	**798**	36,181		
Gain on dilution of interest in an associated company (Note (i), 9)	**4,892**	–		
Partial disposal of an associated company	**–**	(12,262)		
Disposal of an associated company	**–**	(2,142)		
Impairment of an associated company (Note (ii), 9)	**(20,471)**	–		
Reversal of contingent consideration of an associated company (Note (iii))	**(7,215)**	–		
Share of (loss)/profit	**(1,177)**	9,031		
Dividends received	**(2,583)**	(2,167)		
Currency translation differences	**(2,862)**	(6,875)		
End of financial year	**117,783**	146,401		

(i) During the current financial year, the Group has recognised a gain on dilution of interest in an associated company amounting to S$4,892,000 (2016: Nil) arising from an additional capital injection by an external party into the associated company.

(ii) During the current financial year, the Group has recognised an impairment loss of S$20,471,000 (2016: Nil) against the carrying amount of its investment in an associated company, being the difference between the carrying amount of the Group's investment and its recoverable amount. The recoverable amount represents the Group's share in the net assets of the associated company. The impairment charge arose from cumulative losses incurred by the associated company.

19. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

(a) Associated companies (continued)

(iii) During the current financial year, the Group has derecognised contingent consideration payable for an acquisition of an associated company amounting to S$7,215,000 (2016: Nil) upon reassessment of the earn-out conditions.

The Group's investments in associated companies include investments in listed associated companies with a carrying value of S$27,655,000 (2016: S$30,500,000), for which the published price quotations are S$119,376,044 (2016: S$100,683,000) at the balance sheet date, 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. In the opinion of the directors, these associated companies listed are individually immaterial to the Group.

(b) Joint ventures

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Equity investments at cost			**–**	–
Beginning of financial year	**–**	693		
Disposal of joint venture	**–**	(839)		
Incorporation of joint venture	**–**	255		
Share of profit	**–**	35		
Write-off	**–**	(255)		
Currency translation difference	**–**	111		
End of financial year	**–**	–		

Details of the joint ventures are included in Note 42.

20. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	2016
	S$'000	S$'000
Equity investments at cost		
Beginning of financial year	**362,654**	299,315
Additional capital injection to an existing subsidiary	**4,775**	71,439
Disposal of subsidiaries	**–**	(8,100)
	367,429	362,654
Less: Allowance for impairment	**(26,896)**	(6,425)
End of financial year	**340,533**	356,229

In the current financial year, an impairment loss of S$20,471,000 (2016: Nil) was recognised for a certain subsidiary of the Company as a result of its recoverable amount being estimated to be less than its carrying amount, which mainly arose from cumulative losses incurred by the subsidiary.

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

	2017	2016
	S$'000	S$'000
Quantium Solutions International Pte Ltd ("QSI")	**47,768**	–
Other subsidiaries with immaterial non-controlling interests	**3,801**	11,113
Total	**51,569**	11,113

Transactions with non-controlling interests for the financial year ended 31 March 2017 are set out below. There were no such transactions for the financial year ended 31 March 2016.

20. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of additional interest in a subsidiary

On 16 March 2017, the Group acquired an additional 0.9% interest in TG Acquisition Corporation and its subsidiaries ("TG Group") for a purchase consideration of S$2,375,000. The Group now holds 97.3% of the equity share capital of TG Group. The carrying amount of the non-controlling interests in TG Group on the date of acquisition was S$1,334,000. The Group derecognised non-controlling interests of S$776,000 and recorded a decrease in equity attributable to owners of the parent of S$1,599,000. The effect of changes in the ownership interest of TG Group during the year is summarised as follows:

	2017 **S$'000**
Carrying amount of non-controlling interests acquired	**776**
Consideration paid to non-controlling interests	**(2,375)**
Excess of consideration paid recognised in parent's equity	**(1,599)**

(b) Disposal of interest in a subsidiary without loss of control

On 27 October 2016, the Group disposed of a 34% interest out of the 100% interest held in Quantium Solutions International Pte. Ltd. ("QSI") at a net consideration of S$85,643,000. This resulted in an increase in non-controlling interests of S$51,397,000 and an increase in equity attributable to owners of the parent of S$34,246,000. The effect of changes in the ownership interest of QSI during the year is summarised as follows:

	2017 **S$'000**
Carrying amount of non-controlling interests acquired	**51,397**
Consideration received from non-controlling interests	**(85,643)**
Excess of consideration received recognised in parent's equity	**(34,246)**

20. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Arising from the full write-back of the contingent consideration in relation to the acquisition of a subsidiary assessed to be no longer payable (Note 9), this subsidiary is now deemed to be a wholly-owned subsidiary of the Group. Accordingly, the non-controlling interest of S$6.6 million was reclassified to retained earnings in the current financial year.

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 balance sheet

	QSI As at 31 March 17 S$'000
Current	
Assets	99,276
Liabilities	(23,432)
Total current net assets	**75,844**
Non-current	
Assets	64,823
Liabilities	(171)
Total non-current net assets	**64,652**
Net assets	**140,496**

20. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised income statement

	QSI For the year ended 31 March 2017 S$'000
Revenue	115,843
Loss before income tax	**(16,570)**
Income tax credit	328
Post-tax loss from continuing operations	**(16,242)**
Other comprehensive income	1,045
Total comprehensive loss	**(15,197)**
Total comprehensive loss allocated to non-controlling interests	**(3,629)**

Summarised cash flows

	QSI 31 March 2017 $'000
<u>Cash flows from operating activities</u>	
Cash used in operations	(22,838)
Income tax paid	(152)
Net cash used in operating activities	**(22,990)**
Net cash used in investing activities	**(10,299)**
Net cash provided by financing activities	**25,589**
Net decrease in cash and cash equivalents	**(7,700)**
Cash and cash equivalents at beginning of year	22,317
Cash and cash equivalents at end of year	**14,617**

21. INVESTMENT PROPERTIES

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**745,844**	638,818	**760,842**	633,826
Additions	**97,818**	88,983	**97,818**	88,980
Reclassification from/(to) property plant and equipment (Note 22)	**19,200**	18,952	**(3,244)**	34,934
Fair value gain recognised in profit or loss (Note 9)	**108,744**	–	**72,122**	3,102
Currency translation differences	**(1,214)**	(909)	**–**	–
End of financial year	**970,392**	745,844	**927,538**	760,842

Certain investment properties of the Group with carrying amounts of S$49.3 million (2016: S$51.0 million) are mortgaged to secure bank borrowings (Note 25).

The following amounts are recognised in profit or loss:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Rental and property-related income (Note 4)	**36,574**	39,373	**39,235**	41,723
Direct operating expenses arising from:				
– Investment property that generated income	**(9,949)**	(11,799)	**(8,579)**	(9,801)

Investment properties are leased to non-related parties under operating leases (Note 34(c)).

21. INVESTMENT PROPERTIES (continued)

At the balance sheet date, 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 2031
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

21. INVESTMENT PROPERTIES (continued)

Location	Description/existing use	Tenure
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 01 April 2076

	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
31 March 2017			
– Commercial and retail – Singapore	–	2,812	956,215
– Commercial and retail – Malaysia	–	–	11,365
31 March 2016			
– Commercial and retail – Singapore	–	2,863	731,312
– Commercial and retail – Malaysia	–	–	11,669

21. INVESTMENT PROPERTIES (continued)

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group 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 and discounted cash flow 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 residual land approach involves deducting current estimated construction costs and other relevant costs from the estimated gross development value of the proposed development assuming satisfactory completion. The comparable sales method is used as reference.

No transfers into or out of fair value hierarchy levels for the financial years ended 31 March 2017 and 2016.

21. 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) 2017	Valuation techniques	Unobservable inputs	Range of unobservable inputs 2017	Relationship of unobservable inputs to fair value
Group					
Building for commercial and retail * (Singapore Post Centre)	**814,132** (2016: 588,964)	Discounted cash flow approach	Discount rate	7.25-7.75% (2016: 7.5%)	The higher the discount rate, the lower the valuation
		Capitalisation/ income approach	Capitalisation rate	4.5-6.25% (2016: 5-6.75%)	The higher the capitalisation rate, the lower the valuation
Building for commercial and retail (10 SLA Properties)	**100,386** (2016: 98,642)	Capitalisation/ income approach	Capitalisation rate	4.25-5% (2016: 4.75-5%)	The higher the capitalisation rate, the lower the valuation
Building for warehousing and self-storage – Singapore	**41,697** (2016: 43,706)	Capitalisation/ income approach	Capitalisation rate	7-7.5% (2016: 7-7.5%)	The higher the capitalisation rate, the lower the valuation
Warehousing – Malaysia	**11,365** (2016: 11,669)	Capitalisation/ income approach	Capitalisation rate	7-7.5% (2016: 7.5-9%)	The higher the capitalisation rate, the lower the valuation

* There was a change in valuation technique arising from a change in circumstances. The above approaches are used instead of the residual land approach as rental income will be derived from tenants upon attaining temporary occupation permit status on 20 April 2017.

21. INVESTMENT PROPERTIES (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

Description	Fair value (S$'000) 2017	Valuation techniques	Unobservable inputs	Range of unobservable inputs 2017	Relationship of unobservable inputs to fair value
Company					
Building for commercial and retail (Singapore Post Centre)	**824,339** (2016: 659,337)	Discounted cash flow approach	Discount rate	7.25-7.75% (2016: 7.5%)	The higher the discount rate, the lower the valuation
		Capitalisation/ income approach	Capitalisation rate	4.5-6.25% (2016: 5-6.75%)	The higher the capitalisation rate, the lower the valuation
Building for commercial and retail (10 SLA Properties)	**100,386** (2016: 98,642)	Capitalisation/ income approach	Capitalisation rate	4.25-5% (2016: 4.75-5%)	The higher the capitalisation rate, the lower the valuation

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 2017 and 2016, the fair values of the Group's investment properties have been determined by Knight Frank Pte Ltd.

22. 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						
2017						
Cost						
Beginning of financial year	57,653	306,558	45,312	215,357	131,426	756,306
Additions	–	8,478	–	67,583	29,564	105,625
Reclassifications to investment properties						
– At fair value (Note 21)	(4,924)	(14,276)	–	–	–	(19,200)
– Transfer to assets valuation reserve (Note 30(b)(v))	3,673	12,659	–	–	–	16,332
	(1,251)	(1,617)	–	–	–	(2,868)
Disposals	–	(2,127)	(113)	(41,568)	–	(43,808)
Transfers	23,477	96,680	536	24,168	(144,861)	–
Currency translation differences	80	84	–	1,819	–	1,983
End of financial year	79,959	408,056	45,735	267,359	16,129	817,238
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	18,009	91,470	4,620	124,831	–	238,930
Depreciation charge	1,671	10,399	3,022	28,742	–	43,834
Impairment charge (Note (a), 9)	–	9,349	–	–	–	9,349
Disposals	–	(1,899)	(93)	(39,181)	–	(41,173)
Currency translation differences	–	3	–	712	–	715
End of financial year	19,680	109,322	7,549	115,104	–	251,655
Net book value						
End of financial year	**60,279**	**298,734**	**38,186**	**152,255**	**16,129**	**565,583**

(a) During the current financial year, the Group recognised an impairment loss amounting to S$9,349,000 (2016: Nil) on its building at 3B Toh Guan Road East arising from a decline in the market value of the building.

The building was valued by an independent professional valuer based on its highest and best use using the discounted cash flow approach at the balance sheet date. The fair value is within Level 3 of the fair value hierarchy. A description of the valuation technique and the valuation processes of the Group are provided in Note 21.

22. 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						
2016						
Cost						
Beginning of financial year	60,038	217,749	133,231	198,666	55,415	665,099
Acquisition of subsidiaries	–	4,478	–	33,112	–	37,590
Additions	–	66,708	–	13,656	109,767	190,131
Reclassifications to investment properties						
– At fair value (Note 21)	(10,048)	(8,904)	–	–	–	(18,952)
– Transfer to assets valuation reserve (Note 30(b)(v))	7,726	12,303	–	–	–	20,029
	(2,322)	3,399	–	–	–	1,077
Disposals	–	(3,505)	(88,103)	(23,196)	–	(114,804)
Transfers	–	17,920	184	15,395	(33,499)	–
Currency translation differences	–	(191)	–	(1,801)	–	(1,992)
Disposal of subsidiaries (Note 12)	(63)	–	–	(20,475)	(257)	(20,795)
End of financial year	57,653	306,558	45,312	215,357	131,426	756,306
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	17,187	86,574	89,602	141,752	–	335,115
Depreciation charge	873	5,766	3,032	20,211	–	29,882
Disposals	–	(867)	(88,014)	(22,128)	–	(111,009)
Disposal of subsidiaries (Note 12)	(51)	–	–	(14,476)	–	(14,527)
Currency translation differences	–	(3)	–	(528)	–	(531)
End of financial year	18,009	91,470	4,620	124,831	–	238,930
Net book value						
End of financial year	**39,644**	**215,088**	**40,692**	**90,526**	**131,426**	**517,376**

22. 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						
2017						
Cost						
Beginning of financial year	58,003	180,814	45,312	138,338	29,998	452,465
Additions	–	2,070	–	4,612	8,039	14,721
Reclassifications from investment properties						
– At fair value (Note 21)	124	3,124	–	–	–	3,248
	124	3,124	–	–	–	3,248
Disposals	–	(2,127)	(113)	(35,922)	–	(38,162)
Transfers	–	354	536	21,592	(22,482)	–
End of financial year	58,127	184,235	45,735	128,620	15,555	432,272
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	16,850	79,998	4,620	109,054	–	210,522
Depreciation charge	838	4,017	3,022	10,712	–	18,589
Disposals	–	(1,899)	(93)	(35,218)	–	(37,210)
End of financial year	17,688	82,116	7,549	84,548	–	191,901
Net book value						
End of financial year	**40,439**	**102,119**	**38,186**	**44,072**	**15,555**	**240,371**

22. 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						
2016						
Cost						
Beginning of financial year	61,675	187,958	133,231	154,604	15,026	552,494
Additions	–	–	–	3,368	28,048	31,416
Reclassifications to investment properties						
– At fair value (Note 21)	(13,034)	(21,900)	–	–	–	(34,934)
– Transfer to asset valuation reserve (Note 30(b)(v))	9,362	18,262	–	–	–	27,624
	(3,672)	(3,638)	–	–	–	(7,310)
Disposals	–	(3,506)	(88,103)	(32,526)	–	(124,135)
Transfers	–	–	184	12,892	(13,076)	–
End of financial year	58,003	180,814	45,312	138,338	29,998	452,465
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	15,997	76,923	89,602	119,686	–	302,208
Depreciation charge	853	3,942	3,032	9,770	–	17,597
Disposals	–	(867)	(88,014)	(20,402)	–	(109,283)
End of financial year	16,850	79,998	4,620	109,054	–	210,522
Net book value						
End of financial year	**41,153**	**100,816**	**40,692**	**29,284**	**29,998**	**241,943**

23. INTANGIBLE ASSETS

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Composition:				
Goodwill on acquisitions (Note (a))	**305,118**	482,322	**–**	227
Customer relationships (Note (b))	**36,683**	57,944	**–**	–
Preferential rent (Note (c))	**4,667**	5,393	**–**	–
Acquired software licence (Note (d))	**11,040**	6,441	**–**	–
Trademarked brands (Note (e))	**43,175**	41,884	**–**	–
	400,683	593,984	**–**	227

Details of restatement of prior year comparatives are provided in Note 38.

(a) Goodwill on acquisitions

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Cost				
Beginning of financial year	**482,322**	267,278	**227**	227
Acquisition of subsidiaries	**–**	224,274	**–**	–
Write-off	**(227)**	–	**(227)**	–
Currency translation differences	**9,686**	(9,230)	**–**	–
End of financial year	**491,781**	482,322	**–**	227
Accumulated impairment				
Beginning of financial year	**–**	–	**–**	–
Impairment charge (Note 9)	**(186,663)**	–	**–**	–
End of financial year	**(186,663)**	–	**–**	–
Net book value	**305,118**	482,322	**–**	227

23. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

Impairment tests for goodwill

Goodwill arising from acquisition of subsidiaries is allocated to the Group's cash-generating units or groups of cash-generating units as follows:

	Group	
	2017	2016
	S$'000	S$'000
		(Restated)
Quantium Solutions International Pte. Ltd.	**77,858**	77,858
General Storage Company Pte. Ltd.	**6,857**	6,857
Famous Holdings Pte. Ltd.	**59,908**	80,508
CouriersPlease Holdings Pty Limited	**78,521**	76,066
Tras – Inter Co. Ltd	**2,369**	2,272
F.S. Mackenzie Limited	**4,952**	5,520
Famous Pacific Shipping (NZ) Limited	**5,515**	5,271
The Store House Limited	**11,264**	10,875
EK Media	**–**	227
Rotterdam Harbour Holding B.V.	**15,812**	16,280
L+S Self Storage Pte Ltd (formerly known as Store Friendly Self Storage Group Pte Ltd)	**10,646**	10,646
Jagged Peak, Inc	**21,860**	20,710
TG Acquisition Corporation	**9,556**	169,232
	305,118	482,322

* TG Acquisition Corporation is the immediate holding company of TradeGlobal.

The recoverable amount of each CGU was determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets covering, minimally, a three-year period. Cash flows beyond the periods covered by the financial budgets were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the country in which the CGU operates.

23. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

Key assumptions used for value-in-use calculations for goodwill are as follows:

	Quantium Solutions International Pte. Ltd.	General Storage Company Limited	Famous Holdings Pte Ltd	Couriers-Please Pty Limited	F.S Mackenzie Limited	Famous Pacific Shipping (NZ) Limited	The Store House Limited	Rotterdam Harbour Holding B.V.	L+S Self Storage Pte Ltd	TG Acquisition Corporation	Jagged Peak, Inc
2017											
Terminal growth rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Discount rate	9.0%	7.0%	10.0%	8.7%	10.0%	10.0%	7.0%	10.0%	7.0%	10.5%	10.0%
2016											
Terminal growth rate	–	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	0.0%
Discount rate	–	5.7%	10.0%	8.7%	10.0%	9.7%	5.7%	11.4%	5.7%	10.5%	10.5%

The above assumptions were used for the analysis of each material CGU.

A total impairment charge of $186.7 million (2016: Nil) is included within "Exceptional items" in the consolidated statement of comprehensive income. The total impairment charge consists of :

- S$166.1 million for the TG Acquisition Corporation CGU which arose as a result of the CGU not achieving the underlying profit assumptions of the business plan which supported the investment; and

- S$20.6 million for the Famous Holding Pte. Ltd CGU which arose as a result of the acquisition of Famous Holdings Pte. Ltd purchase price adjustment that reduced the carrying value of goodwill on acquisition.

The impairment test carried out as at 31 March 2017 for the Quantium Solutions International Pte. Ltd. CGU, which comprises 26% of the goodwill recognised on the balance sheet, has revealed that the recoverable amount of the CGU is S$3,707,000 or 4% higher than its carrying amount. A further decrease in the terminal growth rate by 0.4% or an increase in the discount rate by 0.3% would result in the recoverable amount of the Quantium Solutions International Pte. Ltd. CGU being equal to its carrying amount.

23. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

The impairment test carried out as at 31 March 2017 for the General Storage Company Group ("GSC Group") CGU (consisting of General Storage Company Pte. Ltd., the Store House Limited and L+S Self Storage Pte. Ltd.), which comprises 3% of the goodwill recognised on the balance sheet, has revealed that the recoverable amount of the CGU is S$5,213,000 or 7% higher than its carrying amount. A further decrease in the terminal growth rate by 0.3% or an increase in the discount rate by 0.3% would result in the recoverable amount of the GSC Group CGU being equal to its carrying amount.

(b) Customer relationships

	Group	
	2017	2016
	S$'000	S$'000 (Restated)
Cost		
Beginning of financial year	**65,395**	6,360
Acquisition of subsidiaries	**–**	61,180
Additions	**–**	250
Currency translation differences	**2,129**	(2,395)
End of financial year	**67,524**	65,395
Accumulated amortisation and impairment		
Beginning of financial year	**(7,451)**	(5,396)
Amortisation charge	**(4,437)**	(1,799)
Impairment charge (Note 9)	**(18,953)**	–
Write-off	**–**	(256)
End of financial year	**(30,841)**	(7,451)
Net book value	**36,683**	57,944

In the current financial year, the Group recognised an impairment charge of $19.0 million (2016: Nil) on its customer relationships in relation to the acquisition of TG Acquisition Corporation. The impairment charge arose as a result of the loss of two major customers of TradeGlobal, and was included within "Exceptional items" in the consolidated statement of comprehensive income (Note 9).

23. INTANGIBLE ASSETS (continued)

(c) Preferential rent

	Group 2017 S$'000	Group 2016 S$'000
Cost		
Beginning of financial year	**7,474**	7,497
Currency translation differences	**33**	(23)
End of financial year	**7,507**	7,474
Accumulated amortisation		
Beginning of financial year	**(2,081)**	(989)
Amortisation charge	**(759)**	(1,092)
End of financial year	**(2,840)**	(2,081)
Net book value	**4,667**	5,393

(d) Acquired software licence

	Group 2017 S$'000	Group 2016 S$'000 (Restated)
Cost		
Beginning of financial year	**6,703**	–
Acquisition of subsidiaries	**–**	6,425
Additions	**6,891**	342
Currency translation differences	**139**	(64)
End of financial year	**13,733**	6,703
Accumulated amortisation		
Beginning of financial year	**(262)**	–
Amortisation charge	**(2,431)**	(262)
End of financial year	**(2,693)**	(262)
Net book value	**11,040**	6,441

23. INTANGIBLE ASSETS (continued)

(e) Trademarked brands

	Group 2017 S$'000	Group 2016 S$'000
Cost		
Beginning of financial year	**41,907**	41,856
Acquisition of subsidiary	**–**	560
Currency translation differences	**1,355**	(509)
End of financial year	**43,262**	41,907
Accumulated amortisation		
Beginning of financial year	**(23)**	–
Amortisation charge	**(64)**	(23)
End of financial year	**(87)**	(23)
Net book value	**43,175**	41,884

Included in the carrying amount is a trademarked brand with indefinite useful life of S$42,704,000 (2016: S$41,368,000).

Key assumptions used for value-in-use calculations for the trademarked brand with indefinite useful life:

	Group 2017	Group 2016
Royalty rate	**1.8%**	1.8%
Terminal growth rate	**2.5%**	0.0%
Discount rate	**8.7%**	8.7%

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Current				
Trade payables				
– Subsidiaries	**–**	–	**79,343**	21,102
– Companies related by a substantial shareholder	**346**	315	**346**	315
– Non-related parties	**200,982**	166,214	**163,779**	125,541
	201,328	166,529	**243,468**	146,958
Advance billings	**31,712**	29,892	**18,525**	16,785
Accrual for other operating expenses	**105,681**	95,962	**48,754**	64,445
Interest payable	**631**	65	**631**	65
Customers' deposits	**4,630**	4,723	**4,630**	4,723
Collections on behalf of third parties	**18,540**	22,071	**18,540**	22,071
Contingent consideration payable (Note (a))	**–**	27,815	**–**	–
Tender deposits	**19,758**	18,699	**12,473**	11,204
Other creditors	**12,804**	19,923	**6,660**	8,181
	395,084	385,679	**353,681**	274,432
Non-current				
Contingent consideration payable (Note (a))	**23,363**	25,401	**–**	–
Deferred lease	**2,574**	2,318	**–**	–
Accrual for other operating expenses	**1,805**	4,506	**–**	–
Provision for reinstatement costs (Note (b))	**16,720**	–	**2,070**	–
	44,462	32,225	**2,070**	–
Total trade and other payables	**439,546**	417,904	**355,751**	274,432

Details of restatement of prior year comparatives are provided in Note 38.

24. TRADE AND OTHER PAYABLES (continued)

(a) Contingent consideration payable

(i) F.S. Mackenzie Limited ("FSML")

The balance of the consideration is dependent on the adjusted average net profit after tax of FSML for 3 consecutive financial years ending 31 March 2015 to 31 March 2017. The fair value of the consideration at the acquisition date was estimated at S$3,083,000 based on estimated adjusted average net profit after tax of S$1,436,000 for the relevant financial years and discounted at 2% per annum.

As at 31 March 2017, the fair value of contingent consideration amounted to S$1,540,000 (2016: S$2,216,000).

(ii) Famous Pacific Shipping (NZ) Limited ("FPSNZ")

The balance of the consideration is dependent on the adjusted average net profit after tax of FPSNZ for financial year ending 31 March 2016 and 31 March 2017. The fair value of the consideration at the acquisition date was estimated at S$894,000 based on estimated adjusted average net profit after tax of S$797,000 for the relevant financial years and discounted at 2% per annum.

As at 31 March 2017, the fair value of contingent consideration amounted to S$2,240,000 (2016: S$2,578,000).

(iii) Rotterdam Harbour Holding B.V. ("FPS Rotterdam")

The consideration for the remaining 20% interest is dependent on the revenue achieved for the financial years 31 March 2016 and 31 March 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.

As at 31 March 2017, the fair value of contingent consideration amounted to S$3,797,000 (2016: S$5,394,000).

24. TRADE AND OTHER PAYABLES (continued)

(a) Contingent consideration payable (continued)

(iv) Jagged Peak, Inc. ("JP")

In accordance with the key Stockholder Agreement between the Group and the key stockholder, a call option was granted to the Group to purchase the remaining 28.9% interest in JP and a put option was granted to the key stockholder to sell the remaining 28.9% interest in JP to the Group.

The consideration for the 28.9% under option is dependent on the audited average earnings before interest, tax, depreciation and amortisation ("EBITDA") of JP for the 3 consecutive financial years ending 31 December 2015 to 31 December 2017. The fair value of the consideration at the acquisition date was estimated at S$13,809,000 based on a multiple of forecasted average EBITDA for the relevant financial years and estimated net debt of S$6,731,000, discounted at 2.9% per annum.

The maximum amount that the Group is expected to pay to the key stockholders of Jagged Peak will be S$33,163,000 if the above mentioned criteria are met.

As at 31 March 2017, the fair value of contingent consideration amounted to S$15,786,000 (2016: S$15,213,000).

The fair value of contingent consideration payable was derived using the income approach and is classified as a Level 3 fair value under the fair value hierarchy.

(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	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Beginning of financial year	**–**	–	**–**	–
Provision made	**16,720**	–	**2,070**	–
End of financial year	**16,720**	–	**2,070**	–

25. BORROWINGS

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Other borrowings	**363,985**	280,272	**320,061**	236,044

The analysis of the current and non-current borrowings is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Current				
– Borrowings (secured)	**14,043**	11,667	**–**	–
– Borrowings (unsecured)	**134,743**	59,423	**117,743**	33,000
	148,786	71,090	**117,743**	33,000
Non-current				
– Borrowings (secured)	**12,881**	6,138	**–**	–
– Borrowings (unsecured)	**202,318**	203,044	**202,318**	203,044
	215,199	209,182	**202,318**	203,044
	363,985	280,272	**320,061**	236,044

Secured borrowings comprise external bank loans and are secured over investment properties with carrying amount of S$49.3 million (2016: S$51.0 million) (Note 21) at the balance sheet date, or guaranteed by a director of a subsidiary with non-controlling interests.

The Group's unsecured borrowings mainly comprised S$200 million 10-year Fixed Rate Notes (the "Notes") issued in March 2010. The Notes are listed on the SGX-ST and carry a fixed interest rate of 3.5% (2016: 3.5%) per annum respectively.

25. BORROWINGS (continued)

Fair value of non-current borrowings

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Non-current				
– Borrowings (secured)	**12,881**	6,138	**–**	–
– Borrowings (unsecured)	**207,896**	208,946	**207,896**	208,946
	220,777	215,084	**207,896**	208,946

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 35(a)(ii).

26. DEFERRED INCOME

Deferred income relates to:

(a) Definitive agreements with respect to the postassurance collaboration with AXA Life Insurance Singapore Private Limited ("AXA") commenced on 19 January 2017. Deferred income received from AXA is recognised in profit or loss over the period of 10 years till 19 January 2025; and

(b) Capital grants received from the Universal Postal Union, National Trade Union Congress and Economic Development Board. Deferred capital grants are recognised in profit or loss over the periods necessary to match the depreciation of the assets purchased.

The current and non-current portion of the deferred income for the Group and the Company at the balance sheet date are S$7,413,000 (2016: S$7,268,000) and S$49,545,000 (2016: S$56,785,000).

27. 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 fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Deferred income tax assets				
– To be recovered within one year	**1,024**	1,351	**–**	–
– To be recovered after one year	**5,194**	4,193	**–**	–
	6,218	5,544	**–**	–
Deferred income tax liabilities				
– To be settled within one year	**4,079**	5,199	**1,353**	1,473
– To be settled after one year	**58,468**	60,836	**21,250**	17,726
	62,547	66,035	**22,603**	19,199

Details of restatement of prior year comparatives are provided in Note 38.

27. DEFERRED INCOME TAXES (continued)

Movement in the deferred income tax account is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Beginning of financial year	**60,491**	31,799	**19,199**	17,278
Acquisition of subsidiaries	**–**	27,033	**–**	–
Disposal of subsidiaries (Note 12)	**–**	(320)	**–**	–
Currency translation differences	**1,062**	(117)	**–**	–
Tax (credited)/charged to profit or loss (Note 10(a))	**(4,170)**	2,096	**3,404**	1,921
Revaluation of properties, plant and equipment transferred to investment properties	**(1,054)**	–	**–**	–
End of financial year	**56,329**	60,491	**22,603**	19,199

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 of S$155,354,000 (2016: S$91,975,000) at the balance sheet date 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.

27. DEFERRED INCOME TAXES (continued)

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$'000	Others S$'000	Total S$'000
2017			
Beginning of financial year	**27,128**	**39,091**	**66,219**
Currency translation differences	**201**	**528**	**729**
Charged/(credited) to profit or loss	**12,650**	**(7,759)**	**4,891**
Revaluation of property, plant and equipment transferred to investment properties (Note 30(b)(v))	**–**	**(1,054)**	**(1,054)**
End of financial year	**39,979**	**30,806**	**70,785**
2016 (Restated)			
Beginning of financial year	20,343	16,109	36,452
Currency translation differences	(524)	19	(505)
Acquisition of subsidiaries	4,510	24,125	28,635
Disposal of subsidiaries	(533)	(1)	(534)
Charged to profit or loss	3,332	(1,161)	2,171
End of financial year	27,128	39,091	66,219

27. DEFERRED INCOME TAXES (continued)

Group (continued)

Deferred income tax assets

	Provisions S$'000	Tax losses S$'000	Total S$'000
2017			
Beginning of financial year	**(3,216)**	**(2,512)**	**(5,728)**
Currency translation difference	**24**	**309**	**333**
(Credited)/charged to profit or loss	**(9,637)**	**576**	**(9,061)**
End of financial year	**(12,829)**	**(1,627)**	**(14,456)**
2016			
Beginning of financial year	(1,806)	(2,847)	(4,653)
Currency translation difference	53	335	388
Acquisition of subsidiaries	(1,602)	–	(1,602)
Disposal of subsidiaries	214	–	214
Credited to profit or loss	(75)	–	(75)
End of financial year	(3,216)	(2,512)	(5,728)

27. DEFERRED INCOME TAXES (continued)

Company

Deferred income tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
2017			
Beginning of financial year	**18,731**	**632**	**19,363**
Charged/(credited) to profit or loss	**3,606**	**(180)**	**3,426**
End of financial year	**22,337**	**452**	**22,789**
2016			
Beginning of financial year	17,144	243	17,387
Charged to profit or loss	1,587	389	1,976
End of financial year	18,731	632	19,363

Company

Deferred income tax assets

	Provisions S$'000
2017	
Beginning of financial year	**(164)**
Credited to profit or loss	**(22)**
End of financial year	**(186)**
2016	
Beginning of financial year	(109)
Credited to profit or loss	(55)
End of financial year	(164)

28. 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				
2017				
Beginning of financial year	**2,163,001**	**(2,046)**	**448,775**	**(2,116)**
– New shares issued	**107,554**	**–**	**183,960**	**–**
Employee share option scheme				
– New shares issued	**4,529**	**–**	**6,021**	**–**
– Treasury shares re-issued	**–**	**865**	**–**	**889**
End of financial year	**2,275,084**	**(1,181)**	**638,756**	**(1,227)**
2016				
Beginning of financial year	2,149,518	(2,744)	429,980	(2,831)
Employee share option scheme				
– New shares issued	13,483	–	18,795	–
– Treasury shares re-issued	–	698	–	715
End of financial year	2,163,001	(2,046)	448,775	(2,116)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

On 10 January 2017, the Company issued 107,553,907 ordinary shares for a total consideration of S$183,960,000 (net of transaction costs of S$3,184,000) for cash to provide funds for the expansion of the Group's operations. The newly issued shares rank pari passu in all respects with the previously issued shares.

(a) Treasury shares

The Company re-issued 865,000 (2016: 698,000) treasury shares during the financial year pursuant to the Singapore Post Share Option Scheme at exercise prices at S$1.03 (2016: S$1.03) each. The cost of the treasury shares re-issued amounted to S$889,000 (2016: S$715,000).

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(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 Mrs Fang Ai Lian (Chairman[1]), Mr Simon Claude Israel and Mr Zulkifli Bin Baharudin during the financial year ended 31 March 2017.

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.

[1] Mrs Fang Ai Lian was appointed as the chairperson of the Compensation Committee on 10 October 2016 in place of Mr Tan Yam Pin who stepped down as chairman and member of the Compensation Committee on 14 July 2016.

28. 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 follow:

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

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) 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 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.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Since the adoption of the Scheme to 31 March 2016, a total of 171,626,936 share options were granted. Particulars of the options were set out in the Directors' Report for the respective financial years.

During the financial year ended 31 March 2017, 7,061,000 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 1.4.16 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.17 ('000)**
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
26.06.06 (1)	27.06.07 to 26.06.16	S$1.048	27	–	27	–	–
26.06.07	27.06.08 to 26.06.17	S$1.278	196	–	–	–	196
30.06.08	01.07.09 to 30.06.18	S$1.100	280	–	90	–	190
29.06.09 (1)	30.06.10 to 29.06.19	S$0.890	10	–	10	–	–
29.06.10	30.06.11 to 29.06.20	S$1.140	533	–	20	–	513
26.07.11	27.07.12 to 26.07.21	S$1.100	855	–	189	–	666
19.03.12 (1)	20.03.13 to 19.03.22	S$0.980	200	–	200	–	–
10.05.12 (1)	11.05.13 to 10.05.22	S$1.030	200	–	200	–	–
11.05.12	19.05.14 to 11.05.22	S$1.030	1,050	–	–	–	1,050
10.08.12	11.08.13 to 10.08.22	S$1.070	2,590	–	1,066	–	1,524
03.09.12 (1)	04.09.13 to 03.09.22	S$1.080	50	–	50	–	–
07.05.13	08.05.13 to 07.05.23	S$1.290	75	–	–	–	75
17.01.14	18.01.17 to 17.01.24	S$1.350	11,316	–	1,991	1,723	7,602
07.03.14	08.03.17 to 07.03.24	S$1.330	500	–	–	–	500
10.03.14	11.03.15 to 10.03.24	S$1.330	80	–	–	–	80
01.04.14	02.04.17 to 01.04.24	S$1.360	200	–	–	–	200

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

			Number of ordinary shares under options outstanding				
Date of grant	Exercise Period	Exercise Price	Balance At 1.4.16 ('000)	Granted during financial year ('000)	Options exercised ('000)	Options forfeited ('000)	Balance At 31.3.17 ('000)
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
20.05.14	21.05.15 to 20.05.24	S$1.450	7,689	–	686	1,370	5,633
07.08.14	08.08.15 to 07.08.24	S$1.760	708	–	–	140	568
28.11.14	29.11.15 to 28.11.24	S$1.920	200	–	–	200	–
07.04.15	08.04.16 to 07.04.25	S$1.960	1,588	–	–	1,588	–
13.05.15	14.05.16 to 13.05.25	S$1.910	950	–	–	–	950
19.05.15	20.05.16 to 19.05.25	S$1.890	15,933	–	–	2,976	12,957
12.06.15	13.06.16 to 12.06.25	S$1.880	40	–	–	–	40
20.05.16	21.05.17 to 20.05.27	S$1.570	–	7,061	–	374	6,687
Total Share Options			45,270	7,061	4,529	8,371	39,431

(1) All outstanding share options granted on 26 June 2006, 29 June 2009, 19 March 2012, 10 May 2012 and 3 September 2012 had been exercised before the expiry date.

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.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Restricted Share Plan

The Singapore Post Restricted Share Plan 2013 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.

The Plan is a share incentive scheme. It is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to key employees and directors of the Group and Associated Companies who contribute to the growth of the Group. The Plan will enable grants of fully paid Shares to be made to non-executive directors of the Group and Associated Companies.

The release schedule for the shares granted to eligible employees (excluding non-executive directors) 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 2016, a total of 3,402,479 restricted shares were granted.

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

During the financial year ended 31 March 2017, 2,436,639 restricted 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 1.4.16 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.17 ('000)
05.08.13	401	–	365	28	8
20.05.14	443	–	189	21	233
19.05.15	662	–	198	68	396
03.08.15	112	–	112	–	–
20.05.16	–	2,437	–	419	2,018
Total Shares	**1,618**	**2,437**	**864**	**536**	**2,655**

Of the outstanding options (including Performance Share Option Plan but excluding Restricted Share Plan) for 39,431,000 (2016: 45,270,000) shares, 17,219,000 (2016: 10,407,000) options are exercisable as at 31 March 2017. Options exercised in the financial year ended 31 March 2017 resulted in 4,529,000 (2016: 13,483,000) new ordinary shares being issued for options with average exercise price of S$1.247 (2016: S$1.289), rounded to 3 decimal places. Options were exercised throughout the year. The weighted average share price during the financial year was S$1.49 (2016: S$1.76).

28. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share Options (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	Singapore Post Share Option Scheme 2012	Restricted Share Plan
2017		
Total fair value of options granted during financial year	**S$989,225**	**S$2,840,681**
Valuation Model	**Trinomial option Pricing model**	**Adjusted Share Price model**
Weighted average share price at the grant dates	**S$1.58**	**S$1.58**
Weighted average exercise price	**S$1.57**	**S$1.55**
Expected volatility	**14%**	**–**
Expected option life	**10 years**	**3 years**
Annual risk-free interest rate (per annum)	**1.6%**	**0.9%**
Expected dividend yield	**4.5%**	**4.5%**
2016		
Total fair value of options granted during financial year	S$3,373,539	S$1,361,024
Valuation Model	Trinomial option Pricing model	Adjusted Share Price model
Weighted average share price at the grant dates	S$1.871	S$1.872
Weighted average exercise price	S$1.896	S$1.882
Expected volatility	16%	–
Expected option life	5 years	10 years
Annual risk-free interest rate (per annum)	1.7%	0.9%
Expected dividend yield	3.4%	3.5%

The volatility measured was based on the historical volatility of the rate of returns of the Company's shares since listing date of 13 May 2003.

The fair value is within Level 3 of the fair value hierarchy.

29. 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 incurred 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 FRS 32 Financial Instruments: Disclosure and 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 (2016: S$14,915,000) were made to perpetual securities holders.

30. OTHER RESERVES

		Group		Company	
		2017	2016	**2017**	2016
		S$'000	S$'000	**S$'000**	S$'000
(a)	Composition:				
	Share option reserve	**8,990**	6,904	**8,990**	6,904
	Fair value reserve	**(659)**	(1,105)	**(659)**	(1,105)
	Currency translation reserve	**(17,841)**	(25,042)	**–**	–
	Other capital reserve	**37,447**	37	**–**	–
	Asset valuation reserve	**43,850**	26,464	**28,918**	28,914
		71,787	7,258	**37,249**	34,713
(b)	Movements:				
	(i) Share option reserve				
	Beginning of financial year	**6,904**	4,980	**6,904**	4,980
	Employee share option scheme:				
	– Value of employee services (Note 5)	**3,351**	4,053	**3,351**	4,053
	– Issue of shares	**(376)**	(1,414)	**(376)**	(1,414)
	– Re-issuance of treasury shares	**(889)**	(715)	**(889)**	(715)
	End of financial year	**8,990**	6,904	**8,990**	6,904
	(ii) Fair value reserve				
	Beginning of financial year	**(1,105)**	(468)	**(1,105)**	(468)
	Fair value gain/(loss)	**446**	(637)	**446**	(637)
	End of financial year	**(659)**	(1,105)	**(659)**	(1,105)
	(iii) Currency translation reserve				
	Beginning of financial year	**(25,042)**	(3,534)	**–**	–
	Acquisition of non-controlling Interests (Note 20)	**23**	–	**–**	–
	Partial divestment of a subsidiary	**405**	–	**–**	–
	Reclassification on disposal of subsidiaries, associated companies and joint venture	**73**	(2,026)	**–**	–
	Net currency translation differences of financial statements of foreign subsidiaries, associated companies and joint ventures	**6,797**	(18,913)	**–**	–
	Less: Non-controlling interests	**(97)**	(569)	**–**	–
	End of financial year	**(17,841)**	(25,042)	**–**	–

30. OTHER RESERVES (continued)

	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
(b) Movements: (continued)				
(iv) Other capital reserve				
Beginning of financial year	**37**	35	**–**	–
Acquisition of non-controlling interests (Note 20)	**(1,622)**	–	**–**	–
Partial divestment of a subsidiary (Note 12)	**39,032**	–	**–**	–
Transfer from retained earnings of subsidiaries to statutory reserves	**–**	2	**–**	–
End of financial year	**37,447**	37	**–**	–
(v) Asset valuation reserve				
Beginning of financial year	**26,464**	6,435	**28,914**	1,290
Revaluation gain on property, plant and equipment upon transfer to investment property (Note 22, Note 27)	**17,386**	20,029	**4**	27,624
End of financial year	**43,850**	26,464	**28,918**	28,914

Other reserves are non-distributable.

31. RETAINED EARNINGS

(a) Retained profits of the Group are distributable except for accumulated retained profits of associated companies and joint ventures amounting to S$9,295,000 (2016: S$18,871,000) and the amount of S$1,227,000 (2016: S$2,116,000) utilised to purchase treasury shares. Retained profits of the Company are distributable except for the amount of S$1,227,000 (2016: S$2,116,000) utilised to purchase treasury shares.

(b) Movement in retained earnings for the Company is as follows:

	Company	
	2017	2016
	S$'000	S$'000
Beginning of financial year	**780,232**	688,597
Net profit	**11,819**	273,535
Dividends paid (Note 32)	**(119,548)**	(166,985)
Reserved distribution to perpetual securities (Note 29)	**(14,875)**	(14,915)
End of financial year	**657,628**	780,232

32. DIVIDENDS

	Group and Company	
	2017	2016
	S$'000	S$'000
Ordinary dividends paid		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 1.50 cents (2016: 2.50 cents) per share	**54,075**	53,777
Special exempt (one-tier) dividend paid in respect of the previous financial year of Nil (2016: 0.75 cent) per share	**–**	16,133
Interim exempt (one-tier) dividend paid in respect of the first quarter of current financial year of 1.50 cents (2016: 1.50 cents) per share	**32,457**	32,291
Interim exempt (one-tier) dividend paid in respect of the second quarter of current financial year of 1.00 cent (2016: 1.50 cents) per share	**21,648**	32,375
Interim exempt (one-tier) dividend paid in respect of the third quarter of current financial year of 0.50 cent (2016: 1.50 cents) per share	**11,368**	32,409
	119,548	166,985

At the Annual General Meeting on 20 July 2017, a final exempt (one-tier) dividend of 0.50 cent per share amounting to S$11.4 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 2018.

33. CONTINGENT LIABILITIES

A foreign subsidiary has tax-related contingent liabilities arising from certain tax compliance issues which, due to inherent uncertainties, is not possible to make an accurate quantification of such liability at this juncture. The Company had notified the relevant regulatory authorities regarding these tax compliance issues. These tax-related contingent liabilities are subject to an indemnity claim by the Group against the vendor under the sale and purchase agreement entered into between the Company and the vendor for which the acquisition of the foreign subsidiary was made.

34. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Property, plant and equipment	**111,762**	246,774	**103,286**	215,974

(b) Operating lease commitments – where the Group is a lessee

The Group and Company leases various post offices, warehouse space and machinery under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Not later than one year	**38,776**	35,454	**9,413**	12,597
Between one and five years	**65,278**	60,750	**11,307**	16,586
Later than five years	**43,513**	53,112	**2,209**	3,456
	147,567	149,316	**22,929**	32,639

34. COMMITMENTS (continued)

(c) Operating lease commitments – where the Group is a lessor

The Group and Company leases out various retail and office space under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Not later than one year	**44,214**	34,059	**39,575**	33,760
Between one and five years	**58,558**	54,117	**55,143**	53,723
Later than five years	**3,750**	4,686	**3,750**	4,686
	106,522	92,862	**98,468**	92,169

35. 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 interest rate swaps and 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") and United States Dollar ("USD"). 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 usually in US Dollars. 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, associated companies and joint ventures 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.

35. 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$'000	Others S$'000	Total S$'000
Group									
As at 31 March 2017									
Financial assets									
Cash and cash equivalents	259,026	–	4,926	59,105	8,834	12,319	2,144	20,260	366,614
Trade and other receivables	102,197	5,710	5,009	37,129	8,936	21,859	1,436	23,822	206,098
Other financial assets	3,639	–	–	266	1,251	183	137	878	6,354
Financial asset	40,049	–	–	–	–	–	–	262	40,311
Derivative financial instruments	–	–	–	–	–	–	16,079	–	16,079
	404,911	5,710	9,935	96,500	19,021	34,361	19,796	45,222	635,456
Financial liabilities									
Derivative financial instruments	–	–	(357)	(597)	–	–	–	(101)	(1,055)
Borrowings	(346,805)	–	–	(11,497)	–	–	(4,809)	(874)	(363,985)
Trade and other payables	(195,099)	(145,249)	(3,412)	(46,194)	(2,709)	(22,482)	(1,376)	(23,025)	(439,546)
	(541,904)	(145,249)	(3,769)	(58,288)	(2,709)	(22,482)	(6,185)	(24,000)	(804,586)
Net financial assets/ (liabilities)	(136,993)	(139,539)	6,166	38,212	16,312	11,879	13,611	21,222	
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	(136,993)	–	5,284	(18,027)	12,768	10,363	(2,468)	15,896	
Add/(Less): Currency forwards	–	79,565	–	(85,340)	–	–	–	–	
Currency exposure	–	(59,974)	882	(29,101)	3,544	1,516	16,079	5,326	

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	HKD S$'000	AUD S$'000	MYR S$'000	Others S$'000	Total S$'000
Group (continued)									
As at 31 March 2016 (Restated)									
Financial assets									
Cash and cash equivalents	50,926	–	14,258	11,241	10,452	10,779	3,219	25,765	126,640
Trade and other receivables	119,562	6,263	6,450	33,863	8,256	19,830	1,441	19,863	215,528
Other financial assets	4,190	–	–	321	1,136	45	40	799	6,531
Financial asset	46,210	–	–	–	–	–	–	–	46,210
Derivative financial instruments	846	–	–	–	–	–	–	–	846
	221,734	6,263	20,708	45,425	19,844	30,654	4,700	46,427	395,755
Financial liabilities									
Derivative financial instruments	–	–	(207)	(465)	–	–	–	(129)	(801)
Borrowings	(263,531)	–	–	(9,423)	–	–	(5,887)	(1,431)	(280,272)
Trade and other payables	(202,909)	(104,233)	(4,896)	(43,968)	(3,140)	(22,341)	(2,256)	(34,161)	(417,904)
	(466,440)	(104,233)	(5,103)	(53,856)	(3,140)	(22,341)	(8,143)	(35,721)	(698,977)
Net financial assets/ (liabilities)	**(244,706)**	**(97,970)**	**15,605**	**(8,431)**	**16,704**	**8,313**	**(3,443)**	**10,706**	
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	(244,706)	–	4,702	(14,523)	10,464	7,992	(3,373)	14,795	
Add: Currency forwards	–	64,115	10,498	6,731	–	423	–	–	
Currency exposure	**–**	**(33,855)**	**21,401**	**12,823**	**6,240**	**744**	**(70)**	**(4,089)**	

35. 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	AUD S$'000	MYR S$'000	Others S$'000	Total S$'000
Company								
As at 31 March 2017								
Financial assets								
Cash and cash equivalents	245,017	–	972	54,510	25	–	2,655	303,179
Trade and other receivables	534,448	5,710	–	32,437	–	–	5,831	578,426
Other financial assets	2,359	–	–	–	–	–	–	2,359
Financial asset	39,702	–	–	–	–	–	–	39,702
Derivative financial instruments	–	–	–	–	–	16,142	–	16,142
	821,526	5,710	972	86,947	25	16,142	8,486	939,808
Financial liabilities								
Derivative financial instruments	–	–	(357)	(597)	–	–	(101)	(1,055)
Borrowings	(320,061)	–	–	–	–	–	–	(320,061)
Trade and other payables	(210,502)	(145,249)	–	–	–	–	–	(355,751)
	(530,563)	(145,249)	(357)	(597)	–	–	(101)	(676,867)
Net financial assets/(liabilities)	290,963	(139,539)	615	86,350	25	16,142	8,385	
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	290,963	–	–	–	–	–	–	
Add/(Less): Currency forwards	–	79,565	–	(85,340)	–	–	–	
Currency exposure	–	(59,974)	615	1,010	25	16,142	8,385	

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	AUD S$'000	MYR S$'000	Others S$'000	Total S$'000
Company (continued)								
As at 31 March 2016 (Restated)								
Financial assets								
Cash and cash equivalents	28,292	–	10,005	3,510	21	–	7,798	49,626
Trade and other receivables	751,649	6,263	–	–	–	–	–	757,912
Other financial assets	2,362	–	–	–	–	–	–	2,362
Financial asset	45,612	–	–	–	–	–	–	45,612
Derivative financial instruments	846	–	–	–	–	–	–	846
	828,761	6,263	10,005	3,510	21	–	7,798	856,358
Financial liabilities								
Derivative financial instruments	–	–	(129)	(493)	–	–	(137)	(759)
Borrowings	(236,044)	–	–	–	–	–	–	(236,044)
Trade and other payables	(170,199)	(104,233)	–	–	–	–	–	(274,432)
	(406,243)	(104,233)	(129)	(493)	–	–	(137)	(511,235)
Net financial assets/(liabilities)	**422,518**	**(97,970)**	**9,876**	**3,017**	**21**	**–**	**7,661**	
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	422,518	–	–	–	–	–	–	
Add: Currency forwards	–	64,115	5,639	6,731	423	–	–	
Currency exposure	**–**	**(33,855)**	**15,515**	**9,748**	**444**	**–**	**7,661**	

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SDR changes against the SGD by 3% (2016: 2%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit after tax	
	2017	2016
	S$'000	S$'000
Group		
SDR against SGD		
– strengthened	**(1,515)**	(562)
– weakened	**1,515**	562
Company		
SDR against SGD		
– strengthened	**(1,515)**	(562)
– weakened	**1,515**	562

If the EUR changes against the SGD by 4% (2016: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit after tax	
	2017	2016
	S$'000	S$'000
Group		
EUR against SGD		
– strengthened	**29**	889
– weakened	**(29)**	(889)
Company		
EUR against SGD		
– strengthened	**20**	644
– weakened	**(20)**	(644)

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD changes against the SGD by 4% (2016: 4%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit after tax	
	2017	2016
	S$'000	S$'000
Group		
USD against SGD		
– strengthened	**(936)**	426
– weakened	**936**	(426)
Company		
USD against SGD		
– strengthened	**64**	324
– weakened	**(64)**	(324)

(ii) Fair value interest rate risks

Fair value 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 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 fair value interest rate risk from its bonds and fixed rate notes.

As at 31 March 2017 and 2016, if the interest rate had increased/decreased by 1% with all other variables, including tax rate being held constant, it would have insignificant impact on the profit after tax for the year.

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade 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 an 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. The trade receivables of the Group and the Company comprise 1 debtor (2016: 1 debtor) that individually represented 18% to 27% of trade receivables. Revenues of S$161,198,000 (2016: S$71,227,000) are derived from an associated company. These revenues are attributable to the Logistics segment.

Bank deposits are placed in banks which are regulated. The Group limits its credit risk exposure in respect of investments in financial assets and derivative financial instruments by dealing with counterparties with high credit quality.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Singapore	**56,373**	75,105	**115,720**	133,685
Other countries	**134,757**	102,934	**54,034**	40,721
	191,130	178,039	**169,754**	174,406
By types of customers				
Related parties	**47,891**	34,645	**123,733**	120,240
Non-related parties:				
– Government bodies	**6,321**	6,936	**6,321**	6,885
– Banks	**6,360**	8,704	**6,109**	8,448
– Overseas postal administrations	**5,615**	6,167	**5,615**	6,167
– Other companies	**124,943**	121,587	**27,976**	32,666
	191,130	178,039	**169,754**	174,406

(i) Financial assets that are neither past due nor impaired

Bank deposits, investments in financial assets and financial instruments used in hedging activities that are neither past due nor impaired are mainly deposited and transacted with high credit-ratings counterparties. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Past due up to 3 months	**69,076**	64,668	**42,459**	38,658
Past due over 3 months	**5,143**	8,872	**1,058**	2,302
	74,219	73,540	**43,517**	40,960

The carrying amount of trade receivables individually and collectively determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Gross amount	**5,665**	5,390	**951**	1,741
Less: Allowance for impairment	**(5,665)**	(5,390)	**(951)**	(1,741)
	–	–	**–**	–
Beginning of financial year	**5,390**	5,273	**1,741**	1,566
Allowance made	**1,356**	472	**–**	351
Allowance utilised	**(1,081)**	(355)	**(790)**	(176)
End of financial year	**5,665**	5,390	**951**	1,741

The impaired trade receivables arise mainly from sales to certain customers that are in significant financial difficulty.

35. FINANCIAL RISK MANAGEMENT (continued)

(c) 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 both committed and uncommitted credit facilities and the ability to close market positions at short notice.

The table below analyses the maturity profile of the Group's and Company's financial liabilities (including 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				
At 31 March 2017				
Trade and other payables	**(395,084)**	**(41,888)**	**–**	**–**
Borrowings	**(155,786)**	**(7,000)**	**(219,881)**	**–**
Gross settled currency forwards	**(1,055)**	**–**	**–**	**–**
	(551,925)	**(48,888)**	**(219,881)**	**–**
At 31 March 2016 (Restated)				
Trade and other payables	(385,679)	(29,907)	–	–
Borrowings	(78,090)	(7,000)	(220,138)	–
Gross settled currency forwards	(801)	–	–	–
	(464,570)	(36,907)	(220,138)	–
Company				
At 31 March 2017				
Trade and other payables	**(353,681)**	**(2,070)**	**–**	**–**
Borrowings	**(124,743)**	**(7,000)**	**(207,000)**	**–**
Gross settled currency forwards	**(1,055)**	**–**	**–**	**–**
	(479,479)	**(9,070)**	**(207,000)**	**–**
At 31 March 2016 (Restated)				
Trade and other payables	(274,432)	–	–	–
Borrowings	(40,000)	(7,000)	(214,000)	–
Gross settled currency forwards	(759)	–	–	–
	(315,191)	(7,000)	(214,000)	–

35. FINANCIAL RISK MANAGEMENT (continued)

(d) 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 debt divided by total equity. Net debt/(cash) is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Net (cash)/debt	**(2,629)**	153,632	**16,882**	186,418
Total equity	**1,757,718**	1,561,503	**1,679,232**	1,608,430
Gearing ratio	**(0.1%)**	10%	**1%**	12%

The Group and Company have no externally imposed capital requirements for the financial years ended 31 March 2017 and 2016.

(e) 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 balance sheet date. 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 each balance sheet date. Where appropriate, quoted market price or dealer quotes for similar instruments are used.

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation of financial assets and liabilities (continued)

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 value of contingent consideration payable is estimated by using a valuation technique that is not based on observable market data and is accordingly classified as a Level 3 fair value measurement. Refer to Note 24 for details.

The fair values of current and non-current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

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).

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation of financial assets and liabilities (continued)

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group				
2017				
Assets				
Available-for-sale financial assets	**3,954**	**–**	**5,170**	**9,124**
Held-to-maturity financial assets	**31,187**	**–**	**–**	**31,187**
Derivative financial instruments	**16,011**	**68**	**–**	**16,079**
Liabilities				
Derivative financial instruments	**–**	**1,055**	**–**	**1,055**
Contingent consideration payable	**–**	**–**	**23,363**	**23,363**
2016 (Restated)				
Assets				
Available-for-sale financial assets	3,508	–	5,159	8,667
Held-to-maturity financial assets	37,543	–	–	37,543
Derivative financial instruments	–	846	–	846
Liabilities				
Derivative financial instruments	–	801	–	801
Contingent consideration payable	–	–	53,216	53,216

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation of financial assets and liabilities (continued)

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Company				
2017				
Assets				
Available-for-sale financial assets	**3,954**	**–**	**4,561**	**8,515**
Held-to-maturity financial assets	**31,187**	**–**	**–**	**31,187**
Derivative financial instruments	**16,011**	**131**	**–**	**16,142**
Liabilities				
Derivative financial instruments	**–**	**1,055**	**–**	**1,055**
2016				
Available-for-sale financial assets	3,508	–	4,561	8,069
Held-to-maturity financial assets	37,543	–	–	37,543
Derivative financial instruments	–	846	–	846
Liabilities				
Derivative financial instruments	–	801	–	801

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation of financial assets and liabilities (continued)

The following table presents the changes in Level 3 instruments:

	Group and Company		Group	
	Held-to-maturity financial assets $'000	Available-for-sale financial assets $'000	Contingent consideration $'000	Total $'000
2017				
Beginning of financial year (Restated)	–	5,159	53,216	58,375
Fair value losses recognised in				
– Profit or loss	–	–	(196)	(196)
Partial settlement of contingent consideration	–	–	(2,588)	(2,588)
Write-down of contingent consideration (Note 24)	–	–	(27,816)	(27,816)
Currency translation differences	–	11	747	758
End of financial year	–	5,170	23,363	28,533
Total losses for the year included in the profit or loss for assets and liabilities held at the end of the financial year	–	–	(196)	(196)

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value estimation of financial assets and liabilities (continued)

	Group and Company		Group	
	Held-to-maturity financial assets $'000	Available-for-sale financial assets $'000	Contingent consideration $'000	Total $'000
2016 (Restated)				
Beginning of financial year	1,289	414	26,772	28,475
Purchases	–	4,745	–	4,745
Disposal	(1,289)	–	(1,301)	(2,590)
Acquisition of subsidiaries and associates	–	–	28,359	28,359
Fair value gains recognised in				
– Profit or loss	–	–	201	201
Currency translation differences	–	–	(815)	(815)
End of financial year	–	5,159	53,216	58,375
Total gains for the year included in the profit or loss for assets and liabilities held at the end of the financial year	–	–	201	201

There were no transfers between Levels 1, 2 and 3 during the year.

35. FINANCIAL RISK MANAGEMENT (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheets and in Notes 13, 15 and 25 to the financial statements, except for the following:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		(Restated)
Loans and receivables	**584,264**	355,107	**883,964**	809,900
Financial liabilities at amortised cost	**803,531**	698,176	**675,812**	510,476

(g) Offsetting financial assets and financial liabilities

The Group has the following financial instruments subject to enforceable master netting arrangements or similar agreement as follows:

	(a)	(b)	(c)=(a)–(b)	(d)		(e)=(c)+(d)
	Related amounts set off in the balance sheet			Related amounts not set off in the balance sheet		
	Gross amounts of recognised financial assets S$'000	Gross amounts of recognised financial liabilities S$'000	Net amounts of financial assets/ (liabilities) presented in the balance sheet S$'000	(d)(i), (d)(ii) Financial instruments S$'000	(d)(ii) Cash collateral pledged S$'000	Net amount S$'000
At 31 March 2017						
Currency forwards	**724**	**(1,779)**	**(1,055)**	**–**	**–**	**(1,055)**

There were no financial instruments subject to enforceable master netting arrangement for the year ended 31 March 2016.

36. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2017	2016
	S$'000	S$'000
Services rendered to an associated company	**161,198**	71,227
Services received from an associated company	**76**	64
Services rendered to related companies of a substantial shareholder	**14,629**	14,747
Services received from related companies of a substantial shareholder	**1,080**	910
Interest received from loans to associated companies	**812**	26

During the financial year ended 31 March 2017, the Company made payments on behalf of subsidiaries totalling S$47.5 million (2016: S$46.2 million) which were subsequently reimbursed.

Outstanding balances at 31 March 2017, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 14 and 24 respectively.

(b) Key management personnel compensation is as follows:

	Group	
	2017	2016
	S$'000	S$'000
Salaries and other short-term employee benefits	**6,534**	7,198
Post-employment benefits – contribution to CPF	**68**	47
Share-based staff costs	**540**	721
	7,142	7,966

Included in the above is total compensation to directors of the Company amounting to S$1,525,000 (2016: S$1,690,000).

37. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the covering Group Chief Executive Officer/Group Chief Financial Officer ("Chief Operating Decision Maker" or "CODM") that are used to make strategic decisions.

The CODM considers the business from a business segment perspective. From 1 April 2016, the Group has reclassified the reporting of certain business units into three business segments, namely Postal, Logistics and eCommerce. Management manages and monitors the business in these primary business areas:

Postal – Postal segment provides comprehensive services for collecting, sorting, transporting and distributing domestic and international mail as well as sale of philatelic products, agency services and financial services. International mail service covers the handling of incoming international mail and outgoing international mail. Mail division also offers ePost hybrid mail service which integrates electronic data communication with traditional mail.

Logistics – Logistics segment provides a diverse range of logistics solutions, comprising freight, warehousing, domestic and international distribution, and delivery services. The services include eCommerce logistics, warehousing, fulfilment and distribution, and other value-added services (Quantium Solutions), parcel delivery (SP Parcels), freight forwarding (Famous Holdings) and self-storage solutions (General Storage).

eCommerce – eCommerce segment provides front-end eCommerce solutions.

Other operations include the provision of commercial property rental and investment holding; but these are not included within the reportable operating segments, 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.

In line with the change in reporting structure of the Group as set out above, segment information for the financial year ended 31 March 2016 has been reclassified to conform to current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

37. SEGMENT INFORMATION (continued)

The segment information provided to the CODM for the reportable segments for the years ended 31 March 2017 and 31 March 2016 are as follows:

	Postal S$'000	Logistics S$'000	eCommerce S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
2017						
Revenue:						
– External	518,637	562,785	267,080	–	–	1,348,502
– Inter-segment	25,504	74,016	2	–	(99,522)	–
	544,141	636,801	267,082	–	(99,522)	1,348,502
Other income and gains (net)						
Rental, property-related and miscellaneous income						
– External	1,105	2,900	317	42,029	–	46,351
– Inter-segment	–	–	–	30,326	(30,326)	–
	1,105	2,900	317	72,355	(30,326)	46,351
Operating profit/(loss)	150,707	23,596	(33,790)	(82,156)	–	58,357
Depreciation and amortisation	9,249	9,419	15,857	16,493	–	51,018
Segment assets	103,117	667,184	183,816	1,408,877	–	2,362,994
Segment assets includes:						
Investment in associated companies	–	62,367	–	55,416	–	117,783
Intangible assets	–	136,058	264,625	–	–	400,683
Additions to:						
– Property, plant and equipment	6,693	13,595	21,171	64,166	–	105,625
– Investment properties	–	–	–	97,818	–	97,818

37. SEGMENT INFORMATION (continued)

	Postal S$'000	Logistics S$'000	eCommerce S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
2016 (Restated)						
Revenue:						
– External	500,956	552,173	98,413	–	–	1,151,542
– Inter-segment	35,280	73,799	10	–	(109,089)	–
	536,236	625,972	98,423	–	(109,089)	1,151,542
Other income and gains/(losses) (net)						
Rental, property-related and miscellaneous income/(losses)						
– External	1,063	2,910	(658)	48,050	–	51,365
– Inter-segment	–	–	–	33,977	(33,977)	–
	1,063	2,910	(658)	82,027	(33,977)	51,365
Operating profit	157,324	38,812	(7,300)	95,423	–	284,259
Depreciation and amortisation	8,758	9,092	4,146	9,890	–	31,886
Segment assets	118,542	670,626	334,931	1,214,327	–	2,338,426
Segment assets includes:						
Investment in associated companies	–	70,238	–	76,163	–	146,401
Intangible assets	227	338,999	254,758	–	–	593,984
Additions to:						
– Property, plant and equipment	5,270	14,381	7,365	163,115	–	190,131
– Investment property	–	3	–	88,980	–	88,983

37. SEGMENT INFORMATION (continued)

Sales between segments are carried out at market terms. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

(a) 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 ventures. Interest income and finance expenses are not allocated to segments.

A reconciliation of operating profit to profit before tax is provided as follows:

	2017 **S$'000**	2016 S$'000
Operating profit for reportable segments	**140,513**	188,836
Other segments operating profit	**(82,156)**	95,423
Finance expense	**(5,674)**	(10,365)
Interest income	**3,439**	4,268
Share of (loss)/profit of associated companies and joint ventures	**(1,177)**	9,066
Profit before tax	**54,945**	287,228

37. SEGMENT INFORMATION (continued)

(b) 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 balance sheet 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, held-to-maturity. Cash and cash equivalents are allocated to reportable segments where applicable.

	2017 **S$'000**	2016 S$'000
Segment assets for reportable segments	**954,117**	1,124,099
Other segments assets	**1,408,877**	1,214,327
Unallocated:		
Cash and cash equivalents	**297,808**	41,602
Financial assets, held-to-maturity	**39,702**	45,612
Derivative financial instruments	**16,079**	846
Total assets	**2,716,583**	2,426,486

37. SEGMENT INFORMATION (continued)

(c) Revenue from major products and services

Revenue from external customers is derived from the provision of mail, logistics solutions, agency and financial services and front-end eCommerce solutions.

	2017 S$'000	2016 S$'000
Domestic and International Mail services	**518,637**	500,956
Domestic and International distribution and delivery services	**562,785**	552,173
Retail and eCommerce sale of products and services	**267,080**	98,413
Revenue	**1,348,502**	1,151,542

(d) Geographical information

The Group's three business segments operate in four main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore where 50% (2016: 56%) 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.
- The United States – the operations in this area are principally front-end related e-commerce businesses.
- Australia – The operations in this area are principally delivery services and e-commerce logistics solutions.
- Other countries – the operations include warehousing and logistics delivery in Japan and Hong Kong, and freight forwarding businesses in Europe and New Zealand.

	Revenue	
	2017 S$'000	2016 S$'000
Singapore	**667,474**	646,063
The United States	**236,337**	66,639
Australia	**188,087**	173,724
Other countries	**256,604**	265,116
	1,348,502	1,151,542

38. BUSINESS COMBINATIONS

During the financial year ended 31 March 2016, the Group acquired L+S Self Storage Pte Ltd ("LSSS") (formerly known as Store Friendly Self Storage Group Pte Ltd) and Jagged Peak, Inc. ("JP"). The fair values of assets and liabilities of LSSS and JP from the acquisitions had initially been determined in the financial statements of the Group for the financial year ended 31 March 2016 based on provisional fair values. The Group completed the Purchase Price Allocation ("PPA") exercise in the financial year ended 31 March 2017 for LSSS and JP and the effects of the PPA exercise, together with the revision to contingent consideration payable, is summarised below. These adjustments are accounted for as if they had been recognised on acquisition date and adjusted in the comparative financial statements as prior year adjustments. The effects to the 31 March 2016 Group balance sheet are as follows:

	As previously reported S$'000	After adjustment S$'000	Increase/ (Decrease) S$'000
As at 31 March 2016			
Assets			
Goodwill	493,504	482,322	(11,182)
Intangible assets, excluding goodwill	89,689	111,662	21,973
Trade and other receivables	210,287	210,177	(110)
Net increase			**10,681**
Liabilities			
Trade and other payables – current	385,712	385,679	(33)
Trade and other payables – non current	30,190	32,225	2,035
Deferred income tax liabilities	57,356	66,035	8,679
Net increase			**10,681**

There is no material effect to the 31 March 2016 Group financial results.

For the acquisition of Rotterdam Harbour Holding B.V. and TG Acquisition Corporation completed in the financial year ended 31 March 2016, there were no material revisions to the provisional fair values arising from the completion of the PPA exercise in the current financial year.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2017 and which the Group has not early adopted:

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 April 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 April 2018) (continued)

  Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

  (i) Variable consideration – FRS 115 requires an estimate of variable consideration to be included in the transaction price at the inception of the transaction, but only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved; and

  (ii) Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under FRS 115.

  At this stage, the Group anticipates that the adoption of the new standard in future periods will not have a material impact on the Group's financial statements in the period of initial adoption.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 April 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

  While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the financial assets held by the Group include:

  - equity instruments currently classified as AFS for which fair value through OCI election is available; and

  - bond instruments classified as held-to-maturity or loans and receivables and measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 April 2018) (continued)

  Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. The Group does not expect the new guidance to have significant impact on the Group's accounting for financial liabilities.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. While the Group is yet to undertake a detailed assessment, it would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of FRS 109. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

  There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. The new model may result in an earlier recognition of credit losses for the Group.

  The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- FRS 116 *Leases* (effective for annual periods beginning on or after 1 April 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of S$147.6 million (Note 34(b)). The Group has performed a preliminary assessment to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

40. COMPARATIVES

Certain comparative figures were reclassified from other income and gains (net) of S$109.2 million and administrative and other expenses of S$13.9 million to exceptional items, in order to conform to current year's presentation and better reflect the nature or magnitude of these items of income or expenses. The reclassification does not have a material impact on the financial position of the Group and the Company as at 31 March 2016.

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 15 May 2017 in accordance with a resolution of the Board of Directors of Singapore Post Limited.

42. LISTING OF COMPANIES IN THE GROUP

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group		by the NCI	
			2017 **%**	2016 %	**2017** **%**	2016 %
SUBSIDIARIES						
Held by the Company						
SingPost eCommerce II Pte Ltd.	Online sale of luxury products	Singapore	**100**	100	**–**	–
SingPost eCommerce Pte. Ltd.	eCommerce specialising in the provision of online sale of products	Singapore	**100**	100	**–**	–
SingPost Logistics Holding 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	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

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	
			2017 %	2016 %	**2017** %	2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries						
SP Jagged Peak LLC (2)	Investment holding	United States	**100**	100	**–**	–
Jagged Peak, Inc (2)	eCommerce logistics enabler for high-velocity consumer products	United States	**100**	71.1	**–**	28.9
Jagged Peak Canada, Inc (2)	eCommerce logistics enabler for high-velocity consumer products	Canada	**100**	71.1	**–**	28.9
SingPost Distribution Pte. Ltd.	Provision of business mail solutions and distribution of mail	Singapore	**100**	100	**–**	–
SP Commerce Holdings, Inc (2)	Investment holding	United States	**100**	100	**–**	–
SP Commerce, Inc (2)	Provison of global sale & marketing services	United States	**100**	100	**–**	–
TG Acquisition Corporation (2)	Investment holding	United States	**97.3**	96.4	**2.7**	3.6
TradeGlobal Holdings, Inc (2)	eCommerce enablement provider	United States	**97.3**	96.4	**2.7**	3.6

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2017 %	by the Group 2016 %	by the NCI 2017 %	by the NCI 2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
TradeGlobal North America Holding, Inc. (2)	eCommerce enablement provider	United States	**97.3**	96.4	**2.7**	3.6
TradeGlobal LLC (2)	eCommerce enablement provider	United States	**97.3**	96.4	**2.7**	3.6
TradeGlobal Asia Holdings Limited (2)	eCommerce enablement provider	Hong Kong	**97.3**	96.4	**2.7**	3.6
Trade Global Europe GmbH (2)	eCommerce enablement provider	Germany	**97.3**	96.4	**2.7**	3.6
Netrada Trade and Consulting (Shanghai) Co Ltd (2)	eCommerce enablement provider	China	**97.3**	96.4	**2.7**	3.6
SingPost Logistics Enterprise Pte Ltd	Investment holding	Singapore	**100**	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**	100	**34**	–

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	
			2017	2016	**2017**	2016
			%	%	**%**	%
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Quantium Solutions (Singapore) Pte. Ltd.	Provision of delivery services and eCommerce logistics solutions	Singapore	**66**	100	**34**	–
Quantium Mail Logistics Solutions (India) Private Limited	Provision of delivery services and eCommerce logistics solutions	India	**66**	100	**34**	–
Quantium Express Solutions (India) Private Limited	Provision of delivery services and eCommerce logistics solutions	India	**66**	100	**34**	–
Quantium Solutions (Australia) Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**66**	100	**34**	–
Quantium Solutions (Hong Kong) Limited	Provision of delivery services and eCommerce logistics solutions	Hong Kong	**66**	100	**34**	–

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	
			2017 %	2016 %	**2017** %	2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Quantium Solutions (Japan) Inc.	Provision of delivery services and eCommerce logistics solutions	Japan	**66**	100	**34**	–
Quantium Solutions International (Malaysia) Sdn Bhd	Provision of delivery services and eCommerce logistics solutions	Malaysia	**66**	100	**34**	–
Quantium Solutions (New Zealand) Pty Limited	Provision of delivery services and eCommerce logistics solutions	New Zealand	**66**	100	**34**	–
Quantium Solutions (Philippines) Inc +	Provision of delivery services and eCommerce logistics solutions	Philippines	**26.4**	40	**73.6**	60
Quantium Solutions (Taiwan) Co., Ltd	Provision of delivery services and eCommerce logistics solutions	Taiwan	**66**	100	**34**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

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	
			2017 %	2016 %	**2017** %	2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Quantium Solutions (Thailand) Co., Ltd.	Provision of delivery services and eCommerce logistics solutions	Thailand	**66**	100	**34**	–
PT Quantium Solutions Logistics Indonesia +	Provision of delivery services and eCommerce logistics solutions	Indonesia	**32.34**	49	**67.66**	51
CouriersPlease Holdings Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
CouriersPlease Australia Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
CouriersPlease Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
SingPost Storage Company Ltd	Investment holding	Mauritius	**100**	100	**–**	–

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	
			2017 %	2016 %	**2017** %	2016 %
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	**–**	–

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2017 %	by the Group 2016 %	by the NCI 2017 %	by the NCI 2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
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 (3)	Self storage solutions	Hong Kong	**100**	100	**–**	–
The Store House Operating Company Limited (3)	Self storage management services	Hong Kong	**75**	75	**25**	25
Lock and Store (Glenmarie) Sdn. Bhd.	Self storage solutions and warehousing	Malaysia	**100**	100	**–**	–
L+S Self Storage Pte Ltd (1)	Self storage solutions	Singapore	**100**	100	**–**	–
Japan Self Storage Company Ltd	Dormant	Japan	**–**	60	**–**	40
SP Parcels Pte Ltd	Courier activities other than national post activities	Singapore	**100**	100	**–**	–
Famous Holdings Pte Ltd**	Investment holding and provision of management services	Singapore	**100.0**	62.5	**–**	37.5

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	
			2017 %	2016 %	**2017** %	2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Famous Air & Sea Services Pte Ltd**	Freight forwarding	Singapore	**100.0**	62.5	**–**	37.5
FPS Global Logistics Pte Ltd**	Freight forwarding	Singapore	**100.0**	62.5	**–**	37.5
FPS Famous Pacific Shipping Sdn Bhd (4)**	Freight forwarding	Malaysia	**100.0**	62.5	**–**	37.5
Famous Pacific Shipping (WA) Pty Ltd **	Freight collections transhipments	Australia	**100.0**	62.5	**–**	37.5
F.S. Mackenzie Limited (5)**	Freight forwarding	United Kingdom	**100.0**	62.5	**–**	37.5
Famous Pacific Shipping (NZ) Limited (6)**	Freight forwarding	New Zealand	**90.0**	56.25	**10.0**	43.75
Mercury Worldwide (NZ) Limited (2)**	Freight forwarding	New Zealand	**90.0**	56.25	**10.0**	43.75
Eazyshipping (NZ) Limited (2)**	Freight forwarding	New Zealand	**45.0**	28.12	**55.0**	71.88
FPS Logistics (USA) Inc. (7)**	Logistics management and services	USA	**100.0**	62.5	**–**	37.5
Sino Famous Intertrans Co Ltd (8)**	Freight forwarding	China	**100.0**	62.5	**–**	37.5

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	
			2017 %	2016 %	**2017** %	2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Famous Container Lines Co Ltd (8)**	Freight forwarding	China	**100.0**	62.5	**–**	37.5
Shinyei Shipping Co Ltd**	Freight forwarding	Japan	**89.0**	55.6	**11.0**	44.4
Tras – Inter Co. Ltd (9)**	Customs brokerage and freight forwarding	Japan	**89.0**	55.6	**11.0**	44.4
Rotterdam Harbour Holding B.V. (10)+**	Investment holdings	Netherlands	**80.0**	50.0	**20.0**	50.0
FPS Famous Pacific Shipping B.V. (2)+**	Logistics services	Netherlands	**80.0**	50.0	**20.0**	50.0
Trans Ocean Pacific Forwarding B.V. (2)+**	Logistics services	Netherlands	**80.0**	50.0	**20.0**	50.0
EWC East Way Commodities B.V. (2)+**	Trading company and purchase organisation for oceanfreight services	Netherlands	**80.0**	50.0	**20.0**	50.0
FPS Famous Pacific Shipping Germany GmbH (2)+**	Sales company for logistics services	Germany	**80.0**	50.0	**20.0**	50.0

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	
			2017 %	2016 %	**2017** %	2016 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
FPS Famous Pacific Shipping s.r.o. (2)+**	Logistics services	Netherlands	**40.8**	25.5	**59.2**	74.5
SP eCommerce (Thailand) Co Ltd (11)	eCommerce specialising in the provision of online shopping platforms and services	Thailand	**100**	100	**–**	–
SP eCommerce (Korea) Co Ltd (11)	eCommerce specialising in the provision of online shopping platforms and services	Korea	**100**	100	**–**	–
SP eCommerce (Malaysia) Sdn. Bhd	eCommerce specialising in the provision of online shopping platforms and services	Malaysia	**100**	100	**–**	–

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
			2017	2016
			%	%
ASSOCIATED COMPANIES				
Held by the Company				
GD Express Carrier Berhad (12)*	Provision of express delivery and customised logistics services	Malaysia	**11.22**	11.23
Held by subsidiaries				
Postea, Inc. (2)	Provision of technology and support in postal, courier and other distribution markets	USA	**27**	27
Indo Trans Logistics Corporation (13)	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**30**	30
Dash Logistics Company Ltd (11)*	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**51**	51
Shenzhen 4PX Information and Technology Co Ltd. (14)	Provision of international express delivery services, international freight forwarding, import and export of goods and technology	China	**20.14**	35.91

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2017 %	2016 %
ASSOCIATED COMPANIES (continued)				
Held by subsidiaries (continued)				
Efficient E-Solutions Berhad (15)	Provision of data print, record management, data and document processing	Malaysia	**20.81**	20.81
Hubbed Holdings Pty Ltd (16)	eCommerce and logistics retail network	Australia	**30**	30
Morning Express & Logistics Holding Ltd (17)	Provision of courier services and provision of management services to its related company	Hong Kong	**33**	33
E Link Station Ltd (17)	Provision of redemption services	Hong Kong	**50**	50
JOINT VENTURES				
Held by subsidiaries				
PT Trio Specommerce Indonesia (2)	eCommerce specialising in the provision of online sale of products	Indonesia	**33**	33

42. LISTING OF COMPANIES IN THE GROUP (continued)

Notes

(1) Formerly known as Store Friendly Self Storage Group Pte Ltd

All companies as at 31 March 2017 are audited by member firms of PricewaterhouseCoopers International Limited, except for the following:

(2) Not required to be audited for the financial year ended 31 March 2017
(3) Audited by Cheng & Cheng Limited, Hong Kong
(4) Audited by Thiang & Co, Malaysia
(5) Audited by Blick Rothenberg LLP, United Kingdom
(6) Audited by KPMG LLP, New Zealand
(7) Audited by DNW & Associates Inc. United States of America
(8) Audited by Tianjin Guangxin Certified Public Accountants Co., Ltd, China
(9) Audited by HLB Meisei LLC, Japan
(10) Audited by Crowe Horwath Peak, The Netherlands
(11) Audited by local statutory auditors in the countries of incorporation
(12) Audited by Deloitte KassimChan, Malaysia
(13) Audited by KPMG Limited, Vietnam
(14) Audited by Deloitte Touche Tohmatsu, Certified Public Accountants LLP, Shenzhen Branch, China
(15) Audited by PKF International, Malaysia
(16) Audited by Assura Group
(17) Audited by Esmond W.T. Leung & Co
+ 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.
** Arising from the full write-back of the contingent consideration in relation to the acquisition of a subsidiary assessed to be no longer payable (Note 9), this subsidiary is now deemed to be a wholly-owned subsidiary by the Group. Accordingly, the Group's effective interest in the entities held by this subsidiary has been re-assessed.

SGX LISTING MANUAL REQUIREMENTS

For the Financial Year Ended 31 March 2017

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

	2017 **S$'000**	2016 S$'000
Fees on audit services paid/payable to:		
– Auditor of the Company*	**1,747**	1,298
– Other auditors	**213**	291
Fees on non-audit services paid/payable to:		
– Auditor of the Company*	**511**	974
– Other auditors	**20**	405
	2,491	2,968

* Includes the network of member firms of PricewaterhouseCoopers International 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 12 of the Corporate Governance Report.

3. INTERESTED PERSON TRANSACTIONS

During the full year ended 31 March 2017, the following interested person transactions were entered into by the Group:

	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$100,000)	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Sales				
Mediacorp Group	**–**	–	**–**	799*
Postea Group	**–**	–	**–**	198*
Singapore Airlines Group	**–**	–	**–**	1,704*
Singapore Telecommunications Group	**–**	–	**14,366***	5,621*
SP Services Ltd	**–**	–	**1,157**	1,218
Starhub Group	**–**	–	**759**	860
	–	–	**16,282**	10,400

3. INTERESTED PERSON TRANSACTIONS (continued)

	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$100,000)	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Purchases				
CapitaLand Group	**–**	–	**10,920***	–
Certis Cisco Group	**–**	–	**450**	162*
HarbourFront Centre Pte Ltd	**–**	–	**490***	–
PSA Corporation Limited	**–**	–	**–**	1,808*
SATS Group	**–**	–	**–**	57,239*
SembCorp Group	**–**	–	**5,524***	3,267
Singapore Airlines Group	**–**	–	**4,588**	1,540
Singapore Telecommunications Group	**–**	–	**724***	365*
	–	–	**22,696**	64,381
Total interested person transactions	**–**	–	**38,978**	74,781

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 27 days to 15 years) or annual values for open-ended contracts.

* Include contracts of duration exceeding one year.

SHAREHOLDING STATISTICS

As at 31 May 2017

No. of Issued Shares:	2,275,084,525
No. of Issued Shares excluding Treasury Shares:	2,273,692,720
No. of Treasury Shares held:	1,391,805
No. of Subsidiary Holdings held:	Nil
Percentage of the aggregate no. of Treasury Shares and Subsidiary Holdings held:	0.06%
Class of Shares:	Ordinary Shares
No. of Shareholders:	39,534

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)

Substantial Shareholders	No. of Shares Direct Interest	No. of Shares Deemed Interest
Temasek Holdings (Private) Limited	–	502,595,285 [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 subsidiaries, Singapore Telecommunications Limited, ST Asset Management Ltd., an investment fund managed by SeaTown Holdings International Pte. Ltd., 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	36	0.09	990	0.00
100 – 1,000	4,841	12.25	4,518,904	0.20
1,001 – 10,000	23,579	59.64	128,622,326	5.66
10,001 – 1,000,000	11,024	27.88	525,924,241	23.13
1,000,001 and above	54	0.14	1,614,626,259	71.01
	39,534	100.00	2,273,692,720	100.00

Note

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 31 May 2017, excluding any ordinary shares held in treasury as at that date.

SHAREHOLDING STATISTICS

As at 31 May 2017

MAJOR SHAREHOLDERS LIST – TOP 20

No.	Name	No. of Shares Held	% *
1	Singapore Telecommunications Limited	494,000,000	21.73
2	DB Nominees (Singapore) Pte Ltd	343,033,127	15.09
3	DBS Nominees (Private) Limited	230,691,086	10.15
4	Citibank Nominees (Singapore) Pte Ltd	196,841,675	8.66
5	HSBC (Singapore) Nominees Pte Ltd	53,319,182	2.34
6	Raffles Nominees (Pte) Ltd	38,618,352	1.70
7	DBSN Services Pte Ltd	38,103,381	1.68
8	United Overseas Bank Nominees (Private) Limited	33,339,977	1.47
9	OCBC Nominees Singapore Private Limited	14,876,700	0.65
10	BNP Paribas Securities Services	14,271,520	0.63
11	Phillip Securities Pte Ltd	12,371,294	0.54
12	OCBC Securities Private Limited	11,903,851	0.52
13	Maybank Kim Eng Securities Pte Ltd	10,785,969	0.47
14	NTUC Fairprice Co-operative Ltd	10,000,000	0.44
15	UOB Kay Hian Private Limited	8,173,255	0.36
16	CIMB Securities (Singapore) Pte Ltd	6,777,174	0.30
17	HL Bank Nominees (Singapore) Pte Ltd	6,613,000	0.29
18	Toh Lam Tiong	6,500,000	0.29
19	BNP Paribas Nominees Singapore Pte Ltd	6,009,323	0.26
20	Societe Generale Singapore Branch	5,792,584	0.25
		1,542,021,450	67.82

Note

* the percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 31 May 2017, 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 31 May 2017, approximately 63.29% 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

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AUDIT PARTNER: Daniel Khoo
Appointed with effect from financial year ended 31 March 2013

SINGAPORE POST LIMITED
Co. Reg. No. 199201623M

Registered Office 10 Eunos Road 8, Singapore Post Centre, Singapore 408600
www.singpost.com

SINGAPORE POST LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 199201623M

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 25TH ANNUAL GENERAL MEETING of Singapore Post Limited ("**Company**") will be held at Level 3, Nicoll 1-3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 20 July 2017 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited Financial Statements for the financial year ended 31 March 2017, and the Directors' Statement and Independent Auditor's Report thereon. (Resolution 1)

2. To declare a final tax exempt one-tier dividend of 0.50 cents per ordinary share in respect of the financial year ended 31 March 2017. (Resolution 2)

3. To re-elect the following directors who retire in accordance with Article 97 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   (a) Mrs Fang Ai Lian (Resolution 3)
   (b) Ms Elizabeth Kong Sau Wai (Resolution 4)
   (c) Mr Bob Tan Beng Hai (Resolution 5)
   (d) Ms Lim Cheng Cheng (Resolution 6)
   (e) Mr Paul William Coutts (Resolution 7)
   (f) Mr Steven Robert Leonard (Resolution 8)

4. To re-elect Mr Chen Jun who retires by rotation in accordance with Article 91 of the Company's Constitution and who, being eligible, offers himself for re-election. (Resolution 9)

5. To approve directors' fees payable by the Company of S$1,320,520 for the financial year ended 31 March 2017 (2016: S$1,572,900). (Resolution 10)

EXPLANATORY NOTES ON ORDINARY BUSINESS TO BE TRANSACTED

Resolution 3

Mrs Fang Ai Lian will, upon re-election as a director of the Company, remain as the chairperson of the Audit Committee, a member of the Compensation Committee and the Nominations and Corporate Governance Committee and lead independent director. Mrs Fang is considered by the Board of Directors to be independent. There are no relationships (including immediate family relationships) between Mrs Fang and any of the other directors or management, or between Mrs Fang and the Company or any of the 10% shareholders of the Company. The profile of Mrs Fang can be found in the "Board of Directors" section of the Company's Annual Report 2016/2017.

Resolution 4

Ms Elizabeth Kong Sau Wai will, upon re-election as a director of the Company, remain as a member of the Finance and Investment Committee and the Nominations and Corporate Governance Committee. Ms Kong is considered by the Board of Directors to be independent. There are no relationships (including immediate family relationships) between Ms Kong and any of the other directors or management, or between Ms Kong and the Company or any of the 10% shareholders of the Company. The profile of Ms Kong can be found in the "Board of Directors" section of the Company's Annual Report 2016/2017.

Resolution 5

Mr Bob Tan Beng Hai will, upon re-election as a director of the Company, remain as the chairperson of the Compensation Committee and a member of the Audit Committee and the Board Risk and Technology Committee. Mr Tan is considered by the Board of Directors to be independent. There are no relationships (including immediate family relationships) between Mr Tan and any of the other directors or management, or between Mr Tan and the Company or any of the 10% shareholders of the Company. The profile of Mr Tan can be found in the "Board of Directors" section of the Company's Annual Report 2016/2017.

Resolution 6

Ms Lim Cheng Cheng will, upon re-election as a director of the Company, remain as a member of the Finance and Investment Committee. Ms Lim is considered by the Board of Directors to be non-independent as she is the Group Chief Financial Officer of Singapore Telecommunications Limited which is a 21.73% shareholder of the Company. Except for the foregoing, there are no relationships (including immediate family relationships) between Ms Lim and any of the other directors or management, or between Ms Lim and the Company or any of the 10% shareholders of the Company. The profile of Ms Lim can be found in the "Board of Directors" section of the Company's Annual Report 2016/2017.

Resolution 7

Mr Paul William Coutts is considered by the Board of Directors to be non-independent as he is the Group Chief Executive Officer of the Company. Except for the foregoing, there are no relationships (including immediate family relationships) between Mr Coutts and any of the other directors or management, or between Mr Coutts and the Company or any of the 10% shareholders of the Company. The profile of Mr Coutts can be found in the "Board of Directors" section of the Company's Annual Report 2016/2017.

Resolution 8

Mr Steven Robert Leonard will, upon re-election as a director of the Company, remain as a member of the Board Risk and Technology Committee. Mr Leonard is considered by the Board of Directors to be independent. There are no relationships (including immediate family relationships) between Mr Leonard and any of the other directors or management, or between Mr Leonard and the Company or any of the 10% shareholders of the Company. The profile of Mr Leonard can be found in the "Board of Directors" section of the Company's Annual Report 2016/2017.

Resolution 9

Mr Chen Jun will, upon re-election as a director of the Company, remain as a member of the Finance and Investment Committee. Mr Chen is considered by the Board of Directors to be non-independent as he is a Vice President of Alibaba Group Holding Limited which is a 14.41% shareholder of the Company. Except for the foregoing, there are no relationships (including immediate family relationships) between Mr Chen and any of the other directors or management, or between Mr Chen and the Company or any of the 10% shareholders of the Company. The profile of Mr Chen can be found in the "Board of Directors" section of the Company's Annual Report 2016/2017.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any amendments, the following resolutions, of which Resolutions 11 to 16 (inclusive) will be proposed as ordinary resolutions and Resolution 17 will be proposed as a special resolution:

Authority to Issue Shares and to Make or Grant Convertible Instruments

6. That authority be and is hereby given to the directors to:

   (a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the directors of the Company while this Resolution was in force,

   provided that:

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury shares and subsidiary

holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or sub-division of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. (Resolution 11)

Authority to Offer/Grant Options, Grant Share Awards and Allot/Issue Shares

7. That approval be and is hereby given to the directors to:

(a) offer and grant options in accordance with the provisions of the Singapore Post Share Option Scheme 2012 ("**Share Option Scheme 2012**") and to allot and issue from time to time such number of ordinary shares as may be required to be issued pursuant to the exercise of options under the Share Option Scheme 2012; and/or

(b) grant awards in accordance with the provisions of the Singapore Post Restricted Share Plan 2013 ("**Restricted Share Plan 2013**") and to allot and issue from time to time such number of fully paid-up ordinary shares as may be required to be delivered pursuant to the vesting of awards under the Restricted Share Plan 2013, provided that the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued pursuant to options granted under the Share Option Scheme 2012, and (ii) new ordinary shares allotted and issued and/or to be allotted and issued pursuant to awards granted under the Restricted Share Plan 2013, shall not exceed 5 per cent of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time and in this Resolution, "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST. (Resolution 12)

Proposed Change of Auditor

8. That Deloitte & Touche LLP be and is hereby appointed as Auditor of the Company in place of the retiring Auditor, PricewaterhouseCoopers LLP, to hold office until the conclusion of the next Annual General Meeting of the Company, and that the directors be and are hereby authorised to fix their remuneration. (Resolution 13)

Proposed Renewal of the Shareholders Mandate for Interested Person Transactions

9. That:

   (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix 2 to the Company's Letter to Shareholders dated 28 June 2017 ("**Letter**") with any party who is of the class of interested persons described in Appendix 2 to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

   (b) the approval given in paragraph (a) above ("**Shareholders Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

   (c) the directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders Mandate and/or this Resolution. (Resolution 14)

Proposed Renewal of the Share Purchase Mandate

10. That:

   (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore ("**Act**"), the exercise by the directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

      (i) market purchase(s) on the SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors pursuant to the Share Purchase Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**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, Other Exchange 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 after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 110% of the Average Closing Price of the Shares; and

(d) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the Share Purchase Mandate and/or this Resolution. (Resolution 15)

Proposed Alterations to the Restricted Share Plan 2013

11. That existing Rules 2, 5, 6, 7, 8 and 12 of the Restricted Share Plan 2013 be altered by deleting and respectively substituting them with the corresponding Rules set out in Appendix 3 to the Letter. (Resolution 16)

Proposed Adoption of New Constitution

12. That the regulations contained in the new Constitution submitted to this meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution. (Resolution 17)

BY ORDER OF THE BOARD

Genevieve Tan McCully (Mrs)
Group Company Secretary

Singapore
28 June 2017

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED
STATEMENT PURSUANT TO ARTICLE 54 OF THE CONSTITUTION OF THE COMPANY

Resolution 11

Resolution 11 is to empower the directors to issue shares of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings), with a sub-limit of 10 per cent for issues other than on a *pro rata* basis to shareholders of the Company. The 10 per cent sub-limit for non-*pro rata* share issues is lower than the 20 per cent sub-limit allowed under the Listing Manual of the SGX-ST and the Constitution of the Company. The Company is seeking approval from shareholders for a lower sub-limit for non-*pro rata* share issues as it does not anticipate that it will require a higher sub-limit before the next Annual General Meeting. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time that Resolution 11 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the time that Resolution 11 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 12

Resolution 12 is to empower the directors:

(a) to offer and grant options, and to allot and issue ordinary shares of the Company pursuant to the Share Option Scheme 2012; and

(b) to grant awards in accordance with the provisions of the Restricted Share Plan 2013 and to allot and issue from time to time such number of fully paid-up ordinary shares as may be required to be delivered pursuant to the vesting of awards under the Restricted Share Plan 2013,

provided that the aggregate number of ordinary shares allotted and issued and/or to be allotted and issued pursuant to the Share Option Scheme 2012 and the Restricted Share Plan 2013 does not exceed 5 per cent of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) for the time being.

Although the Rules of the Share Option Scheme 2012 and the Restricted Share Plan 2013 provide that the maximum aggregate number of ordinary shares which may be issued under the Share Option Scheme 2012 and the Restricted Share Plan 2013 is limited to 10 per cent of the total number of issued ordinary shares of the Company, Resolution 12 provides for a lower limit, namely, 5 per cent of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings), as the Company does not anticipate that it will require a higher limit before the next Annual General Meeting.

Resolution 13

Resolution 13 is to effect the appointment of Deloitte & Touche LLP as the Auditor of the Company in place of the retiring Auditor, PricewaterhouseCoopers LLP, and will authorise the directors to fix their remuneration. Please refer to the Letter for more details.

Resolution 14

Resolution 14 is to renew the mandate to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into certain interested person transactions with certain specified classes of interested persons as described in Appendix 2 to the Letter. Resolution 14 will, if passed, continue being in force until the conclusion of the next Annual General Meeting of the Company.

Resolution 15

Resolution 15 is to renew the mandate to enable the Company to purchase or otherwise acquire its issued Shares, on the terms and subject to the conditions set out in the Resolution.

The Company intends to use internal and external sources of funds to finance its purchase or acquisition of Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired, whether the purchase or acquisition is made out of profits or capital, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

Based on the existing issued Shares of the Company as at 31 May 2017 ("**Latest Practicable Date**") (out of which 1,391,805 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 Annual General Meeting, (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, the purchase by the Company of 10% of its issued Shares (excluding the 1,391,805 Shares held in treasury) will result in the purchase or acquisition of 227,369,272 Shares.

In the case of market purchases by the Company and assuming that the Company purchases or acquires the 227,369,272 Shares at the Maximum Price of S$1.339 for one Share (being the price equivalent to 5% above the average of the last dealt prices 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 the 227,369,272 Shares is S$304,447,455.

In the case of off-market purchases by the Company and assuming that the Company purchases or acquires the 227,369,272 Shares at the Maximum Price of S$1.403 for one Share (being the price equivalent to 10% above the average of the last dealt prices 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 the 227,369,272 Shares is S$318,999,088.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 March 2017 based on these assumptions are set out in paragraph 4.7 of the Letter.

Resolution 16

Resolution 16 is to alter the Restricted Share Plan 2013 to (*inter alia*) authorise the committee administering the Restricted Share Plan 2013 to attach performance conditions to awards of shares granted under the Restricted Share Plan 2013, where appropriate and in the absolute discretion of the committee. Please refer to the Letter for more details.

Resolution 17

Resolution 17 is to adopt a new Constitution following the wide-ranging changes to the Act introduced pursuant to the Companies (Amendment) Act 2014 and the Companies (Amendment) Act 2017 ("**Amendment Acts**"). The new Constitution will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016, and incorporate amendments to (*inter alia*) take into account the changes to the Act introduced pursuant to the Amendment Acts. Resolution 17 will be proposed as a Special Resolution. Please refer to the Letter for more details.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.

3. The instrument appointing the proxy must be lodged at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the Annual General Meeting. The submission of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

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

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 June 2017.

ANNUAL GENERAL MEETING PROXY FORM

I/We ______________________________ NRIC/Passport/Co. Reg. No. ______________

of ____

being a member/members of Singapore Post Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing the person, or either or both of the persons, referred to above, the Chairman of the 25th Annual General Meeting of the Company (the "**Annual General Meeting**"), as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf, at the Annual General Meeting to be held at Level 3, Nicoll 1-3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 20 July 2017 at 2.30 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions and Special Resolution as set out in the Notice of Annual General Meeting (of which Resolutions 1 to 16 (inclusive) will be proposed as Ordinary Resolutions and Resolution 17 will be proposed as a Special Resolution). In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

Voting will be conducted by poll.

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To receive and adopt the audited Financial Statements, Directors' Statement and Independent Auditor's Report		
2.	To declare a final tax exempt one-tier dividend of 0.50 cents per ordinary share		
3.	To re-elect Mrs Fang Ai Lian as director		
4.	To re-elect Ms Elizabeth Kong Sau Wai as director		
5.	To re-elect Mr Bob Tan Beng Hai as director		
6.	To re-elect Ms Lim Cheng Cheng as director		
7.	To re-elect Mr Paul William Coutts as director		
8.	To re-elect Mr Steven Robert Leonard as director		
9.	To re-elect Mr Chen Jun as director		
10.	To approve directors' fees payable by the Company		
	Special Business		
11.	To authorise directors to issue shares and to make or grant instruments convertible into ordinary shares		
12.	To authorise directors to offer/grant options and allot/issue shares pursuant to the Singapore Post Share Option Scheme 2012, and to grant awards and allot/issue shares pursuant to the Singapore Post Restricted Share Plan 2013		
13.	To appoint Deloitte & Touche LLP as Auditor of the Company in place of the retiring Auditor, PricewaterhouseCoopers LLP, and to authorise the directors to fix their remuneration		
14.	To approve the proposed renewal of the Shareholders Mandate for Interested Person Transactions		
15.	To approve the proposed renewal of the Share Purchase Mandate		
16.	To alter the rules of the Singapore Post Restricted Share Plan 2013		
	Special Resolution		
17.	To adopt the New Constitution		

Dated this __________ day of ____________________ 2017

Total number of shares held	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: Please read Notes

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PERMIT NO. 04910

SINGAPORE POST LIMITED
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

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Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares of the Company held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be lodged at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time appointed for the Annual General Meeting. The submission of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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SINGAPORE POST LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 199201623M

LETTER TO SHAREHOLDERS DATED 28 JUNE 2017

IN RELATION TO

(1) THE PROPOSED CHANGE OF AUDITOR;

(2) THE PROPOSED RENEWAL OF THE SHAREHOLDERS MANDATE FOR INTERESTED PERSON TRANSACTIONS;

(3) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE;

(4) THE PROPOSED ALTERATIONS TO THE SINGAPORE POST RESTRICTED SHARE PLAN 2013; AND

(5) THE PROPOSED ADOPTION OF THE NEW CONSTITUTION.

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*)
Mr Paul William Coutts (*Executive Non-Independent Director*)
Mrs Fang Ai Lian (*Non-Executive Lead Independent Director*)
Mr Chen Jun (*Non-Executive Non-Independent Director*)
Ms Lim Cheng Cheng (*Non-Executive Non-Independent Director*)
Ms Aliza Knox (*Non-Executive Independent Director*)
Ms Elizabeth Kong Sau Wai (*Non-Executive Independent Director*)
Mr Steven Robert Leonard (*Non-Executive Independent Director*)
Professor Low Teck Seng (*Non-Executive Independent Director*)
Mr Bob Tan Beng Hai (*Non-Executive Independent Director*)
Mr Zulkifli Bin Baharudin (*Non-Executive Independent Director*)

Registered Office:

10 Eunos Road 8
Singapore Post Centre
Singapore 408600

28 June 2017

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 25th Annual General Meeting of the Company dated 28 June 2017 (the "**Notice**"), accompanying the Annual Report for the financial year ended 31 March 2017, convening the 25th Annual General Meeting of the Company to be held on 20 July 2017 (the "**2017 AGM**");

(b) Ordinary Resolution No. 13 relating to the proposed change of Auditor, as proposed in the Notice;

(c) Ordinary Resolution No. 14 relating to the proposed renewal of the Shareholders Mandate (as defined in paragraph 3.1 below) for interested person transactions, as proposed in the Notice;

(d) Ordinary Resolution No. 15 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 4.1 below), as proposed in the Notice;

(e) Ordinary Resolution No. 16 relating to the proposed alterations to the Plan (as defined in paragraph 5.1 below), as proposed in the Notice; and

(f) Special Resolution No. 17 relating to the proposed adoption of the New Constitution (as defined in paragraph 6.2 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 Resolution Nos. 13, 14, 15 and 16, and Special Resolution No. 17, 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.

2. THE PROPOSED CHANGE OF AUDITOR

2.1 **Proposed Change of Auditor**. Resolution 13, being the Ordinary Resolution proposed in the Notice, is to appoint Deloitte & Touche LLP as the Auditor of the Company in place of the retiring Auditor, PricewaterhouseCoopers LLP, and to authorise the Directors of the Company ("**Directors**") to fix their remuneration. PricewaterhouseCoopers LLP has served as external Auditor of the Company from the time of the Company's initial public offering and listing in 2003.

2.2 **Rationale**. As part of ongoing good corporate governance initiatives, the Directors are of the view that it would be timely to effect a change of external Auditor with effect from the financial year ending 31 March 2018. PricewaterhouseCoopers LLP, the retiring Auditor, will accordingly not be seeking re-appointment at the forthcoming 2017 AGM.

Deloitte & Touche LLP was selected for the proposed appointment after the Audit Committee (currently comprising Mrs Fang Ai Lian, Mr Bob Tan Beng Hai and Mr Zulkifli Bin Baharudin) evaluated competitive proposals from various audit firms. The Audit Committee reviewed and deliberated on the proposals received from each of the audit firms, taking into consideration factors such as the adequacy of the resources and experience of the audit firm to be selected, and the audit partner to be assigned to the audit, as well as the size and complexity of the Company and its subsidiaries (the "**Group**"). After evaluation, the Audit Committee made its recommendations to the Board. The Board has taken into account the Audit Committee's recommendation, including factors considered in their evaluation, and is satisfied that Deloitte & Touche LLP will be able to meet the audit requirements of the Company.

2.3 **Information on Deloitte & Touche LLP**. Deloitte & Touche LLP in Singapore is an affiliate of Deloitte Southeast Asia Ltd, which is a member firm of Deloitte Touche Tohmatsu Limited, an international network of member firms in more than 150 countries with approximately 245,000 professionals who are committed to delivering audit, tax, consulting and advisory services. Deloitte & Touche LLP is registered with the Accounting and Corporate Regulatory Authority ("**ACRA**"). It is one of the largest professional services firms in Singapore today, and has a wide-ranging clientele base consisting of multi-national companies, listed companies, private companies, public sector organisations etc.. The audit partner who will be in charge of the audit is Mr Philip Yuen, who is a Public Accountant registered with the ACRA, Chartered Accountant of Singapore, Member of the Institute of Chartered Accountants in England and Wales and Fellow member of CPA Australia. Mr Yuen has more than 30 years of experience in providing audit and advisory work for multinational and local companies in a number of industries, including companies listed on the SGX-ST.

For more information on Deloitte & Touche LLP, please visit https://www2.deloitte.com/sg/en.html.

2.4 **Confirmations**. In accordance with the requirements of Rule 1203(5) of the Listing Manual of the SGX-ST (the "**Listing Manual**"):

(a) the outgoing Auditor, PricewaterhouseCoopers LLP, has confirmed that it is not aware of any professional reasons why the new Auditor, Deloitte & Touche LLP, should not accept appointment as Auditor of the Company;

(b) the Company confirms that there were no disagreements with the outgoing Auditor, PricewaterhouseCoopers LLP, on accounting treatments within the last 12 months;

(c) the Company confirms that, other than as set out above, it is not aware of any circumstances connected with the proposed change of Auditor that should be brought to the attention of Shareholders; and

(d) the Company confirms that it is or will be in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of Deloitte & Touche LLP as the Auditor of the Company.

2.5 **Appendix 1**. Pursuant to Section 205 of the Companies Act, Chapter 50 (the "**Companies Act**"), a copy of the notice of nomination of the proposed new Auditor dated 12 May 2017 from a Shareholder is attached as Appendix 1 to this Letter.

3. THE PROPOSED RENEWAL OF THE SHAREHOLDERS MANDATE

3.1 **Shareholders Mandate**. At the annual general meeting of the Company held on 14 July 2016 (the "**2016 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 to enter into certain interested person transactions (the "**Shareholders Mandate**") with the classes of 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 22 June 2016 (the "**2016 Letter**").

3.2 **Proposed Renewal of the Shareholders Mandate**. At the 2016 AGM, the Shareholders Mandate was expressed to take effect until the conclusion of the next Annual General Meeting of the Company, being the 2017 AGM. Accordingly, the Directors propose that the Shareholders Mandate be renewed at the 2017 AGM, to take effect until the 26th 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.

3.3 **Appendix 2**. 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 Appendix 2 to this Letter.

3.4 **Audit Committee's Statement**. The Audit Committee (currently comprising Mrs Fang Ai Lian, Mr Bob Tan Beng Hai and Mr Zulkifli Bin Baharudin) confirms that:

(a) the methods or procedures for determining transaction prices under the Shareholders Mandate have not changed since the 2016 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.

3.5 **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 Appendix 2 to this Letter), will abstain from voting their Shares, if any, in respect of Resolution 14, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2017 AGM.

The Directors, being interested persons (as described in paragraph 4.1 of Appendix 2 to this Letter), will abstain, and will procure their associates to abstain, from voting their Shares, if any, in respect of Resolution 14, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2017 AGM. Each of the Directors and their respective associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of Resolution 14, unless the Shareholder concerned shall have given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Resolution 14.

4. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

4.1 **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 2016 AGM. The authority and limitations on the Share Purchase Mandate were set out in the 2016 Letter and Ordinary Resolution 12 set out in the Notice of the 2016 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 12 at the 2016 AGM and will expire on the date of the forthcoming 2017 AGM to be held on 20 July 2017. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2017 AGM.

As at 31 May 2017, being the latest practicable date prior to the printing of this Letter (the "**Latest Practicable Date**"), the Company had purchased or acquired an aggregate of 1,116,600 Shares by way of Market Purchases (as defined in paragraph 4.3.3 below) pursuant to the Share Purchase Mandate approved by Shareholders at the 2016 AGM. The highest and lowest price paid was S$1.32 and S$1.295 per Share respectively and the total consideration paid for all purchases was S$1,453,303, excluding commission, brokerage and goods and services tax.

As at the Latest Practicable Date, the Company had 1,391,805 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.

4.2 **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 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 4.3.1 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.

4.3 **Authority and Limits of the Share Purchase Mandate**. The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2017 AGM, are substantially the same as were previously approved by Shareholders at the 2016 AGM, and are summarised below:

4.3.1 ***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 2017 AGM. Treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 2,275,084,525 Shares in issue as at the Latest Practicable Date (out of which 1,391,805 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 2017 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 227,369,272 Shares (representing 10% of the Shares in issue as at that date and disregarding the 1,391,805 Shares held in treasury) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

4.3.2 ***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 2017 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.

4.3.3 ***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 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.

4.3.4 ***Purchase Price***

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.

The maximum price to be paid for the Shares as determined by the Directors (the "**Maximum Price**") must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

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

in either case, excluding related expenses of the purchase or acquisition.

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 after the relevant five-day period; 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.

4.4 **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 2018 or ability to service its debts would be adversely affected.

4.5 **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.

4.6 **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:

4.6.1 ***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.

4.6.2 ***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.

4.6.3 ***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.

4.7 **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 2017, are based on the assumptions set out below:

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

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 227,369,272 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$1.339 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 227,369,272 Shares is S$304,447,455.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 227,369,272 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$1.403 for one Share (being the price equivalent to 10% above the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 227,369,272 Shares is S$318,999,088.

4.7.2 ***Illustrative Financial Effects***

For illustrative purposes only and on the basis of the assumptions set out in paragraph 4.7.1 above and the assumptions set out below, 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 2017 are set out below:

(a) 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, made as to 6% out of profits and as to 4% out of capital and cancelled or held in treasury; and in the alternative

(b) 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 Off-Market Purchases, made as to 6% out of profits and as to 4% out of capital and cancelled or held in treasury.

Market Purchases

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 2017 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 2018 or ability to service its debts would be adversely affected.

Scenario 1(A)

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 2017				
Share capital	638,756	516,977	638,756	516,977
Capital reserves	37,447	37,447	–	–
Other reserves	34,340	34,340	37,249	37,249
Revenue reserves	650,007	466,414	657,628	474,035
	1,360,550	1,055,178	1,333,633	1,028,261
Treasury shares	(1,227)	(2,680)	(1,227)	(2,680)
Ordinary equity	1,359,323	1,052,498	1,332,406	1,025,581
Perpetual securities	346,826	346,826	346,826	346,826
	1,706,149	1,399,324	1,679,232	1,372,407
Net tangible assets (NTA)	1,357,035	1,050,210	1,679,232	1,372,407
Current assets	607,625	354,446	501,866	248,687
Current liabilities	587,112	588,037	510,259	511,184
Total borrowings	363,985	416,706	320,061	372,782
Cash and cash equivalents	366,614	113,435	303,179	50,000
Number of shares ('000)	2,273,693	2,046,324	2,273,693	2,046,324
Financial ratios				
Basic earnings per share (cents)	0.85	0.81	(0.14)	(0.18)
NTA per share (cents)	59.7	51.3	73.9	67.1
Gross gearing (%)	26.8	39.6	24.0	36.3
Net debt gearing (%)	(0.2)	28.8	1.3	31.5
Current ratio (%)	103.5	60.3	98.4	48.6

Scenario 1(B)

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 2017				
Share capital	638,756	638,756	638,756	638,756
Capital reserves	37,447	37,447	–	–
Other reserves	34,340	34,340	37,249	37,249
Revenue reserves	650,007	649,111	657,628	656,732
	1,360,550	1,359,654	1,333,633	1,332,737
Treasury shares	(1,227)	(305,450)	(1,227)	(305,450)
Ordinary equity	1,359,323	1,054,204	1,332,406	1,027,287
Perpetual securities	346,826	346,826	346,826	346,826
	1,706,149	1,401,030	1,679,232	1,374,113
Net tangible assets (NTA)	1,357,035	1,051,916	1,679,232	1,374,113
Current assets	607,625	354,446	501,866	248,687
Current liabilities	587,112	588,008	510,259	511,155
Total borrowings	363,985	415,029	320,061	371,105
Cash and cash equivalents	366,614	113,435	303,179	50,000
Number of shares ('000)	2,273,693	2,047,576	2,273,693	2,047,576
Financial ratios				
Basic earnings per share (cents)	0.85	0.81	(0.14)	(0.18)
NTA per share (cents)	59.7	51.4	73.9	67.1
Gross gearing (%)	26.8	39.4	24.0	36.1
Net debt gearing (%)	(0.2)	28.6	1.3	31.3
Current ratio (%)	103.5	60.3	98.4	48.7

Off-Market Purchases

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 2017 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 2018 or ability to service its debts would be adversely affected.

Scenario 2(A)

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 2017				
Share capital	638,756	511,156	638,756	511,156
Capital reserves	37,447	37,447	–	–
Other reserves	34,340	34,340	37,249	37,249
Revenue reserves	650,007	457,427	657,628	465,048
	1,360,550	1,040,370	1,333,633	1,013,453
Treasury shares	(1,227)	(2,680)	(1,227)	(2,680)
Ordinary equity	1,359,323	1,037,690	1,332,406	1,010,773
Perpetual securities	346,826	346,826	346,826	346,826
	1,706,149	1,384,516	1,679,232	1,357,599
Net tangible assets (NTA)	1,357,035	1,035,402	1,679,232	1,357,599
Current assets	607,625	354,446	501,866	248,687
Current liabilities	587,112	588,293	510,259	511,440
Total borrowings	363,985	431,258	320,061	387,334
Cash and cash equivalents	366,614	113,435	303,179	50,000
Number of shares ('000)	2,273,693	2,046,324	2,273,693	2,046,324
Financial ratios				
Basic earnings per share (cents)	0.85	0.80	(0.14)	(0.19)
NTA per share (cents)	59.7	50.6	73.9	66.3
Gross gearing (%)	26.8	41.6	24.0	38.3
Net debt gearing (%)	(0.2)	30.6	1.3	33.4
Current ratio (%)	103.5	60.2	98.4	48.6

Scenario 2(B)

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 2017				
Share capital	638,756	638,756	638,756	638,756
Capital reserves	37,447	37,447	–	–
Other reserves	34,340	34,340	37,249	37,249
Revenue reserves	650,007	648,857	657,628	656,478
	1,360,550	1,359,400	1,333,633	1,332,483
Treasury shares	(1,227)	(319,922)	(1,227)	(319,922)
Ordinary equity	1,359,323	1,039,478	1,332,406	1,012,561
Perpetual securities	346,826	346,826	346,826	346,826
	1,706,149	1,386,304	1,679,232	1,359,387
Net tangible assets (NTA)	1,357,035	1,037,190	1,679,232	1,359,387
Current assets	607,625	354,446	501,866	248,687
Current liabilities	587,112	588,262	510,259	511,409
Total borrowings	363,985	429,501	320,061	385,577
Cash and cash equivalents	366,614	113,435	303,179	50,000
Number of shares ('000)	2,273,693	2,047,576	2,273,693	2,047,576
Financial ratios				
Basic earnings per share (cents)	0.85	0.80	(0.14)	(0.19)
NTA per share (cents)	59.7	50.7	73.9	66.4
Gross gearing (%)	26.8	41.3	24.0	38.1
Net debt gearing (%)	(0.2)	30.4	1.3	33.1
Current ratio (%)	103.5	60.3	98.4	48.6

Note:

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 1,391,805 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 227,508,452 Shares to 226,116,647 Shares. The financial effects under Scenarios 1(A) and 2(A) are computed based on 227,369,272 Shares purchased and cancelled. The financial effects under Scenarios 1(B) and 2(B) are computed based on 226,116,647 additional Shares purchased and held as treasury shares.

4.8 **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 21.73% of the issued Shares (excluding the Shares held in treasury) as at that date, Temasek has a deemed interest in 502,595,285 Shares (including the Shares held by Singtel) representing approximately 22.10% 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 14.41% 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 14.41% of the issued Shares (excluding the Shares held in treasury) as at that date. Approximately 63.29% 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 59.21% 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.

4.9 **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**").

For the purposes of this paragraph 4.9:

"**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. 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 2008 issued by the Info-communications Development Authority of Singapore ("**IDA**") (now known as IMDA) on 2 May 2008 (the "**Postal Competition Code**"), to which the IDA (now known as IMDA) has said it will make consequential changes arising from the finalisation of the Postal Services (Control of Designated Postal Licensees) Regulations 2012, provides some additional guidance. Section 8 (in its present form) 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 would, after the transaction, hold 5% or more, but less than 12% of the voting shares 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 IDA (now known as IMDA) before the Company proceeds with such purchase or acquisition.

4.10 **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:

4.10.1 ***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.

4.10.2 ***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:

(i) the adviser and persons controlling, controlled by or under the same control as the adviser; and

(ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(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.

4.10.3 ***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 7.2 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.

4.11 **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.

4.12 **No Purchases During Price 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 sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealing set out in Rule 1207(19)(c) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of two weeks immediately preceding the announcement of the Company's results for each of the first three quarters of the financial year, and during the period of one month immediately preceding the announcement of the Company's annual results.

5. THE PROPOSED ALTERATIONS TO THE SINGAPORE POST RESTRICTED SHARE PLAN 2013

5.1 **The Plan**. The Singapore Post Restricted Share Plan 2013 (the "**Plan**") was adopted by Shareholders at the extraordinary general meeting of the Company held on 28 June 2013. Awards of shares granted under the Plan (the "**Awards**") represent the right of participants to receive fully paid Shares, (where applicable) their equivalent cash value and combinations thereof, free of charge, upon the expiry of the prescribed vesting periods (where applicable).

5.2 **Summary of Proposed Alterations**. The Plan currently permits time-based service conditions to be attached to Awards. The Plan is proposed to be altered so as to authorise the committee comprising Directors duly authorised and appointed by the Board to administer the Plan (the "**Committee**") the flexibility to additionally prescribe performance conditions to Awards, where appropriate to do so as determined in the absolute discretion of the Committee. Such performance-related Awards will only vest after the satisfactory completion of performance-based service conditions. The grant of either time-based or performance-based Awards under the Plan (as proposed to be altered) would be at the discretion of the Committee. Consequential changes are proposed throughout the rules of the Plan to give effect to the aforesaid. The subsisting power to attach time-based service conditions to Awards remains unchanged, and where performance conditions (if any) are prescribed, this will be in addition to and not in substitution of time-based vesting conditions. The Company is also taking this opportunity to alter the Plan to take into account the changes to the Companies Act introduced pursuant to the Companies (Amendment) Act 2014 (the "**Amendment Act**") and the Listing Manual, and to streamline and rationalise certain other provisions.

5.3 **Rationale**. To drive accountability and performance, and ensure that the Plan remains relevant and sustainable as a retention and motivation tool for senior and key management staff, the Committee has proposed that the Plan be enhanced with performance conditions. The current intention is for a broad group of persons who are Group Executives (as defined in the Plan) and/or Associated Company Executives (as defined in the Plan), including senior and other key personnel as deemed appropriate by the Committee, to be granted performance-based Awards under the Plan.

Such performance-based Awards would incorporate stretched targets aimed at delivering long term shareholder value, and be designed to create and enhance economic value for Shareholders, thereby aligning the interests of the Group Executives (as defined in the Plan) and/or Associated Company Executives (as defined in the Plan), including senior and other key personnel as deemed appropriate by the Committee, with the interests of Shareholders.

5.4 **Appendix 3**. The proposed alterations to the Plan are set out in Appendix 3 to this Letter. The SGX-ST has no objections to the proposed alterations to the Plan. The proposed alterations to the Plan are subject to Shareholders' approval.

5.5 **Abstention from Voting**. Shareholders who are eligible to participate in the Plan (that is, employees and directors of the Group (as defined under the Plan) and Associated Companies (as defined under the Plan) but excluding Non-Executive Directors (as defined under the Plan) who are not eligible to receive performance-based Awards) will abstain, and will procure their associates to abstain, from voting their Shares in respect of Resolution 16, being the Ordinary Resolution relating to the proposed alterations to the Plan to be proposed at the 2017 AGM. Such shareholders and their respective associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of Resolution 16, unless the Shareholder concerned shall have given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of Resolution 16.

6. THE PROPOSED ADOPTION OF THE NEW CONSTITUTION

6.1 **Companies (Amendment) Acts 2014 and 2017.** The Amendment Act, which was passed in Parliament on 8 October 2014 and took effect in phases on 1 July 2015 and 3 January 2016 respectively, introduced wide-ranging changes to the Companies Act. The changes aim to reduce regulatory burden on companies, provide for greater business flexibility and improve the corporate governance landscape in Singapore. The key changes include the introduction of a multiple proxies regime to enfranchise indirect investors and CPF investors, provisions to facilitate the electronic transmission of notices and documents, and the merging of the memorandum and articles of association of a company into one document called the "constitution". The Companies (Amendment) Act 2017 (the "**2017 Amendment Act**"), which was passed in Parliament on 10 March 2017 and will take effect in phases starting from 31 March 2017, introduced further changes to the Companies Act which aim to ensure that Singapore's corporate regulatory regime continues to stay robust. One of the key changes includes the removal of the requirement for a company to have a common seal.

6.2 **New Constitution**. The Company is accordingly proposing to adopt a new constitution (the "**New Constitution**"), which will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016 (the "**Existing Constitution**"), and will:

(a) incorporate amendments to take into account the changes to the Companies Act introduced pursuant to the Amendment Act and the 2017 Amendment Act;

(b) contain updated provisions which are consistent with the listing rules of the SGX-ST prevailing as at the Latest Practicable Date, in compliance with Rule 730(2) of the Listing Manual;

(c) include provisions to address the personal data protection regime in Singapore;

(d) include provisions to take into account the limits applicable in relation to the holding of or having an interest in Shares or the controlling of voting power in the Company under the Postal Services Act; and

(e) be streamlined and rationalised generally.

6.3 **Summary of Principal Provisions**. The following is a summary of the principal provisions of the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions:

6.3.1 ***Companies Act***

The following articles include provisions which are in line with the Companies Act, as amended pursuant to the Amendment Act and the 2017 Amendment Act:

(a) ***Article 1 (Article 2 of Existing Constitution)***. Article 1, which is the interpretation section of the New Constitution, includes the following additional/revised provisions:

(i) a revised definition of "in writing" to make it clear that this expression includes any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether physical or electronic. This would facilitate, for example, a proxy instrument being in either physical or electronic form;

(ii) new definitions of "registered address" and "address" to make it clear that these expressions mean, in relation to any Shareholder, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly specified;

(iii) a revised provision stating that the expressions "Depositor", "Depository", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). This follows the migration of the provisions in the Companies Act which relate to the Central Depository System to the SFA pursuant to the Amendment Act;

(iv) a new provision stating that the expressions "current address", "electronic communication" and "relevant intermediary" shall have the meanings ascribed to them respectively in the Companies Act. This follows the introduction of new provisions facilitating electronic communication and the multiple proxies regime pursuant to the Amendment Act; and

(v) new definitions of "Postal Authority", "Postal Services Act" and "Prescribed Limits".

(b) ***New article 7(B)***. Article 7(B) is a new provision which provides that new shares may be issued for no consideration. This is in line with new section 68 of the Companies Act, which clarifies that a company having a share capital may issue shares for which no consideration is payable to the issuing company.

(c) ***Article 13 (Article 9 of Existing Constitution)***. Article 13, which relates to the Company's power to alter its share capital, has new provisions which:

(i) empower the Company, by Ordinary Resolution, to convert its share capital or any class of shares from one currency to another currency. This is in line with new section 73 of the Companies Act, which sets out the procedure for such redenominations; and

(ii) empower the Company, by Special Resolution, to convert one class of shares into another class of shares. This is in line with new section 74A of the Companies Act, which sets out the procedure for such conversions.

(d) ***Article 20 (Article 16 of Existing Constitution)***. The specific requirements to disclose the amount paid and amount (if any) unpaid on the shares in the share certificate relating to those shares, and for the share certificate to be issued under the share seal of the Company, have been removed from article 21, which relates to share certificates, and replaced with a general provision that every share certificate shall be issued in accordance with the requirements of the Companies Act and be under the common seal or signed in the manner set out in the Companies Act. Under section 123(2) of the Companies Act, as amended pursuant to the Amendment Act, the requirement to disclose the amount paid on the shares in the share certificate has been removed, and a share certificate need only state (*inter alia*) the number and class of the shares, whether the shares are fully or partly paid up, and the amount (if any) unpaid on the shares. In addition, although section 123(2) stipulates that a share certificate is to be issued under the common seal of the Company, under new section 41C of the Companies Act (as introduced by the 2017 Amendment Act), the affixation of the common seal to a share certificate may be dispensed with provided that the share certificate is signed:

(a) on behalf of the Company by a Director and a Secretary of the Company;

(b) on behalf of the Company by at least two Directors; or

(c) on behalf of the Company by a Director in the presence of a witness who attests the signature.

(e) ***Article 60 (Article 53 of Existing Constitution)***. Article 60, which relates to the routine business that is transacted at an annual general meeting, has been revised to:

(i) substitute the references to "accounts" with "financial statements", and the reference to "the reports of the Directors" with "Directors' statement", for consistency with the updated terminology in the Companies Act;

(ii) expand the routine business items to include, in addition to the re-appointment of the retiring Auditor, the appointment of a new Auditor; and

(iii) clarify the types of Directors' remuneration which will be subject to Shareholder approval as routine business.

(f) ***Article 68(B) (Article 61 of Existing Constitution)***. Article 68(B), which relates to the method of voting at a general meeting where mandatory polling is not required, has been revised to reduce the threshold for eligibility to demand a poll from 10% to 5% of the total voting rights of the members having the right to vote at the meeting, or of the total sum paid up on all the shares conferring that right. This is in line with section 178 of the Companies Act, as amended pursuant to the Amendment Act. Notwithstanding this provision, the Company is currently required to comply with Rule 730A(2) of the Listing Manual, which provides that all resolutions at general meetings shall be voted by poll. The mandatory polling requirement under Rule 730A(2) of the Listing Manual is contained in article 68(A) of the New Constitution.

(g) ***Articles 72, 78 and 80(A) (Articles 65, 71 and 73 of Existing Constitution)***. Articles 72, 78 and 80(A), which relate to the voting rights of Shareholders and the appointment and deposit of proxies, have new provisions which cater to the multiple proxies regime introduced by the Amendment Act. The multiple proxies regime allows "relevant intermediaries", such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, to appoint more than two proxies to attend, speak and vote at general meetings. In particular:

(i) article 78(A) provides that save as otherwise provided in the Companies Act, a Shareholder who is a "relevant intermediary" may appoint more than two proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder, and where such Shareholder's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed must be specified in the form of proxy. This is in line with new section 181(1C) of the Companies Act;

(ii) article 78(B) provides that the Company will be entitled and bound to reject an instrument of proxy lodged by a Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 (previously 48) hours before the time of the relevant general meeting. Consequential changes have also been made in articles 72 and 78(B) to make it clear that the number of votes which a Depositor or his proxy can cast on a poll is the number of shares entered against his name in the Depository Register as at 72 (previously 48) hours before the time of the relevant general meeting. This is in line with new section 81SJ(4) of the SFA;

(iii) article 72 provides that in the case of a Shareholder who is a "relevant intermediary" and who is represented at a general meeting by two or more proxies, each proxy shall be entitled to vote on a show of hands. This is in line with new section 181(1D) of the Companies Act; and

(iv) the cut-off time for the deposit of proxies has been extended from 48 to 72 hours before the time appointed for holding the general meeting in article 80(A). This is in line with section 178(1)(c) of the Companies Act, as amended pursuant to the Amendment Act.

(h) ***Article 100 (Article 93 of Existing Constitution)***. Article 100, which relates to the filling of the office vacated by a retiring Director in default circumstances except in certain cases, has been revised to remove the event of a Director attaining any applicable retiring age as an exception to a deemed re-election to office. This follows the repeal of section 153 of the Companies Act and removal of the 70-year age limit for directors of public companies and subsidiaries of public companies.

(i) ***Article 117 (Article 110 of Existing Constitution)***. Article 117, which relates to the general powers of the Directors to manage the Company's business, clarifies that the business and affairs of the Company are to be managed by or under the direction of or, additionally, under the supervision of, the Directors. This is in line with section 157A of the Companies Act, as amended pursuant to the Amendment Act.

(j) ***Articles 123, 125(A) and 125(B) (Articles 116, 118(A) and 118(B) of Existing Constitution)***. Articles 123, 125(A) and 125(B), which relate to the common seal of the Company, have been revised to state that these apply where the Company has a common seal. This is in line with new section 41A of the Companies Act which provides that a company need not have a common seal.

(k) ***Articles 126, 145 and 146 (Articles 119, 135 and 136 of Existing Constitution)***. Article 146, which relates to the sending of the Company's financial statements and related documents to Shareholders, additionally provides that such documents may, subject to the listing rules of the SGX-ST, be sent less than 14 days before the date of the general meeting with the agreement of all persons entitled to receive notices of general meetings. This is in line with new section 203(2) of the Companies Act, which provides that the requisite financial statements and other related documents may be sent less than 14 days before the date of the general meeting at which they are to be laid if all the persons entitled to receive notice of general meetings of the company so agree. Notwithstanding this proviso, the Company is currently required to comply with Rule 707(2) of the Listing Manual, which provides that an issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting. The requirement to send these documents to debenture holders has also been removed in article 146.

The references to the Company's "accounts", "profit and loss account(s)" and Directors' "reports" have also been updated/substituted in articles 126, 145 and 146 with references, or additional references, to "financial statements" and Directors' "statements", as appropriate, for consistency with the updated terminology in the Companies Act.

(l) ***Articles 149(B) to (F) (Article 139(B) of Existing Constitution)***. Articles 149(B) to (F), which relate to the service of notices to Shareholders using electronic communications, have new provisions to facilitate the electronic transmission of notices and documents following the introduction of simplified procedures for the sending of notices and documents electronically pursuant to new section 387C of the Companies Act.

Under new section 387C, notices and documents may be given, sent or served using electronic communications with the express, implied or deemed consent of the member in accordance with the constitution of the company.

There is "express consent" if a shareholder expressly agrees with the company that notices and documents may be given, sent or served on him using electronic communications. Section 387C, as amended pursuant to the 2017 Amendment Act, stipulates that there is "deemed consent" if (a) a shareholder was by notice in writing given an opportunity to elect, within such period of time specified in the notice, whether to receive the notice or document by way of electronic communications or as a physical copy, and (b) the shareholder fails to make an election within the time so specified. Section 387C also stipulates that there is "implied consent" if the constitution (a) provides for the use of electronic communications and specifies the mode of electronic communications, and (b) specifies that shareholders agree to receive such notices or documents by way of electronic communications and do not have a right to elect to receive physical copies of such notices and documents. Certain safeguards for the use of the deemed consent and implied consent regimes are prescribed under new regulation 89C of the Companies Regulations, Chapter 50, RG 1 (the "**Companies Regulations**") and that these must be complied with.

New section 387C was introduced to give effect to recommendations by the Steering Committee for Review of the Companies Act to ease the rules for the use of electronic transmission and to make them less prescriptive, and these recommendations were accepted by the Ministry of Finance (the "**MOF**"). In accepting these recommendations, the MOF noted the concerns of some shareholders who would prefer to have an option to receive physical copies of the notices and documents, notwithstanding that the company adopts the implied consent regime, and indicated that such shareholders could highlight their concerns when a company proposes amendments to its constitution to move to an implied consent regime.

In particular:

(i) article 149(B) provides that notices and documents may be sent to Shareholders using electronic communications either to a Shareholder's current address (which may be an email address) or by making it available on a website;

(ii) article 149(C) provides that for these purposes, a Shareholder is deemed to have agreed to receive such notice or document by way of electronic communications and shall not have a right to elect to receive a physical copy of such notice or document (this is the implied consent regime permitted under new section 387C); and

(iii) article 149(D) provides that notwithstanding sub-paragraph (ii) above, the Directors may decide to give Shareholders an opportunity to elect to opt out of receiving such notice or document by way of electronic communications, and a Shareholder is deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity but failed to opt out within the specified time (this is the deemed consent regime permitted under new section 387C).

Article 149(E) additionally provides for when service is effected in the case of notices or documents sent by electronic communications. In particular, where a notice or document is made available on a website, it is deemed served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Companies Act and/or other applicable regulations or procedures. Further, under article 149(F), in the case of service on a website, the Company must give separate notice of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by (1) sending such separate notice to Shareholders personally or by post, and/or (2) sending such separate notice to Shareholders' current addresses (which may be email addresses), and/or (3) by way of advertisement in the daily press, and/or (4) by way of announcement on the SGX-ST.

Under new regulation 89D of the Companies Regulations, notices or documents relating to take-over offers and rights issues are excluded from the application of section 387C and therefore cannot be transmitted by electronic means pursuant to section 387C.

On 22 March 2017, the SGX-ST announced that the listing rules would be amended, with effect from 31 March 2017, to permit listed issuers to send documents to shareholders electronically under the new regimes permitted under the Companies Act, subject to the additional safeguards prescribed under the listing rules. If the Company decides to make use of the new regimes to transmit documents electronically to Shareholders, the Company will comply with the SGX-ST's listing rules on the subject.

(m) ***Article 156 (Article 146 of Existing Constitution)***. Article 156, which relates to Directors' indemnification, has been expanded to permit the Company, subject to the provisions of and so far as may be permitted by the Companies Act, to indemnify a Director against losses "to be incurred" by him in the execution of his duties. This is in line with new sections 163A and 163B of the Companies Act, which permit a company to lend, on specified terms, funds to a director for meeting expenditure incurred "or to be incurred" by him in defending court proceedings or regulatory investigations.

6.3.2 ***Listing Manual***

Rule 730(2) of the Listing Manual provides that if an issuer amends its articles or other constituent documents, they must be made consistent with all the listing rules prevailing at the time of amendment.

The following articles have been included in the New Constitution, or have been updated, to ensure consistency with the listing rules of the SGX-ST prevailing as at the Latest Practicable Date, in compliance with Rule 730(2) of the Listing Manual:

(a) ***New article 7(A)***. Article 7(A) is a new provision which provides that the rights attaching to shares of a class other than ordinary shares must be expressed in the constitution. This is in line with paragraph (1)(b) of Appendix 2.2 of the Listing Manual.

(b) ***Articles 68, 69, 70 and 71 (Articles 61, 62, 63 and 64 of Existing Constitution)***. Article 68, which relates to the method of voting at general meetings, has new provisions to make it clear that, if required by the listing rules of the SGX-ST, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the SGX-ST). Consequential changes have been made to articles 69, 70 and 71. Article 69 additionally provides that, if required by the listing rules of the SGX-ST, scrutineers will be appointed. These changes are in line with Rule 730A of the Listing Manual.

(c) ***Articles 97 and 100 (Articles 90 and 93 of Existing Constitution)***. Article 97, which relates to the vacation of office of a Director in certain events, additionally provides that the office of a Director shall become vacant if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. Consequential changes have been made to article 100, which relates to the filling of the office vacated by a retiring Director in certain default events, to provide that a retiring Director is deemed to be re-elected in certain default circumstances except, additionally, where he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. These changes are in line with paragraph (9)(n) of Appendix 2.2 of the Listing Manual.

6.3.3 ***PDPA***

In general, under the Personal Data Protection Act 2012, an organisation can only collect, use or disclose the personal data of an individual with the individual’s consent, and for a reasonable purpose which the organisation has made known to the individual. New article 158 specifies, *inter alia*, the purposes for which the Company and/or its agents and service providers would collect, use and disclose personal data of Shareholders and their appointed proxies or representatives.

6.3.4 ***Prescribed Limits***

The Company holds a postal services licence and is regulated under the Postal Services Act. The shareholding limits applicable to the Company, and to Shareholders, under the Postal Services Act and/or any other legislation to which the Company is subject from time to time and/or any regulations, directives, guidelines, notices and/or codes of practice promulgated or issued thereunder from time to time, as the case may be, are described in paragraph 4.9 above.

The following articles have been included in the New Constitution to take into account the above provisions of the Postal Services Act:

(a) ***New article 6***. New article 6(A) provides that no person (or, as the case may be, no person together with his associates) shall reach or exceed any of the Prescribed Limits (defined in article 1 of the New Constitution to mean the limits applicable in relation to the holding of or having an interest in Shares or the controlling of voting power in the Company, in each case as defined in and as prescribed by the Postal Services Act and/or any other legislation to which the Company is subject from time to time and/or any regulations, directives, guidelines, notices and/or codes of practice promulgated or issued thereunder from time to time, as the case may be) without first obtaining the prior written approval of the Postal Authority referred to in the Postal Services Act (the "**Postal Authority**").

Under new article 6(B), such person(s) approved by the Postal Authority may reach or exceed any of the Prescribed Limits, subject to such conditions as may be imposed by the Postal Authority and the provisions of the New Constitution. Any person(s) who reaches or exceeds any of the Prescribed Limits must provide the Company evidence of such approval(s) as the Directors may reasonably require.

(b) ***New article 8(a)***. New article 8(a) provides that, except with the prior written approval of the Postal Authority or except as permitted by article 6(B), no Shares shall be issued to a person if, in the opinion of the Directors, such issue would result in a person (or, as the case may be, a person together with his associates) reaching or exceeding any of the Prescribed Limits.

(c) ***New articles 42(B)(e), 42(C), 43, 44 and 45***. New articles 43(A), 43(C), 43(D) and 43(E) have been introduced to empower the Directors to require the sale of Shares if, *inter alia*:

(i) it comes to their notice that:

(1) any person (or, as the case may be, any person together with his associates) has reached or exceeded any of the Prescribed Limits without first obtaining the prior written approval of the Postal Authority; or

(2) any person is in breach of any condition of written approval imposed by the Postal Authority in relation to his reaching or exceeding any of the Prescribed Limits; or

(ii) the Directors are required to do so:

(1) under the Postal Services Act and/or any other legislation to which the Company is subject from time to time and/or any regulations, directives, guidelines, notices and/or codes of practice promulgated or issued thereunder from time to time, as the case may be; or

(2) by the Postal Authority.

New article 43(B) further provides that, if such an event should occur, the Directors may additionally take all steps and do all acts or things as they may deem necessary and/or required to ensure that the provisions of the relevant legislation are or will be complied with. In particular, the Directors shall take such action as may be directed by the Postal Authority, including but not limited to (1) restricting the voting power in all or any of the Shares held or controlled by the relevant person, (2) restricting the issuance or offer of further Shares in respect of all or any of the Shares held or controlled by the relevant person, and (3) (except in a winding up of the Company) restricting the payment of any amount (whether by way of dividends or otherwise) in respect of all or any of the Shares held or controlled by the relevant person.

Under new article 42(B)(e), the Directors may refuse to register any instrument of transfer of Shares unless it is accompanied by a declaration made by or on behalf of the transferee stating (1) the extent of the transferee's interest, directly or indirectly, in the issued Shares as at the date of the declaration, (2) whether or not the transferee is a nominee and if so, such particulars of the interest in the Shares comprised in such instrument of transfer as would otherwise have to be given under (1), and (3) such other information as may be required by the Directors for the purpose of article 43 or 45.

New article 42(C) provides that the Directors may at any other time request the Depository or require a Shareholder or the holder of securities convertible into or giving the right to the holders thereof to subscribe for Shares to submit a declaration or further declaration or furnish evidence or information for the purpose of ascertaining or verifying the interests of the Shareholder or holder of Shares or matters related thereto, provided that the Depository shall not be required to submit any declaration for the purposes of articles 42(B) and 43.

In addition, under new article 45, the Directors may refuse to register any transfer of Shares if, *inter alia*, in their opinion, (1) such transfer when registered would (save as permitted under the New Constitution) result in any person (or, as the case may be, any person together with his associates) reaching or exceeding any of the Prescribed Limits, or (2) such transfer is made to a corporation, individual or other legal entity (other than the Depository) who in the opinion of the Directors will hold the shares as a nominee, unless such holding as nominee is approved by the Directors.

New article 44 provides that the Directors are not required to give any reason for any declaration taken or made in accordance with articles 42 to 45.

6.3.5 **General**

The following articles have been included in the New Constitution, or have been updated, streamlined and rationalised generally:

(a) ***Article 56 (Article 49 of Existing Constitution)***. Article 56, which relates to the time-frame for holding annual general meetings, has been revised to remove the specific requirement that, save as otherwise permitted under the Companies Act, an annual general meeting is to be held once in every year and within a period of not more than 15 months after the holding of the last preceding annual general meeting. This has been replaced with a general provision that an annual general meeting shall be held in accordance with the provisions of the Companies Act. The change will accommodate any amendments which may be made to the Companies Act from time to time as regards the timelines for holding annual general meetings. As the Company has a primary listing on the SGX-ST, in determining the time and place of a general meeting pursuant to article 56(B), the Directors are required to comply with Rule 730A of the Listing Manual, which requires the Company to hold all its general meetings in Singapore, unless prohibited by the relevant laws and regulations in Singapore.

(b) ***Articles 79 and 80 (Articles 72 and 73 of Existing Constitution)***. Article 79, which relates to the execution of proxies, has new provisions to facilitate the appointment of a proxy through electronic means online. In particular, article 79 provides that a Shareholder can elect to signify his approval for the appointment of a proxy via electronic communication, through such method and in such manner as may be approved by the Directors, in lieu of the present requirement of signing, or where applicable, the affixation of the corporate Shareholder's common seal.

For the purpose of accommodating the deposit by Shareholders, and receipt by the Company, of electronic proxy instructions by Shareholders who elect to use the electronic appointment process, article 80, which relates to the deposit of proxies, has new provisions which authorise the Directors to prescribe and determine the manner of receipt by the Company of the instrument appointing a proxy through digital means.

(c) ***Articles 82 and 97 (Articles 75 and 90 of Existing Constitution)***. These articles have been updated to substitute the references to insanity and a person of unsound mind with references to mental disorder and a person who is incapable of managing himself or his affairs, following the enactment of the Mental Health (Care and Treatment) Act, Chapter 178A, which repealed and replaced the Mental Disorders and Treatment Act.

(d) ***New Article 137***. New Article 137 will facilitate, if and when desired, the implementation of a scrip dividend scheme enabling Shareholders to elect to receive scrip in lieu of the cash amount of a qualifying dividend.

(e) ***Article 143 (Article 133 of Existing Constitution)***. Article 143, which relates to the Directors' power to issue free shares and/or to capitalise reserves for share-based incentive plans, has been expanded to empower the Directors to do the same for the benefit of non-executive Directors as part of their Directors' remuneration. This will enable the Company, if it so desires, to remunerate its non-executive Directors by way of Directors' fees in the form of shares, or in a combination of cash and shares, using these methods.

6.4 **Appendix 4**. The text of the principal provisions in the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions, is set out in Appendix 4 to this Letter and the main differences are blacklined. The proposed adoption of the New Constitution is subject to Shareholders' approval.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

	Number of Shares			
	Direct Interest	Deemed Interest	Total Interest	% of Issued Shares(1)
Simon Israel	–	–	–	–
Paul William Coutts	–	–	–	–
Fang Ai Lian	–	–	–	–
Chen Jun	–	–	–	–
Lim Cheng Cheng	–	–	–	–
Aliza Knox	20,529	–	20,529	n.m.(3)
Elizabeth Kong Sau Wai	–	–	–	–
Steven Robert Leonard	–	–	–	–
Professor Low Teck Seng	80,460	60,000(2)	140,460	n.m.(3)
Bob Tan Beng Hai	–	–	–	–
Zulkifli Bin Baharudin	–	–	–	–

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 interest through spouse.

(3) "n.m." means "not meaningful".

7.2 **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	–	502,595,285(2)	502,595,285	22.10
Singapore Telecommunications Limited	494,000,000	–	494,000,000	21.73
Alibaba Investment Limited	327,649,907	–	327,649,907	14.41
Alibaba Group Holding Limited	–	327,649,907	327,649,907(3)	14.41
SoftBank Group Corp.	–	327,649,907	327,649,907(4)	14.41

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 subsidiaries, Singapore Telecommunications Limited, ST Asset Management Ltd, an investment fund managed by SeaTown Holdings International Pte Ltd, 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.

8. DIRECTORS' RECOMMENDATIONS

8.1 **The Proposed Change of Auditor**. The Directors are of the opinion that the proposed appointment of Deloitte & Touche LLP as Auditor of the Company in place of the retiring Auditor, PricewaterhouseCoopers LLP, is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 13, being the Ordinary Resolution relating to the appointment of Deloitte & Touche LLP as Auditor of the Company in place of the retiring Auditor, PricewaterhouseCoopers LLP, to be proposed at the 2017 AGM.

8.2 **The Proposed Renewal of the Shareholders Mandate**. All the Directors are interested persons (as described in paragraph 4.1 of Appendix 2 to this Letter). Accordingly, they have refrained from making any voting recommendation to Shareholders in respect of Resolution 14, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2017 AGM.

8.3 **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 Resolution 15, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2017 AGM.

8.4 **The Proposed Alterations to the Plan**. The non-executive Directors are of the opinion that the proposed alterations to the Plan are in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 16, being the Ordinary Resolution relating to the proposed alterations to the Plan to be proposed at the 2017 AGM. As the executive Directors may be eligible to receive performance-based Awards under the Plan, they have refrained from making any voting recommendation to Shareholders in respect of Resolution 16.

8.5 **The Proposed Adoption of the New Constitution**. The Directors are of the opinion that the proposed adoption of the New Constitution is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 17, being the Special Resolution relating to the proposed adoption of the New Constitution to be proposed at the 2017 AGM.

9. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 10 Eunos Road 8, Singapore Post Centre, Singapore 408600, during normal business hours from the date of this Letter up to the date of the 2017 AGM:

(a) the Existing Constitution;

(b) the proposed New Constitution;

(c) the Annual Report of the Company for the financial year ended 31 March 2017;

(d) Deloitte & Touche LLP's formal letter of consent to act as Auditor of the Company;

(e) the rules of the Plan; and

(f) the 2016 Letter.

10. 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

NOTICE OF NOMINATION

12 May 2017

The Board of Directors
Singapore Post Limited
10 Eunos Road 8
Singapore Post Centre
Singapore 408600

Dear Sirs

Notice of Nomination

Pursuant to the provisions of Section 205 of the Companies Act, Chapter 50, I, Lim San Mein, Elsie, in my capacity as a member of Singapore Post Limited (the "**Company**"), hereby give notice of my nomination of Deloitte & Touche LLP of 6 Shenton Way, #33-00 OUE Downtown 2, Singapore 068809 for appointment as Auditor of the Company in place of the retiring Auditor, PricewaterhouseCoopers LLP of 8 Cross Street, #17-00 PWC Building, Singapore 048424 at the forthcoming Annual General Meeting of the Company to be held on 20 July 2017 or at any adjournment thereof.

Yours faithfully

....
Lim San Mein, Elsie
Member, Singapore Post Limited

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 2017, the consolidated NTA of the SingPost Group was S$1,357,035,000. 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 2018 are published, 5% of the latest audited consolidated NTA of the SingPost Group would be S$67,852,000.

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;

(c) a "**controlling shareholder**" means a person who:

(i) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares and subsidiary holdings 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.

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 20 July 2017 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, Mr Bob Tan Beng Hai and Mr Zulkifli Bin Baharudin) 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 quarterly 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.

APPENDIX 3

THE PROPOSED ALTERATIONS TO THE SINGAPORE POST RESTRICTED SHARE PLAN 2013

Set out below are Rules 2, 5, 6, 7, 8 and 12 of the Singapore Post Restricted Share Plan 2013, with the proposed alterations blacklined.

1. Rule 2

2. DEFINITIONS

2.1 In the Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"**Act**"	:	The Companies Act, Chapter 50 of Singapore.
"**Adoption Date**"	:	The date on which the Plan is adopted by the Company in general meeting.
~~"**Articles**"~~	~~:~~	~~The Articles of Association of the Company, as amended from time to time.~~
"**Associated Company**"	:	A company in which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries, or a subsidiary of such company, and over whose management the Company has control (as defined in the Listing Manual).
"**Associated Company Executive**"	:	Any employee of an Associated Company (including any Associated Company Executive Director).
"**Associated Company Executive Director**"	:	A director of an Associated Company who performs an executive function.
"**Auditors**"	:	The auditors of the Company for the time being.
"**Award**"	:	An award of Shares granted under Rule 5.
"**Award Date**"	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5.
"**Award Letter**"	:	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee.
"**CDP**"	:	The Central Depository (Pte) Limited.
"**Committee**"	:	A committee comprising directors of the Company duly authorised and appointed by the board of directors of the Company to administer the Plan.
"**Communication**"	:	An Award, including the Award Letter and/or any correspondence made or to be made under the Plan (individually or collectively).
"**Company**"	:	Singapore Post Limited, a company incorporated in Singapore.

"**Constitution**"	:	The Constitution of the Company, as amended from time to time.
"**Group**"	:	The Company and its subsidiaries.
"**Group Executive**"	:	Any employee of the Group (including any Group Executive Director).
"**Group Executive Director**"	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function.
"**Listing Manual**"	:	The listing manual of the Singapore Exchange.
"**Market Day**"	:	A day on which the Singapore Exchange is open for trading in securities.
"**Market Value**"	:	In relation to a Share, on any day: (a) the volume-weighted average price of a Share on the Singapore Exchange over the three (3) immediately preceding Trading Days; or (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
"**Non-Executive Director**"	:	A director of: (a) the Company and/or its subsidiaries, other than a Group Executive Director; or (b) an Associated Company, other than an Associated Company Executive Director.
"**Participant**"	:	The holder of an Award (including, where applicable, the executor or personal representative of such holder).
"**Performance-related Award**"	:	An Award in relation to which a Performance Condition is specified.
"**Performance Condition**"	:	In relation to a Performance-related Award, the condition specified on the Award Date in relation to that Award.
"**Performance Period**"	:	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Committee on the Award Date, during which the Performance Condition(s) is (are) to be satisfied.
"**Plan**"	:	The Singapore Post Restricted Share Plan 2013, as modified or altered from time to time.

"**Record Date**"	:	The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to, or rights of, holders of Shares.
"**Release**"	:	In relation to an Award, the release of all or some of the Shares to which that Award relates in accordance with the Plan and, to the extent that any Shares which are the subject of the Award are not released pursuant to the Plan, the Award in relation to those Shares shall lapse accordingly and "**Released**" shall be construed accordingly.
"**Release Schedule**"	:	In relation to an Award, a schedule (if any) in such form as the Committee shall approve, in accordance with which Shares which are the subject of that Award shall be Released.
"**Released Award**"	:	An Award which has been Released in full or in part in accordance with Rule 7.
"**Retention Period**"	:	In relation to an Award, such period commencing on the Vesting Date in relation to that Award as may be determined by the Committee on the Award Date.
"**SingPost Share Option Scheme 2012**"	:	The Singapore Post Share Option Scheme 2012 adopted on 29 June 2012, as the same may be modified or altered from time to time.
"**Security Device**"	:	Any smartcard, digital certificate, digital signature, encryption device, electronic key, logon identifier, password, personal identification number, and/or other code or any access procedure incorporating any one or more of the foregoing, designated by the Company for use in conjunction with the Plan.
"**Shares**"	:	Ordinary shares in the capital of the Company.
"**Singapore Exchange**"	:	The Singapore Exchange Securities Trading Limited.
"**Trading Day**"	:	A day on which the Shares are traded on the Singapore Exchange.
"**Vesting**"	:	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and "**Vest**" and "**Vested**" shall be construed accordingly.
"**Vesting Date**"	:	In relation to Shares which are the subject of a Released Award, each date as determined by the Committee and notified to the relevant Participant on which those Shares are to be Vested pursuant to Rule 7.
"**Vesting Period**"	:	In relation to an Award, each period (if any), the duration of which is to be determined by the Committee on the Award Date, after the expiry of which the relevant number of Shares which are subject to the applicable period shall be Vested to the relevant Participant on the relevant Vesting Date, subject to Rule 7.

“**year**” : Calendar year, unless otherwise stated.

“**$**” : Singapore dollar.

“**%**” : Per centum or percentage.

2.2 For purposes of the Plan, the Company shall be deemed to have control over another company if it has the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company.

2.3 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.

2.4 Any reference to a time of a day in the Plan is a reference to Singapore time.

2.5 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the Plan and used in the Plan shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

2. Rule 5

5. GRANT OF AWARDS

5.1 The Committee may grant Awards to eligible Group Executives, Associated Company Executives and/or Non-Executive Directors, in each case, as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force.

5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account such criteria as it considers fit, including (but not limited to), in the case of a Group Executive or an Associated Company Executive, his rank, job performance, years of service, potential for future development, and his contribution to the success and development of the Group and (in the case of a Performance-related Award) the extent of effort and difficulty with which the Performance Condition(s) may be achieved within the Performance Period and, in the case of a Non-Executive Director, his board and committee appointments and attendance, and his contribution to the success and development of the Group.

5.3 The Committee shall decide in relation to an Award:

(a) the Participant;

(b) the Award Date;

(c) the number of Shares which are the subject of the Award;

(d) in the case of a Performance-related Award:

(i) the Performance Condition(s);

(ii) the Performance Period; and

(iii) the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;

(~~d~~e) the Vesting Period(s), if any;

(~~e~~f) the Vesting Date(s), if any;

(~~f~~g) the Release Schedule, if any;

(~~g~~h) the Retention Period in relation to any or all of the Shares comprised in the Award, if any; and

(~~h~~i) any other condition which the Committee may determine in relation to that Award.

5.4 As soon as reasonably practicable after making an Award the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:

(a) the Award Date;

(b) the number of Shares which are the subject of the Award;

(c) in the case of a Performance-related Award:

(i) the Performance Condition(s);

(ii) the Performance Period; and

(iii) the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;

(~~c~~d) the Vesting Period(s), if any;

(~~d~~e) the Vesting Date(s), if any;

(~~e~~f) the Release Schedule, if any;

(~~f~~g) the Retention Period in relation to any or all of the Shares comprised in the Award, if any; and

(~~g~~h) any other condition which the Committee may determine in relation to that Award.

5.5 Participants are not required to pay for the grant of Awards.

5.6 The Committee may amend or waive the Vesting Period(s), the Vesting Date(s), the Release Schedule, the Retention Period and/or any condition applicable to an Award and, in the case of a Performance-related Award, the Performance Period and/or the Performance Condition(s) and/or the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period in respect of that Award:

(a) in the event of a take-over offer being made for the Shares or if a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act or in the event of an order being made or a resolution passed for the winding-up of the Company (other than as provided in Rule 6.1(a) or for reconstruction or amalgamation) or a proposal to sell all or substantially all of the assets of the Company;~~ or~~

(b) in the event that the Company shall make a capital distribution or a declaration of a special dividend (whether in cash or *in specie*)~~,~~; or

(c) in the case of a Performance-related Award, if anything happens which causes the Committee to conclude that:

(i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or

(ii) a Performance Condition should be waived,

and shall notify the Participants of such change or waiver.

5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

5.8 No Performance-related Awards may be granted to Non-Executive Directors under the Plan.

3. Rule 6

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:

(a) in the event that an order is made for the winding-up of the Company on the basis of, or by reason of, its insolvency;

(b) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion; or

(c) subject to Rule 6.2(b), where the Participant is a Group Executive or an Associated Company Executive, upon the Participant ceasing to be in the employment of the Group or the relevant Associated Company, as the case may be, for any reason whatsoever.

For the purposes of Rule 6.1(c), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice is withdrawn prior to its effective date.

6.2 In any of the following events, namely:

(a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;

(b) where the Participant, being a Group Executive or an Associated Company Executive, ceases at any time to be in the employment of the Group or the relevant Associated Company, as the case may be, by reason of:

(i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);

(ii) redundancy;

(iii) retirement at or after the legal retirement age;

(iv) retirement before the legal retirement age with the consent of the Committee;

(v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group or an Associated Company, as the case may be, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or to an Associated Company, as the case may be;

(vi) his transfer to any Ministry, governmental or statutory body or corporation at the direction of the Company or, as the case may be, the relevant Associated Company;

(vii) (where applicable) his transfer of employment from the Group to an Associated Company or *vice versa*; or

(viii) any other event approved by the Committee;

(c) where a Participant, being a Non-Executive Director, ceases to be a director of the Company, the relevant subsidiary of the Company, the relevant Associated Company or, as the case may be, the relevant subsidiary of an Associated Company, for any reason whatsoever;

(d) the death of a Participant; or

(e) any other event approved by the Committee,

the Committee may, in its absolute discretion determine whether an Award then held by such Participant, to the extent not yet Released, shall lapse or that all or any part of such Award shall be preserved. If the Committee determines that an Award shall lapse, then such Award shall lapse without any claim whatsoever against the Company. If the Committee determines that all or any part of an Award shall be preserved, the Committee shall decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of <u>the Performance Period (if any) and/or</u> each Vesting Period (if any) and subject to the provisions of the Plan. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant <u>and, in the case of a Performance-related Award, the extent to which the Performance Condition(s) has (have) been satisfied</u>.

6.3 Without prejudice to the provisions of Rule 5.6, if before a Vesting Date, any of the following occurs:

(a) a take-over offer for the Shares becomes or is declared unconditional;

(b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act; or

(c) an order being made or a resolution passed for the winding-up of the Company (other than as provided in Rule 6.1(a) or for amalgamation or reconstruction), the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will (if applicable) have regard to the proportion of the Vesting Period(s) which has (have) elapsed and, in the case of a Performance-related Award, the extent to which the Performance Condition(s) has (have) been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined in accordance with Rule 7. If the Committee so determines, the Release of Awards may be satisfied in cash as provided in Rule 7.

4. Rule 7

7. REVIEW OF PERFORMANCE CONDITION(S), VESTING OF AWARDS, RELEASE OF AWARDS AND CASH AWARDS

7.1 Vesting Period(s) and Review of Performance Condition(s)

7.1.1 In relation to an Award which is subject to a Vesting Period or Vesting Periods, the Committee shall, subject to Rules 6, 7.1.2 (where applicable) and 7.1.3 (where applicable) and provided that the relevant Participant has continued to be a Group Executive, an Associated Company Executive or a Non-Executive Director, as the case may be, from the Award Date up to the end of the Performance Period (where applicable) and thereafter at the end of each Vesting Period and, in the opinion of the Committee where applicable, the job performance of the relevant Participant has been satisfactory, Release to the relevant Participant the relevant number of Shares in accordance with the Release Schedule specified in respect of that Award on the relevant Vesting Date(s).

7.1.2 In relation to each Performance-related Award, the Committee shall, as soon as reasonably practicable after the end of the relevant Performance Period, review the Performance Condition(s) specified in respect of such Award and determine at its discretion:

(a) whether a Performance Condition has been satisfied and if so, the extent to which it has been satisfied;

(b) whether any other condition applicable to such Award has been satisfied; and

(c) the number of Shares (if any) comprised in such Award to be Released to the relevant Participant.

7.1.3 The Committee shall have full discretion to determine whether any Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group or an Associated Company (as the case may be) to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further (but without prejudice to the provisions of Rule 5.6), the right to amend any Performance Condition if the Committee decides that a changed performance target would be a fairer measure of performance. If the Committee determines, in its sole discretion, that the Performance Condition and/or any other condition applicable to that Award has not been satisfied (whether fully or partially) or (subject to Rule 6) if the relevant Participant has not continued to be a Group Executive or an Associated Company Executive, as the case may be, from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value.

7.1.4 In relation to a Performance-related Award which is not subject to any Vesting Period, the Committee shall, subject to Rules 6, 7.1.2 and 7.1.3 and provided that the relevant Participant has continued to be a Group Executive or an Associated Company Executive, as the case may be, from the Award Date up to the end of the Performance Period, Release to that Participant the number of Shares determined by the Committee under Rule 7.1.2(c) on the Vesting Date relating thereto. Such part of an Award not Released shall lapse and be of no value.

7.1.5 In relation to a Performance-related Award which is subject to a Vesting Period or Vesting Periods, the provisions of Rule 7.1.1 shall apply to the Release of Shares in respect of such Award.

7.2 No Vesting Period

In relation to an Award (other than a Performance-related Award) which is not subject to any Vesting Period, the Committee shall, subject to Rule 6, Release to the relevant Participant the relevant number of Shares on the Vesting Date relating thereto.

7.3 Delivery of Shares

7.3.1 Shares which are Released to a Participant pursuant to Rule 7.1 or Rule 7.2 shall be delivered on a Market Day falling as soon as practicable (as determined by the Committee) after the relevant Vesting Date by way of an allotment or transfer to the Participant of the relevant number of Shares (which may, in the case of a transfer of Shares and to the extent permitted by law, include Shares held by the Company as treasury shares).

7.3.2 Where new Shares are allotted pursuant to Rule 7.3.1, the Company shall, as soon as practicable after such allotment, apply to the Singapore Exchange for permission to deal in and for quotation of such Shares.

7.3.3 Shares which are allotted or transferred to a Participant pursuant to the Release of any Award shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

7.4 Ranking of Shares

New Shares allotted and issued, and existing Shares procured by the Company for transfer, pursuant to the Release of any Award shall:

(a) be subject to all the provisions of the ~~Articles and the Memorandum of Association of the Company~~Constitution; and

(b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

7.5 Cash Awards

The Committee may determine to make a Release of an Award (other than an Award granted to a Non-Executive Director as part of his directors' remuneration in lieu of cash), wholly or partly, in the form of cash rather than Shares which would otherwise have been Released to the Participant on the relevant Vesting Date, in which event the Company shall pay to the Participant as soon as practicable after such Vesting Date, in lieu of all or part of such Shares, the aggregate Market Value of such Shares on such Vesting Date.

7.6 Retention Period

If a Retention Period is specified in an Award, Shares which are allotted or transferred on the Release of an Award to a Participant shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during such Retention Period, except to the extent set out in the Award Letter or with the prior approval of the Committee. The Company shall be at liberty to take any steps which it considers necessary or appropriate to enforce or give effect to the restriction on the transfer, charge, assignment, pledge or disposal of Shares during the Retention Period otherwise than in accordance with the Award Letter or as approved by the Committee.

5. Rule 8

8. LIMITATION ON THE SIZE OF THE PLAN

8.1 The total number of Shares which may be delivered pursuant to Awards granted under the Plan on any date, when added to:

(a) the total number of new Shares allotted and issued and/or to be allotted and issued pursuant to Awards granted under the Plan; and

(b) the total number of new Shares allotted and issued and/or to be allotted and issued pursuant to options granted under the SingPost Share Option Scheme 2012,

shall not exceed 10% of the total number of issued Shares (excluding ~~Shares held by the Company as~~ treasury shares and subsidiary holdings (as defined in the Listing Manual)) on the date preceding the date of the relevant Award.

8.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan.

6. Rule 12

12. MODIFICATIONS TO THE PLAN

12.1 Any or all of the provisions of the Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:

(a) no modification or alteration shall adversely affect the rights attached to:

(i) in the case of a Performance-related Award, any such Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who have been granted Performance-related Awards and who, if such Awards were Released to them upon the Performance Condition(s) for such Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be Vested upon Release of all such outstanding Awards upon the Performance Condition(s) for all such outstanding Awards being satisfied in full; and

(ii) in the case of an Award other than a Performance-Related Award, any such Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who have been granted Awards other than Performance-related Awards and who, if such Awards were Released to them on the applicable Vesting Dates relating to such Awards, would become entitled to not less than three-quarters in number of all the Shares which would fall to be Vested upon Release of all such outstanding Awards on the relevant Vesting Dates applicable to all such outstanding Awards;

(b) the definitions of “Associated Company”, “Associated Company Executive”, “Associated Company Executive Director”, “Committee”, “Group”, “Group Executive”, “Group Executive Director”, “Non-Executive Director”, “Participant”, “Performance Period” and “Vesting Period” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Company’s shareholders in general meeting; and

(c) no modification or alteration shall be made without the prior approval of the Singapore Exchange and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely alter the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the Plan to amend or adjust any Award.

12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by a resolution (and without any other formality, save for the prior approval of the Singapore Exchange) amend or alter the Plan in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the Singapore Exchange).

12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

APPENDIX 4

THE PRINCIPAL PROVISIONS IN THE NEW CONSTITUTION WHICH ARE SIGNIFICANTLY DIFFERENT FROM THE EQUIVALENT PROVISIONS IN THE EXISTING CONSTITUTION

Set out below are the principal provisions in the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions, with the main differences blacklined. References to article numbers are to article numbers of the New Constitution.

1. Article 1

~~2~~1. In ~~these presents~~this Constitution (if not inconsistent with the subject or context) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively. Interpretation

"Act"	The Companies Act, Chapter 50.
"in writing"	Written or produced by any substitute for writing or partly one and partly another and shall include (except where otherwise expressly specified in this Constitution or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in the Statutes) any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.
"Market Day"	A day on which the ~~Singapore~~Stock Exchange ~~Securities Trading Limited~~ is open for trading in securities.
"month"	Calendar month.
"Office"	The registered office of the Company for the time being.
"paid"	Paid or credited as paid.
"Postal Authority"	The Postal Authority referred to in the Postal Services Act.
"Postal Services Act"	The Postal Services Act, Chapter 237A.

"Prescribed Limits"	The limits applicable in relation to the holding of or having an interest in, shares, or the controlling of voting power, in the Company, in each case as defined in and as prescribed by the Postal Services Act and/or any other legislation to which the Company is subject from time to time and/or any regulations, directives, guidelines, notices and/or codes of practice promulgated or issued thereunder from time to time, as the case may be.
"registered address" or "address"	In relation to any member, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly provided in this Constitution.
"Seal"	The Common Seal of the Company.
"Statutes"	The Act and every other ~~Act~~act for the time being in force concerning companies and affecting the Company.
"Stock Exchange"	Any stock exchange upon which shares in the Company may be listed.
"~~these presents~~this Constitution"	~~These Articles of Association~~This Constitution as from time to time altered.
~~"Year"~~	~~Calendar year.~~

The expressions "Depositor", "Depository", "Depository Agent"~~,~~ and "Depository Register" ~~and "treasury shares"~~ shall have the meanings ascribed to them respectively in the Securities and Futures Act, Chapter 289.

The expressions "current address", "electronic communication", "relevant intermediary" and "treasury shares" shall have the meanings ascribed to them respectively in the Act.

The expression "associate" shall have the meaning ascribed to it in the Postal Services Act and/or any other legislation to which the Company is subject from time to time and/or any regulations, directives, guidelines, notices and/or codes of practice promulgated or issued thereunder from time to time, as the case may be.

References in ~~these presents~~this Constitution to "holders" of shares or a class of shares shall:

(a) exclude the Depository or its nominee (as the case may be) except where otherwise expressly provided in ~~these presents~~this Constitution or where the term "registered holders" or "registered holder" is used in ~~these presents~~this Constitution;

(b) where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of those shares; and

(c) except where otherwise expressly provided in ~~these presents~~this Constitution, exclude the Company in relation to shares held by it as treasury shares,

and "holding" and "held" shall be construed accordingly.

References in ~~these presents~~this Constitution to "member" shall, where the Act requires, exclude the Company where it is a member by reason of its holding of its shares as treasury shares.

The expression "Secretary" shall include any person appointed by the Directors to perform any of the duties of the Secretary and where two or more persons are appointed to act as Joint Secretaries, or where one or more Assistant or Deputy Secretaries are appointed, shall include any one of those persons.

All such of the provisions of ~~these presents~~this Constitution as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" shall be construed accordingly.

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting persons shall include corporations.

Any reference in ~~these presents~~this Constitution to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Subject as aforesaid any words or ~~expression~~expressions defined in the Act shall (if not inconsistent with the subject or context) bear the same meanings in ~~these presents~~this Constitution.

A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of ~~these presents~~this Constitution.

The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of ~~these presents~~this Constitution.

2. Article 6

Prescribed Limits

6. (A) Subject to article 6(B), no person (or, as the case may be, no person, together with his associates) shall reach or exceed any of the Prescribed Limits without first obtaining the prior written approval of the Postal Authority.

Approval from Postal Authority

(B) Such person or persons approved by the Postal Authority may reach or exceed any of the Prescribed Limits, subject to such conditions as may be imposed by the Postal Authority and the provisions of this Constitution. Any person or persons who reaches or exceeds any of the Prescribed Limits shall provide the Company evidence of such approval(s) as the Directors may reasonably require.

3. Articles 7

Shares of a class other than ordinary shares

7. (A) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.

Issue of shares for no consideration

(B) The Company may issue shares for which no consideration is payable to the Company.

4. Article 8(a)

Issue of shares

~~3~~8. Subject to the Statutes and to ~~these presents~~this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to ~~Article 8~~article 12, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:

(a) except with the prior written approval of the Postal Authority or except as permitted by article 6(B), no shares shall be issued to a person if, in the opinion of the Directors, such issue would result in a person (or, as the case may be, a person together with his associates) reaching or exceeding any of the Prescribed Limits;

(~~a~~b) …

(~~b~~c) …

5. Article 13

~~9~~13. (A) The Company may by Ordinary Resolution:

Power to consolidate, subdivide and redenominate shares

(a) consolidate and divide all or any of its shares;

(b) ~~sub-divide~~subdivide its shares, or any of them~~,~~ (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is ~~sub-divided~~subdivided may determine that, as between the holders of the shares resulting from such ~~sub-division~~subdivision, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and

(c) subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.

(~~c~~B) The Company may by Special Resolution, subject to ~~the provisions of~~and in accordance with the Statutes, convert ~~any~~one class of shares into ~~any other~~another class of shares.

Power to convert shares

6. Article 20

~~16~~20. Every share certificate shall be issued in accordance with the requirements of the Act and be under the Seal ~~and shall specify the number and class of shares to which it relates and the amount paid and amount (if any) unpaid thereon and shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person appointed by the Directors. The facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors~~or signed in the manner set out in the Act. No certificate shall be issued representing shares of more than one class.

Share certificates

7. Articles 42(B)(e) and 42(C)

~~38~~42. (B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:

When Directors may refuse to register a transfer

(a) …

(b) …

(c) …

(d) …

(e) the instrument of transfer has a declaration attached to it duly made by or on behalf of the transferee stating:

(i) the extent of the transferee's interest, directly or indirectly, in the issued shares of the Company as at the date of the declaration;

(ii) whether or not the transferee is a nominee and (where the transferee is a nominee) such particulars of the interest in the shares comprised in such instrument of transfer as would otherwise have to be given under sub-paragraph (i) above; and

(iii) such other information as may be required by the Directors for the purpose of article 43 or 45.

(C) The Directors may at any other time request the Depository or require a member or the holder of securities convertible into or giving the right to the holders thereof to subscribe for shares in the Company to submit a declaration or further declaration or furnish evidence or information for the purpose of ascertaining or verifying the interests of the member or holder of shares in the Company or matters related thereto (including whether or not the member or holder of shares in the Company holds any shares as a trustee and if so, particulars relating to the same). Provided that the Depository shall not be required to submit any declaration for the purposes of articles 42(B) and 43. Directors may request for declaration, evidence or information

8. Article 43

43. (A) The Directors may: Transfer of Affected Shares

(a) if a declaration made or any evidence or information furnished pursuant to article 42(B)(e) or 42(C) contains any statement which is false or incorrect in any material particular; or

(b) if it shall come to the notice of the Directors that:

(i) any person (or, as the case may be, any person together with his associates) has reached or exceeded any of the Prescribed Limits without first obtaining the prior written approval of the Postal Authority; or

(ii) any person is in breach of any condition of written approval imposed by the Postal Authority in relation to his reaching or exceeding any of the Prescribed Limits; or

(c) if required:

(i) under the Postal Services Act and/or any other legislation to which the Company is subject from time to time and/or any regulations, directives, guidelines, notices and/or codes of practice promulgated or issued thereunder from time to time, as the case may be; or

(ii) by the Postal Authority,

at any time serve a notice in writing on the holder or holders of the shares concerned requiring that holder to transfer or dispose and/or the person having an interest in the shares concerned to transfer or dispose of the interest in such number of shares registered in the name of such holder or in which such person has an interest as the Directors may deem necessary (the "Affected Shares") to a person who is qualified to have an interest in the Affected Shares.

Directors may take additional steps to ensure compliance

(B) Where article 43(A)(b)(i), 43(A)(b)(ii) or 43(A)(c) above applies, the Directors may additionally take all steps and do all acts or things as they may, in their absolute discretion, deem necessary and/or required to ensure that the provisions of the Postal Services Act and/or any other legislation to which the Company is subject from time to time and/or any regulations, directives, guidelines, notices and/or codes or practice promulgated or issued thereunder from time to time, as the case may be, are or will be complied with. Without prejudice to the foregoing, the Directors shall take such action as may be directed by the Postal Authority, including but not limited to the following:

(a) to restrict the voting power in all or any of the shares in the Company held or controlled by such person; and/or

(b) to restrict the issuance or offer of shares in the Company (whether by way of rights, bonus or otherwise) in respect of all or any of the shares in the Company held or controlled by such person; and/or

(c) except in a winding up of the Company, to restrict the payment of any amount (whether by way of dividends or otherwise) in respect of all or any of the shares in the Company held or controlled by such person,

in each case unless the Postal Authority expressly permits or authorises.

Directors may authorise sale and execution of transfer of Affected Shares

(C) If within 21 days after the giving of the notice referred to in article 43(A) (or such shorter or longer period as in all the circumstances the Directors shall consider reasonable) such notice is not complied with to the satisfaction of the Directors, the Directors may arrange for the Company to sell the Affected Shares or any part thereof at the best price reasonably obtainable. For this purpose the Directors may authorise in writing some person to execute or effect on behalf of the relevant holder of or, as the case may be, the relevant person having an interest in the Affected Shares a transfer or transfers (if required) of any of the Affected Shares to any purchaser or purchasers and may (if required) issue new share certificates to the purchaser or purchasers. Upon the sale by the Company of any of the Affected Shares, the share certificates relating thereto may (if applicable) be cancelled by the Company to the extent of the Affected Shares sold and the Company may (if necessary) issue replacement share certificates for the balance (if any) of the shares comprised in such share certificates relating to the Affected Shares in exchange for such share certificates relating to the Affected Shares.

(D) The net proceeds of the sale of any Affected Shares shall be received by the Company whose receipt shall be a good discharge for the purchase moneys and (subject, where relevant, to any direction by the Postal Authority) shall be paid over by the Company (after deduction of any expenses incurred by the Directors in the sale) to the holder of or person having an interest in such Affected Shares upon surrender (if required) of the certificates for such Affected Shares but such proceeds shall under no circumstances carry interest against the Company.

Net proceeds of sale of Affected Shares

(E) If at any one time the Directors are entitled to give notice to more than one person pursuant to the provisions of article 43(A) above, it shall be for the Directors to decide the persons and (if more than one person, the proportion of) the Affected Shares which shall be the subject of such notice, and in making any such decision, the Directors shall apply such criterion or criteria as they shall consider appropriate and their decision shall be final and conclusive.

Directors may decide persons and proportion of Affected Shares which are subject of notice

9. Article 44

44. The Directors shall not be required to give any reason for any decision or declaration taken or made in accordance with articles 42 to 45.

Directors not required to give reasons

10. Article 45

45. The Directors may in their sole discretion refuse to register any transfer of shares if, *inter alia*, in their opinion:

Directors may refuse to register transfer of shares if Prescribed Limits exceeded, or if transfer is to nominee

(a) except as permitted by article 6(B), such transfer when registered would result in any person (or, as the case may be, any person together with his associates) reaching or exceeding any of the Prescribed Limits; or

(b) such transfer is made to a corporation, individual or other legal entity (other than the Depository) who in the opinion of the Directors will hold the shares as a nominee, unless such holding as nominee shall be approved by the Directors.

11. Article 56

~~49~~56. (A) ~~An~~Save as otherwise permitted under the Act, an Annual General Meeting shall be held ~~once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors~~in accordance with the provisions of the Act. All other General Meetings shall be called Extraordinary General Meetings.

Annual General Meeting and Extraordinary General Meeting

(B) The time and place of any General Meeting shall be determined by the Directors.

Time and place

12. Article 60

~~53~~60. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say: Routine business

(a) declaring dividends;

(b) receiving and adopting the ~~accounts~~financial statements, ~~the reports of~~ the Directors' statement, the Auditor's report ~~and Auditors~~ and other documents required to be attached ~~or annexed~~ to the ~~accounts~~financial statements;

(c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;

(d) appointing or re-appointing the ~~retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting)~~Auditor;

(e) fixing the remuneration of the ~~Auditors~~Auditor or determining the manner in which such remuneration is to be fixed; and

(f) fixing the remuneration of the Directors proposed to be paid ~~under Article 79~~in respect of their office as such under article 86 and/or article 87(A).

13. Articles 68, 69, 70 and 71

~~61~~68. (A) If required by the listing rules of the Stock Exchange, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by the Stock Exchange). Mandatory polling

(B) ~~At~~Subject to article 68(A), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by: Method of voting where mandatory polling not required

(a) the chairman of the meeting; or

(b) not less than two members present in person or by proxy and entitled to vote at the meeting; or

(c) a member present in person or by proxy and representing not less than ~~one-tenth~~five per cent. of the total voting rights of all the members having the right to vote at the meeting; or

(d) a member present in person or by proxy and holding ~~not less than 10 per cent. of the total number of paid-up shares of the Company (excluding treasury shares),~~shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent. of the total sum paid up on all the shares conferring that right.

~~Provided always that no poll shall be demanded on the choice of a chairman or on a question of adjournment.~~

~~62.~~ A demand for a poll made pursuant to this article 68(B) may be withdrawn only with the approval of the ~~meeting. Unless a poll is required~~chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.~~ If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.~~

~~63~~69. ~~In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote~~Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. The chairman of the meeting may (and, if required by the listing rules of the Stock Exchange or if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. — Taking a poll

~~64~~70. ~~A poll demanded on any~~A poll on the choice of a chairman or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately.~~ The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.~~ — Timing for taking a poll

71. In the case of an equality of votes, whether on a poll or on a show of hands, the chairman of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote. — Casting vote of chairman

14. Article 72

~~65~~72. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to ~~Article 5~~article 14(C), each member entitled to vote may vote in person or by proxy. ~~On a show of hands, every~~Every member who is present in person or by proxy shall: — ~~Appx. 2.2 para. (8) (a) & (e)~~How members may vote

(a) on a poll, have one vote for every share which he holds or represents; and

(b) on a show of hands, have one vote ~~(provided that~~, Provided always that:

(i) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the ~~Chairman~~chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands~~) and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents~~; and

(ii) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at ~~48~~72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

15. Article 78

~~71~~78. (A) Save as otherwise provided in the Act: Appointment of proxies

(a) ~~A~~a member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting~~,~~. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and

(b) a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(B) ~~Provided that if the~~In any case where a member is a Depositor, the Company shall be entitled and bound: Shares entered in Depository Register

(a) to reject any instrument of proxy lodged ~~if the~~by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at ~~48~~72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by ~~the~~that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at ~~48~~72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(~~B~~C) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy. Notes and instructions

~~(C) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.~~

(D) A proxy need not be a member of the Company. ~~Appx. 2.2 para. (8) (c)~~ Proxy need not be a member

16. Article 79

~~72~~79. (A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and: Execution of proxies

(a) in the case of an individual, shall be:

(i) signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or

(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

(b) in the case of a corporation, shall be:

(i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument is delivered personally or sent by post; or

(ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of articles 79(A)(a)(ii) and 79(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

Witness and authority

(B) The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to ~~the next following Article~~article 80(A), failing which the instrument may be treated as invalid.

Directors may approve method and manner, and designate procedure, for electronic communications

(C) The Directors may, in their absolute discretion:

(a) approve the method and manner for an instrument appointing a proxy to be authorised; and

(b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in articles 79(A)(a)(ii) and 79(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), article 79(A)(a)(i) and/or (as the case may be) article 79(A)(b)(i) shall apply.

17. Article 80

Deposit of proxies

~~73~~80. (A) An instrument appointing a proxy:

(a) if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or

(b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,

and in either case, not less than ~~48~~72 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided always that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this article 80 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

Directors may specify means for electronic communications

(B) The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 80(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), article 80(A)(a) shall apply.

18. Article 82

~~75~~82. A vote cast by proxy shall not be invalidated by the previous death or ~~insanity~~mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made, Provided always that no intimation in writing of such death, ~~insanity~~mental disorder or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast. Intervening death or mental disorder

19. Article 97

~~90~~97. The office of a Director shall be vacated in any of the following events, namely: When office of Director to be vacated

(a) if he shall become prohibited by law from acting as a Director; or

(b) if he shall become disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or

(~~b~~c) if (not being a Director holding any executive office for a fixed term) he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer; or

(~~c~~d) if he shall have a bankruptcy order made against him or if he shall ~~compound~~make any arrangement or composition with his creditors generally; or ~~Appx. 2.2 para. (9) (g)~~

(~~d~~e) if he becomes ~~of unsound mind~~mentally disordered and incapable of managing himself or his affairs or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or ~~Appx. 2.2 para. (9) (g)~~

(~~e~~f) if he is removed by the Company in General Meeting pursuant to ~~these presents~~this Constitution.

20. Article 100

~~93~~100. The Company at the meeting at which a Director retires under any provision of ~~these presents~~this Constitution may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected except in any of the following cases: Filling vacated office

(a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or

(b) where such Director is ~~qualified~~disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or

(c) where such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or

(~~c~~d) where the default is due to the moving of a resolution in contravention of the next following ~~Article; or~~article.

~~(d) where such Director has attained any retiring age applicable to him as Director.~~

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

21. Article 117

~~110~~117. The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors. The Directors may exercise all such powers of the Company as are not by the Statutes or by ~~these presents~~this Constitution required to be exercised by the Company in General Meeting. The Directors shall not carry into effect any proposals for selling or disposing of the whole or substantially the whole of the Company's undertaking unless such proposals have been approved by the Company in General Meeting. The general powers given by this ~~Article~~article shall not be limited or restricted by any special authority or power given to the Directors by any other ~~Article~~article.

General powers of Directors to manage Company's business

22. Article 123

~~116~~123. ~~The~~Where the Company has a Seal, the Directors shall provide for the safe custody of the Seal which shall not be used without the authority of the Directors or of a committee authorised by the Directors in that behalf.

Seal

23. Article 125

~~118~~125. (A) ~~The~~Where the Company has a Seal, the Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

Official seal

(B) ~~The~~Where the Company has a Seal, the Company may exercise the powers conferred by the Statutes with regard to having a duplicate Seal as referred to in Section 124 of the Act which shall be a facsimile of the Seal with the addition on its face of the words "Share Seal".

Share Seal

24. Article 126

~~119~~126. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents ~~and~~, accounts and financial statements relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents ~~or~~, accounts or financial statements are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting. Any authentication or certification made pursuant to this ~~Article~~article may be made by any electronic means approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

Power to authenticate documents

25. Article 137

137. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:

Scrip dividend scheme

(a) the basis of any such allotment shall be determined by the Directors;

(b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this article 137;

(c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, Provided always that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and

(d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the "elected shares") and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of article 142, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

Ranking of shares

(B) The shares of the relevant class allotted pursuant to the provisions of article 137(A) shall rank *pari passu* in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

Record date

(C) The Directors may, on any occasion when they resolve as provided in article 137(A), determine that rights of election under that article shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of article 137 shall be read and construed subject to such determination.

(D) The Directors may, on any occasion when they resolve as provided in article 137(A), further determine that: Eligibility

(a) no allotment of shares or rights of election for shares under article 137(A) shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared; and

(b) no allotment of shares or rights of election for shares under article 137(A) shall be made available or made to any person, or any person and its associates, if such allotment or rights of election would in the opinion of the Directors cause such person, or such person and its associates, to hold or control voting shares in excess of any of the Prescribed Limits, without the approval of the Postal Authority.

(E) Notwithstanding the foregoing provisions of this article, if at any time after the Directors' resolution to apply the provisions of article 137(A) in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of article 137(A). Disapplication

(F) The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of article 137(A), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down). Fractional entitlements

26. Article 143

~~133~~143. In addition and without prejudice to the powers provided for by ~~Article 132~~article 142, the Directors shall have power to issue shares for which no consideration is payable ~~to the Company~~ and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue~~,~~: Power to issue free shares and/or to capitalise reserves for share-based incentive plans and Directors' remuneration

(a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or

(b) be held by or for the benefit of non-executive Directors as part of their remuneration under article 86 and/or article 87(A) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

27. Article 145

~~135~~145. In accordance with the provisions of the Act, the Directors shall cause to be prepared and to be laid before the Company in General Meeting such ~~profit and loss accounts~~financial statements, balance-~~-~~sheets, ~~group accounts (if any) and~~ reports, statements and other documents as may be necessary. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months (or such other period as may be permitted by the Act).

~~Appx. 2.2 para. (10)~~
Presentation of financial statements

28. Article 146

~~136~~146. A copy of ~~every~~the financial statements and, if required, the ~~balance sheet and profit and loss account which is to be laid before a General Meeting of the Company~~balance-sheet (including every document required by law to be ~~comprised therein or~~ attached ~~or annexed~~ thereto), which is duly audited and which is to be laid before the Company in General Meeting accompanied by a copy of the Auditor's report thereon, shall not less than 14 days before the date of the meeting be sent to every member of~~, and every holder of debentures of,~~ the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Statutes or of ~~these presents~~this Constitution; Provided always that:

Copies of financial statements

(a) these documents may, subject to the listing rules of the Stock Exchange, be sent less than 14 days before the date of the meeting if all persons entitled to receive notices of meetings from the Company so agree; and

(b) this ~~Article~~article 146 shall not require a copy of these documents to be sent to more than one ~~or~~of any joint holders or to any person of whose address the Company is not aware, but any member ~~or holder of debentures~~ to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

29. Articles 149(B) to (F)

Electronic communications

~~139~~149.(B) Without prejudice to the provisions of ~~Article 139(A)~~ article 149(A), but subject otherwise to the Act and any regulations made thereunder and (where applicable) the listing rules of the Stock Exchange, relating to electronic communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under the Act or under ~~these presents~~this Constitution by the Company, or by the Directors, to a member ~~or an officer or Auditor of the Company~~ may be given, sent or served using electronic communications:

(a) to the current address of that person; or

(b) by making it available on a website prescribed by the Company from time to time,

in accordance with the provisions of~~, or as otherwise provided by, the Statutes~~ this Constitution, the Act and/or any other applicable regulations or procedures. ~~Such notice or document shall be deemed to have been duly given, sent or served upon transmission of the electronic communication to the current address of such person or as otherwise provided under the Statutes and/or any other applicable regulations or procedures.~~

Implied consent

(C) For the purposes of article 149(B) above, a member shall be deemed to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document.

Deemed consent

(D) Notwithstanding article 149(C) above, the Directors may, at their discretion, at any time give a member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.

When notice given by electronic communications deemed served

(E) Where a notice or document is given, sent or served by electronic communications:

(a) to the current address of a person pursuant to article 149(B)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or “returned mail” reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act and/or any other applicable regulations or procedures; and

(b) by making it available on a website pursuant to article 149(B)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Act and/or any other applicable regulations or procedures.

Notice to be given of service on website

(F) Where a notice or document is given, sent or served to a member by making it available on a website pursuant to article 149(B)(b), the Company shall give separate notice to the member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:

(a) by sending such separate notice to the member personally or through the post pursuant to article 149(A);

(b) by sending such separate notice to the member using electronic communications to his current address pursuant to article 149(B)(a);

(c) by way of advertisement in the daily press; and/or

(d) by way of announcement on the Stock Exchange.

30. Article 156

Indemnity

~~146~~156. Subject to the provisions of and so far as may be permitted by the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto ~~including any liability by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court~~. Without prejudice to the generality of the foregoing, no Director, ~~Manager,~~ Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.

31. Article 158

158. (A) A member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:

Personal data of members

(a) implementation and administration of any corporate action by the Company (or its agents or service providers);

(b) internal analysis and/or market research by the Company (or its agents or service providers);

(c) investor relations communications by the Company (or its agents or service providers);

(d) administration by the Company (or its agents or service providers) of that member's holding of shares in the Company;

(e) implementation and administration of any service provided by the Company (or its agents or service providers) to its members to receive notices of meetings, annual reports and other shareholder communications and/or for proxy appointment, whether by electronic means or otherwise;

(f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any General Meeting (including any adjournment thereof);

(g) implementation and administration of, and compliance with, any provision of this Constitution;

(h) compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines; and

(i) purposes which are reasonably related to any of the above purpose.

(B) Any member who appoints a proxy and/or representative for any General Meeting and/or any adjournment thereof is deemed to have warranted that where such member discloses the personal data of such proxy and/or representative to the Company (or its agents or service providers), that member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in articles 158(A)(f) and 158(A)(h), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member's breach of warranty.

Personal data of proxies and/or representatives

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