

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

ADDENDUM TO THE ANNUAL REPORT 2018/19

This is an addendum to the Annual Report 2018/19 of Singapore Post Limited (the “Company”).

The Company refers to the Annual Report 2018/19 which was released to the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 25 June 2019, and wishes to provide additional disclosures and information as follows:-

1. With reference to page 59 of the Annual Report 2018/19 under the Principle 11: Risk Management and Internal Controls, the following underlined language be added as two (2) new paragraphs before the third last paragraph:-

The Board has received written assurance from the Group CEO and Group CFO 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.

Written assurance has also been received by the Board from the Group CEO and Group CFO that the Group’s internal controls and risk management systems were adequate and effective as at 31 March 2019 to address the risks which the Group considers relevant and material to its operations and finances.

And that the said third last paragraph be also amended with the addition of the underlined language to replace the deleted language as follows:-

The Board, with the concurrence of the AC, is of the opinion ~~has received written assurance from the Group CEO and the Group CFO~~ that the Group’s internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective as at 31 March 2019 to address the risks which the Group considers relevant and material to its operations and finances. This opinion is arrived at based on the framework established and maintained by the Group, the work performed by the internal and external auditors, reviews carried out by Management, various Board Committees and the Board, and assurances received from the Group CEO and Group CFO.

2. With reference to page 208 of the Annual Report 2018/19 under the “Use of Proceeds”, the paragraph be amended with the addition of the underlined language and the deletion of certain language as follows. A breakdown with specific details on the use of proceeds for working capital is also provided in the table below and underlined:

3. USE OF PROCEEDS

The As at 31 March 2019, the use of net proceeds of approximately S\$184.0 million (after deducting approximately S\$3.2 million professional fees and expenses) from the issuance of 107,553,907 ordinary shares in the capital of the Company to Alibaba Investment Limited at S\$1.74 each ~~have been utilised~~ is as follows:

Intended Use of Proceeds	Percentage Allocated/ Amount Allocated	Percentage Utilised/ Amount Utilised
(i) the Group’s business of eCommerce logistics for purposes such as investments, mergers and acquisitions and the upgrade of the Group’s operations and information technology systems relating to the eCommerce logistics business	75%/ S\$138.0 million	11%/ S\$20.0 million
(ii) <u>the general working capital of the Group was largely used to repay the working capital funding for SingPost Centre Retail Mall construction</u>	25%/ S\$46.0 million	25%/ S\$46.0 million

3. With reference to the Note on page 207 of the Annual Report 2018/19 in relation to the requirement of Listing Rule 715(2) of the SGX-ST, the Company wishes to state that all significant foreign-incorporated subsidiaries with no statutory audit requirement for the financial year ended 31 March 2019 have been audited by the Company's auditor, Deloitte & Touche LLP, during the audit process for consolidation purpose.
4. Revised pages 59, 60 and 208 of the Annual Report 2018/19 are attached as **Appendix A** to this announcement.

Issued by Singapore Post Limited on 9 July 2019.

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 BRTC assists the Board in the oversight of the Group's risk management framework and policies.

The BRTC has scheduled meetings which are attended by the Group CEO, the Group CFO, the Group Chief Digital & Technology Officer and Senior Vice President (Group Internal Audit), as well as key Management staff.

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

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

Written assurance has also been received by the Board from the Group CEO and Group CFO that the Group's internal controls and risk management systems were adequate and effective as at 31 March 2019 to address the risks which the Group considers relevant and material to its operations and finances.

Corporate Governance Report

The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective as at 31 March 2019 to address the risks which the Group considers relevant and material to its operations and finances. This opinion is arrived at based on the framework established and maintained by the Group, the work performed by the internal and external auditors, reviews carried out by Management, various Board Committees and the Board, and assurances received from the Group CEO and Group CFO.

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 AC currently comprises three Directors, all of whom are non-executive independent Directors. At least two members, including the AC chairperson, have recent and relevant accounting or related financial management expertise and experience. The AC does not comprise members who were partners or Directors of the incumbent external auditor, Deloitte & Touche LLP within the period of two years commencing on the date of their ceasing to be a partner or director of Deloitte & Touche LLP. The AC also does not comprise any member who has any financial interest in Deloitte & Touche LLP. The AC's key responsibilities are outlined in the "Board Committees" section of this Annual Report.

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

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

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

The AC has reviewed the quarterly and annual financial statement of SingPost and the Group and the related SGXNet announcements for the financial year ended 31 March 2019, as well as the auditor's reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the AC.

The AC has also reviewed with Management all the non-audit services provided by the external auditor to SingPost and the Group in the financial year ended 31 March 2019. Based on the nature and extent of the services provided, the AC is of the opinion that the independence of the external auditor was not impaired by the provision of these non-audit services. The external auditor has also provided a confirmation of its independence to the AC.

During the financial year, the AC 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.

SGX Listing Manual Requirements

For the financial year ended 31 March 2019

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

	2019 S\$'000	2018 S\$'000
Fees on audit services paid/payable to:		
– Auditor of the Company*	1,319	1,351
– Other auditor	92	84
Fees on non-audit services paid/payable to:		
– Auditor of the Company*	397	394
– Other auditor	4	4
	1,812	1,833

* Includes the network of member firms of Deloitte Touche Tohmatsu Limited

(b) Appointment of auditors

The Group has complied with Rule 712 and Rule 715 or 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

(c) Review of the provision of non-audit services by the auditors

The Audit Committee has undertaken a review of non-audit services provided by the auditor and they would not, in the Audit Committee's opinion, affect their independence.

(d) Internal controls

Please refer to information disclosed under Principle 12 of the Corporate Governance Report.

3. USE OF PROCEEDS

As at 31 March 2019, the use of net proceeds of approximately S\$184.0 million (after deducting approximately S\$3.2 million professional fees and expenses) from the issuance of 107,553,907 ordinary shares in the capital of the Company to Alibaba Investment Limited at S\$1.74 each is as follows:

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