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Issuer/ Manager
SINGAPORE POST LIMITED

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Group Company Secretary

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Please refer to the attachments.

Additional Details

Period Ended
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Attachments

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Letter_to_Shareholders.pdf

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PAVING THE WAY FOR THE FUTURE OF POST

ANNUAL REPORT 2019/20

Singapore POST

OUR
VISION

**Global Leader in
eCommerce Logistics
and Trusted Communications**

CONTENTS

WE ARE COMMITTED **TO TRANSFORM**

We constantly explore and develop new ways to refine our operations in line with customer needs. This includes the upgrading of our postal teams, equipping them with the skill-set to handle the growth of eCommerce and the demand of delivery services that come with it.

WE ARE COMMITTED **TO INNOVATE**

The future of postal services lie in the use of technology, where it forms the bedrock of a world-class postal ecosystem, with the ability to track every single mail item, as well as create an accurate postal sortation process, and an efficient retrieval system for customers.

WE ARE COMMITTED **TO DELIVER**

We are focussed on raising standards across our platform of services as we continue to evolve. Our brand new islandwide initiative, MyPostman, was launched to foster the community spirit and strengthen our bonds with residents across Singapore.

LETTER TO SHAREHOLDERS

Dear Shareholders,

Over the past year, SingPost has progressed in transforming our business, enhancing our services, and laying the foundations for the future of post and eCommerce logistics. However, gains made from improvements in operational performance and cutting off losses by exiting the U.S., were impacted by an accelerated decline in domestic mail, increased costs incurred to raise postal service levels and the effects of COVID-19 in the fourth quarter.

Despite these challenges, the Group managed to achieve a similar level of underlying net profit to the prior year, ending the year with an improved cash position.

Underlying net profit remained stable at S$100.2 million, with net profit attributable to equity holders jumping five-fold year-on-year, primarily due to the absence of one-off impairment charges that our U.S. eCommerce subsidiaries Jagged Peak and TradeGlobal incurred last year. Group revenue for the year decreased by 0.7% to S$1.31 billion, with all business segments recording a slight decline in revenue – an inevitable development given COVID-19's adverse impact on the industry and larger economy.

Over the first three quarters of the year, dividends totalling 0.5 cents were paid out. The Board is recommending a final dividend of 2.7 cents per share for your approval at the Annual General Meeting to be convened. This is in line with our dividend policy linking payouts to underlying net profit, ensuring that dividends are sustainable in a long run.

Overcoming Adversity

The exit from the U.S. is now complete, allowing us to focus on the growing eCommerce logistics sector in the Asia-Pacific region. Throughout the year, significant resources were also devoted to raising service levels and public confidence in SingPost. Enhancements were made to postal operations, that have resulted in tangible and quantifiable improvements in service.

On the environmental front, we have made good progress on our commitments towards combating climate change. On top of existing green initiatives and measures to reduce our carbon footprint, a group-wide environmental blueprint aims to cut our absolute greenhouse gas emissions by 35% from FY2017/18 base levels in the next decade. The use of solar energy to power our buildings is currently being explored.

Global Uncertainty amid COVID-19

Since the end of the year, much has changed in the context of COVID-19. The pandemic has led to a significant downturn in the domestic letter business, caused numerous operational challenges and incurred unplanned costs due to service disruptions.

Much is still unknown as we navigate the COVID world and we expect the first half of the year to remain challenging. It is necessary to be prudent in the circumstances and this is reflected in a reduced dividend, to ensure ample financial capacity and liquidity.

It is probable that we will see structural changes as supply chains adjust, which will bring both challenges and opportunities. While our current priority is the safe navigation of the Group through COVID-19, our strategy has positioned us to take advantage of opportunities that may arise.

Future of Post

Last year, we instituted a new Group strategy that plays to our strengths by refocusing our efforts on Asia-Pacific, with Singapore as the regional hub. The growth in eCommerce logistics requires us to put in place a new architecture, including infrastructure and digital capabilities, known as the *Future of Post* initiative. It requires a significant period of reinvestment into our Postal business, reengineering it to capture the growing opportunities for smart urban logistics. This will also present us with opportunities to redevelop and better utilise key property assets.

The *Future of Post* initiative will spark the most comprehensive rejuvenation of Singapore's postal system in decades and strengthen our position as a global leader in the last-mile space. The first component of this project, the world's first Smart Letterbox, will commence public trials within the year, a key milestone that heralds a next generation in delivery operations.

Appreciation

We will be hosting a live webcast for this year's Annual General Meeting, instead of conducting it at a designated venue. This is to ensure everyone's safety, even as we continue with the proceedings.

The Board wishes to express its appreciation to all staff for their service. In particular, we would like to extend our utmost gratitude to the frontline postmen, parcel ambassadors and post office teams, who continue to serve the public selflessly during these trying times. Their dedication to serving Singapore despite the difficulties and risks posed by COVID-19 are an inspiration to all of us.

The management team has been strengthened with new appointments including CEO of Postal Services and Singapore, Vincent Phang; Group Chief Information Officer, HK Puar; and Group Chief Human Resources Officer, Ken Wong, who have all played integral roles in steering the company through what has been an eventful year.

Our appreciation also goes to the Union, our partners, customers, and members of the public for their unflinching support.

Yours sincerely,

SIMON ISRAEL
Chairman

GCEO REVIEW

The past financial year has been an eventful and challenging one. The strength of the team was tested in unprecedented ways as we navigated – and continue to navigate – a myriad of challenges on a scale that exceeds anything we have experienced in recent history. These challenges have also created opportunities and the team has focused in developing new infrastructure and solutions in Singapore, as well as strengthening our position beyond Singapore's shores.

Fulfilling our Potential

Undoubtedly, these are extraordinary times – but we remain on-track in helping transform the urban logistics landscape in Singapore and strengthening our position to capitalise on the eCommerce boom in the Asia-Pacific region.

A number of issues demanded our attention over the course of the year. On the international front, our exit from the U.S. came amid a slump in American import and export volumes precipitated by its trade war with China. This also impacted our broader International business.

Assertive steps were taken to ameliorate that impact and position ourselves for recovery. Exiting the U.S. has significantly lightened our financial load and will enable us to reallocate capital and strengthen our focus on Asia-Pacific's fast growing eCommerce market.

Back home, the evolution of SingPost's core postal business, as an essential public service to Singapore, made it imperative that we further invest and enhance our service levels. To this end, our new CEO of Postal Services and Singapore, Mr Vincent Phang led the postal team in reviewing, reassessing and reengineering fundamental postal practices, products, processes and infrastructure.

Complementing operational enhancements, a nationwide customer experience platform '*MyPostman*' was also launched to give the public an accessible means of building closer bonds with their neighbourhood postman.

A migration of call centre operations from India to Malaysia, combined with operational and customer experience enhancements, led to a significant improvement in Quality of Service scores and a notable reduction in public complaints.

Pride of the Nation

As one of Singapore's pioneer institutions, we were honored to be part of Singapore's Bicentennial celebrations. In addition to a commemorative stamp set issue, seven of our veteran frontline staff performed on a SingPost float in a special Bicentennial segment of the National Day Parade, showcasing the rich history of postal service in Singapore and highlighting our contribution to the nation.

Transforming for the Future

Looking ahead, the strong growth of eCommerce logistics in Asia-Pacific, coupled with an accelerating decline in domestic mail volumes, underpins the urgent need to transform our business and capitalise on the opportunities ahead.

For Post and Parcel, we have embarked on a five-year *Future of Post* initiative that will reinvent the urban logistics landscape in Singapore. Currently in the works is a smart postal ecosystem for both mail and parcels, that will completely reengineer the country's postal infrastructure.

Our Smart Letterbox will commence public trials in the coming months with a community education campaign for residents. This represents the first stage in an exciting postal transformation journey for Singapore.

On the Logistics front, with our existing strength in B2C as well as B2B markets, we are expanding into the nascent B2B2C space to tap on growing demand from Domestic and International customers for all services. This demand surge provides a timely opportunity for us to further strengthen and improve our capabilities, in order to build a strong, integrated network that fulfils B2B and B2C requirements and provides a seamless service within Singapore and the wider Asia-Pacific region.

Concurrently, we are looking to combine back-end processing facilities. Besides enabling the Group to be more operationally efficient, this will also create new opportunities for the Group's Property portfolio.

Here With You

COVID-19 undoubtedly, heavily impacted the global economy in the final quarter of the financial year, impacting virtually all countries, industries and people. We were not spared either. Travel restrictions and flight cancellations hit our last-mile and freight forwarding operations hard.

But the worst impact by far was that some members of our staff contracted the coronavirus, and together, with colleagues and close contacts, we had a large number of people in quarantine. Aside from extending our fullest support and assistance to the affected personnel, operations had to activate contingency measures almost overnight to ensure mail continued to be processed and delivered despite a significant shortfall in manpower.

In spite of the uncertainty and anxiety during this period of crisis, I was very heartened to see staff coming together and helping one another through this difficult time.

With Malaysia's Movement Control Order, many Malaysian colleagues chose to stay in Singapore and work for us, a tremendous sacrifice considering the uncertain timeframe of Malaysia's lockdown. Frontline staff continued to step up and serve Singapore's postal and last-mile needs daily despite the risks involved. The resolute spirit of the team, their esprit de corps and commitment to serve are the reasons why I am confident that we will be able to weather this storm – and any others that may come our way.

This is a true testament to our agility amid challenging times.

As the world continues to react to the COVID-19 pandemic, SingPost will do all we can to ensure that delivery services continue. We stand in solidarity with Singapore in fighting this pandemic and have no doubt that together, we will prevail.

Yours sincerely,

PAUL COUTTS
Group Chief Executive Officer

AT A GLANCE

LOCATED IN
17 MARKETS

SINGPOST AT A GLANCE

300 SAM Kiosks	**56** Post Offices	**743** Street Posting Boxes	**10,996** POPStation Lockers Across **160** Locations

More Than **21**
Nationalities Across Workforce

Up to **3 Million**
Mail Items a Day

As at 31 March 2020.

BOARD OF DIRECTORS

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1. SIMON ISRAEL, 67
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:
11 July 2018

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 2020):
Singapore Telecommunications Limited (Chairman)

Present Principal Commitments (as at 31 March 2020):
Singapore Telecommunications Limited (Chairman)

Past Directorships in listed companies held over the preceding five years: (from 1 April 2015 to 31 March 2020)
CapitaLand Limited
Fonterra Co-operative Group Limited

Past Principal Commitments held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Fonterra Co-operative Group Limited (Director)

2. PAUL WILLIAM COUTTS, 63
Group Chief Executive Officer
Executive, Non-Independent Director

Date of first appointment as a director:
1 June 2017

Date of last re-election as a director:
20 July 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 2020):
Nil

Present Principal Commitments (as at 31 March 2020):
Nil

Past Directorships in listed companies held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Nil

Past Principal Commitments held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Toll Global Forwarding (Chief Executive Officer)

3. CHEN JUN, 46
Non-Executive,
Non-Independent Director

Date of first appointment as a director:
31 July 2014

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

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

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

Present Directorships in other listed companies (as at 31 March 2020):
BEST Inc.
Sun Art Retail Group Limited

Present Principal Commitments (as at 31 March 2020):
Alibaba Group Holding Limited (Senior Vice President)

Past Directorships in listed companies held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Alibaba Health Information Technology Limited

Past Principal Commitments held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Nil

4. CHU SWEE YEOK, 57
Non-Executive,
Independent Director

Date of first appointment as a director:
1 September 2018

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

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

Board Risk and Technology Committee (Member)

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

Advanced Management Programme, Harvard University

2nd Class Upper Honours Degree in Biochemistry, National University of Singapore

Present Directorships in other listed companies (as at 31 March 2020):
Nil

Present Principal Commitments (as at 31 March 2020):
EDBI Pte Ltd (Chief Executive Officer)

Past Directorships in listed companies held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Nil

Past Principal Commitments held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Nil

5. FANG AI LIAN, 70
Non-Executive,
Lead Independent Director

Date of first appointment as a director:
10 October 2016

Date of last re-election as a director:
11 July 2018

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

Nominations and Corporate Governance Committee (Chairman)

Compensation Committee (Member)

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

Fellow, Institute of Singapore Chartered Accountants

Present Directorships in other listed companies (as at 31 March 2020):
Banyan Tree Holdings Limited

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

Metro Holdings Ltd

Present Principal Commitments (as at 31 March 2020):
Far East Organization Group (Advisor)

MediShield Life Council (Chairman)

Board of Trustees of the Singapore Business Federation (Chairman)

Tote Board (Board Member)

Past Directorships in listed companies held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Singapore Telecommunications Limited

Past Principal Commitments held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Board of Trustees of Singapore University of Technology & Design (Board Member)

BOARD OF DIRECTORS


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6. ELIZABETH KONG SAU WAI, 38
Non-Executive,
Independent Director

Date of first appointment as a director:
10 October 2016

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

Board committee(s) served on:
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 2020):
Nil

Present Principal Commitments (as at 31 March 2020):
Clifford Chance Pte Ltd (Counsel)

Past Directorships in listed companies held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Nil

Past Principal Commitments held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Morgan Lewis Stamford LLC (Director)

7. STEVEN ROBERT LEONARD, 58
Non-Executive,
Independent Director

Date of first appointment as a director:
1 June 2017

Date of last re-election as a director:
20 July 2017

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

Finance and Investment Committee (Member)

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

Present Directorships in other listed companies (as at 31 March 2020):
Asia Satellite Telecommunications Holdings Limited

Present Principal Commitments (as at 31 March 2020):
SGInnovate (Founding Chief Executive Officer)*

Past Directorships in listed companies held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Nil

Past Principal Commitments held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Info-communications Development Authority (Executive Deputy Chairman/Chief Executive Officer)

* Mr Leonard concluded his term with SGInnovate in May 2020 and took up the position as Chief Executive Officer of Singularity University effective May 2020.

8. LIM CHENG CHENG, 48
Non-Executive,
Non-Independent Director

Date of first appointment as a director:
1 April 2017

Date of last re-election as a director:
20 July 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 2020):
Nil

Present Principal Commitments (as at 31 March 2020):
Singapore Telecommunications Limited (Group Chief Financial Officer)

Past Directorships in listed companies held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Nil

Past Principal Commitments held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Board of Governors of Raffles Girls' School (Member)

BOB TAN BENG HAI, 68
Non-Executive,
Independent Director

Date of first appointment as a director:
10 October 2016

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

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

Audit Committee (Member)

Board Risk and Technology Committee (Member)

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

Fellow, Singapore Institute of Directors

Present Directorships in other listed companies (as at 31 March 2020):
Ascott Residence Trust Management Limited (Manager of Ascott Real Estate Investment Trust*) (Chairman)

Ascott Business Trust Management Pte. Ltd. (Trustee-Manager of Ascott Business Trust*) (Chairman)

Sembcorp Marine Ltd

Present Principal Commitments (as at 31 March 2020):
Jurong Engineering Ltd (Chairman)

NTUC Club Management Council (Member)

Ong Teng Cheong Labour Leadership Institute (Board Member)

SINGEX Holdings Pte Ltd (Chairman)

Sentosa Development Corporation (Chairman)

Sembcorp Marine Ltd (Director)

Ascott Residence Trust Management Limited (Manager of Ascott Real Estate Investment Trust*) (Chairman)

Ascott Business Trust Management Pte. Ltd. (Trustee-Manager of Ascott Business Trust*) (Chairman)

Singapore Post Limited (Director)

Past Directorships in listed companies held over the preceding five years: (from 1 April 2015 to 31 March 2020)
SMRT Corporation Ltd

Past Principal Commitments held over the preceding five years: (from 1 April 2015 to 31 March 2020)
Singapore Manufacturing Federation (Member of Board of Governors)

Singapore LNG Corporation Pte Ltd (Chairman)

SMRT Trains Ltd (Director)

SMRT Corporation Ltd (Director)

Institute of Technical Education (Chairman and Board Member)

Inland Revenue Authority of Singapore (Board Member)

* Ascott Residence Trust is a stapled group comprising Ascott Business Trust and Ascott Real Estate Investment Trust.

POST AND PARCEL

INTEGRATING OUR STRENGTHS

As the nation's Public Postal Licensee, SingPost has been connecting people, communities and businesses since 1858. Today, we continue to deliver products and services that are both relevant and meaningful to the community.

On 1 April 2019, Post and Parcel saw a change in leadership, when Mr Woo Keng Leong retired after serving the national postal service for four decades. Mr Vincent Phang took over the reins as CEO of Postal Services, as well as logistics operations in Singapore.

The Postal Transformation

The Postal segment continued to experience a decline in domestic letter mail volumes at an accelerated rate in the last two quarters of the financial year. This signalled the need for innovation to cater to Singapore's fast-evolving urban logistics landscape, consumer patterns and customer expectations, giving rise to what is known as our **Future of Post** strategy.

The strategy was unveiled in September 2019, along with our prototype of a Smart Letterbox and Smart Stamp at the Home Delivery Asia 2019 convention, in full view of local and international media, partners and industry heavyweights. Truly a pivotal moment in SingPost's transformation journey, the Smart Letterbox – with its fully-automated mail sorting and delivery technology – will completely overhaul Singapore's traditional letterbox infrastructure and upgrade the role of the postman.

Retrieval of mail and eCommerce packages is envisaged to be seamless. Upon notification, residents can, at a touch of a button and a scan of a device, collect mail and parcels securely, paving the way towards traceability for all mail.

Regaining Public Trust

Following a series of service lapses in FY18/19, an extensive review of operational and customer-centric processes was made to improve service quality and the overall customer experience.

Protocols identified as weak or outdated in both mail processing and delivery were improved. SingPost also improved salaries and implemented new incentive schemes for its postal workforce, to encourage and recognise service excellence.

An integrated customer experience team was also formed to strengthen satisfaction across all SingPost touchpoints, including the Post Office Network and delivery operations. An internal campaign, "*Every Delivery Counts*", was also launched, emphasizing the values of responsibility and professionalism to postal staff.

Over the course of the year, SingPost introduced several significant changes to mail operations that included the extension of delivery hours for doorstep delivery services on weekday evenings and Saturdays.

In November 2019, SingPost launched the islandwide *MyPostman* campaign, with the distribution of QR-coded magnets to some two million addresses across Singapore. The campaign introduced residents to their neighbourhood postmen, giving them the opportunity to rate as well as provide feedback about their postal experience.

In the first six months of the campaign, SingPost received over 10,000 ratings for postmen, with an average score of 4.8 stars out of five.

Service improvement efforts paid off towards the end of 2019. During the year-end peak season, SingPost delivered 25% more eCommerce items domestically than the preceding year, while achieving significant improvements in net promoter scores for both delivery services and at the post offices.

POST AND PARCEL

Record revenue for **International Post and Parcel** of over **$500 million**

Enhancing Suite of Products

SingPost revamped its suite of postal products and services in late 2019. With the rapid growth of eCommerce and declining letter mail volumes, the previous mail delivery framework was no longer adequate to cater to present trends, including a steadily growing proportion of packages in varying sizes.

The new products were structured in two broad categories: letter mail and packages. The introduction of a dedicated package category reflected the high demand for small package deliveries across Singapore. Under each category, there were two types of services: a Basic service with no tracking, and a Tracked service that offered letterbox delivery with tracking capabilities.

The existing Ordinary Mail was renamed as Basic Mail, with its Standard Regular, Standard Large and Non-Standard categories remaining unchanged. Basic Mail could now weigh only up to 500g, down from the previous 2kg limit. For larger items between 501g and 2kg, new categories – Basic Package and Tracked Package – were introduced to reflect the increasing volumes of small packets flowing through the postal system.

Tracked Mail and Tracked Package services were designed for customers who required tracking capabilities for their deliveries, as well as notifications for the recipient. Deliveries were now made directly to their letterboxes, reducing the need for customers to stay home and minimising missed deliveries.

The Registered Article service was also renamed as Registered Service (Singapore), as an add-on service to Basic Mail for items up to 500g. This was to realign the intent of the service, originally designed to offer secure delivery and tracked receipt of important letters and documents.

Change was also introduced to the popular SmartPac, which would now be delivered to the letterbox, while the AM Mail service ceased in March 2020.

Record Year for International Post and Parcel

In November 2019, SingPost obtained regulatory approval to increase international postage rates, effective 2 December 2019. The increase, between 10 to 20 cents, has helped to mitigate the increase in terminal dues made to foreign postal operators.

The financial year saw record revenues for International Post and Parcel of over $500 million on the back of higher cross-border eCommerce related deliveries.

The good performance was the result of a new eCommerce customer segment with a supply chain boosting west-to-east trade flow, complementing the current east-to-west trade flow. This was in spite of on-going disruptions of global supply chains, including postal service suspensions and delivery delays to and from various countries, as well as higher air freight rates due to the grounding of flights by airlines. New customer wins had also diversified the inherent risk of over reliance on east-to-west trade flow, which saw significant disruption as COVID-19 emerged in Q4.

Celebrating Milestones in Singapore's Stamps Programme

This year saw a total of 12 stamp issues, marking momentous events and keeping stamp collectors excited.

Taking the spotlight for the 2019 stamp programme was the Bicentennial Stamp launch. The set of 10 stamps, designed in commemoration of Singapore's Bicentennial, was unveiled by Deputy Prime Minister Heng Swee Kiat together with Mr Vincent Phang, CEO for Postal Services and Singapore, at the Singapore Bicentennial Roadshow @ North East on 22 June 2019.

The stamp set featured a tapestry of Singapore's rich and varied history, tracking Singapore's story from settlement to nationhood. The 10 stamps depicted key milestones of Singapore's 700-year journey beyond the bicentennial milestone, illustrating why Singapore's early years before 1819 were critical to the Nation's success today.

In another important milestone, SingPost issued a special stamp issue commemorating 100 years of airmail. Launched at the SINGPEX 2019 36th Asian International Stamp Exhibition in August, the stamps celebrated the adventurous spirit of those who pioneered the first mail that travelled from London to Singapore by air.

In 2019, SingPost also marked three bilateral relations milestones with Israel, the Philippines and Poland with stamp issues, all of them celebrating 50th anniversaries of diplomatic ties with Singapore.

The Singapore Bicentennial stamp set features a tapestry of Singapore's rich and varied history, tracking Singapore's story from settlement to nationhood.

LOGISTICS

DELIVERING QUALITY SOLUTIONS

The transformation of the SingPost logistics and eCommerce businesses continues to bear fruit. Despite being buffeted by numerous headwinds over the course of the year, we emerged from the storm in a stronger position compared to FY18/19.

The financial performance of the logistics segment has improved, and expansion plans are on track despite the challenging global economic situation. The implementation of automation into logistics operations has improved our capabilities to meet and exceed customer needs even during peak periods.

Revenue Growth

The past year saw a strong emphasis placed on revenue growth for Quantium Solutions following weaker top line performance in previous financial years. A lack of scale was identified as a key issue. To address this, we restructured the business and implemented a culture change programme with a customer-first ethos and greater focus on simplification and sales, offering clearly differentiated products.

From a cross-border perspective, the product portfolio was streamlined and processes were reengineered.

Our warehousing and fulfilment businesses benefited by strengthening our campaign management capabilities to offer eCommerce customers a more efficient, versatile and scalable solution to better meet consumer demands during peak periods. For instance, operational workflows were redesigned to handle volume surges during eCommerce sales campaigns with greater efficacy. This translated into a steady improvement in KPIs for campaign management year-on-year. In addition, our expanding footprint across Asia will add value to our customers as eCommerce demand ramps up.

These initiatives have proven successful in improving Quantium Solutions' performance in recent years, with revenue registering double digit growth this financial year, along with improved profitability. This is despite the numerous headwinds over the year, such as the depreciating Australian dollar, global trade slowdown and the impact of the international COVID-19 pandemic.

Freight forwarding subsidiary FPS Global Logistics (FPS) expanded its overseas agent network to offer customers a more comprehensive set of trade lane products. As a leader in consolidation and freight forwarding services, FPS provides total logistics services to over 50 countries. Over the years, FPS has continued to successfully increase its competitive edge by offering its clients more comprehensive global solutions.

In Australia, CouriersPlease (CP) recorded a modest growth in revenue even as it played a vital role in the delivery of over 19 million parcels nationwide and internationally. CP is in the midst of transforming from a traditional parcel delivery service into a technology-enabled eCommerce courier company by investing in several operational enhancements and service initiatives designed to strengthen its customer value proposition.

These include the implementation of automated sortation in Sydney to improve network efficiency, deployment of a new digital logistics platform to help manage franchisees' collections and deliveries leading to improvements in customer service and delivery performance, and the launch of Boomerang, a self-serve returns portal that addresses the challenge of reverse logistics faced by many local retailers.

Transforming For The Future

In the year ahead, Quantium Solutions will continue to reengineer processes to further improve customer experience, efficiency, and scalability. A new cross-border IT backbone/platform will also be implemented to improve operations, shorten customer and vendor onboarding cycles, enhance data visibility to drive business decisions, and therefore enable Quantium Solutions to realise its full potential as a leader in the Asia-Pacific eCommerce logistics market.

The Group will continue to focus on the eCommerce space, to ride the emerging boom across Asia-Pacific. This follows the expansion of the warehouse fulfillment footprint in the past financial year, and plans to strengthen logistics capabilities in the region in the next 12 months to meet our customers' growing needs.

On a broader strategic level, the Group is looking to expand services into the B2B2C space. As Singapore's national postal service provider, we already have existing strengths and capabilities in the B2C space.

With the rising popularity of eCommerce in Asia-Pacific, and the increasing ease at which businesses and consumers can transact with each other domestically as well as internationally, a growing trend of customers demanding both B2B and B2C capabilities from a single provider has increased.

This convergence between the two, dubbed B2B2C, is a relatively untapped space that presents much potential. The value proposition is further amplified by the Asia-Pacific eCommerce boom, with our strengths in the region giving us an advantage to hit the ground running. The Group is exploring opportunities to build a strong, integrated network that can fulfil both B2B and B2C requirements within Singapore and the wider Asia-Pacific region.

PROPERTY

BUILDING LONG-TERM VALUE

The Property division oversees the Group's real estate management, commercial property rental and the self-storage business, including the SingPost Centre mall and office building. As at 31 March 2020, tenant occupancy was 100% at SingPost Centre Mall and 98% for the office building.

Growing Footfall with Vibrant and Diverse Mall Offerings

Sound property management, coupled with efficient building operations and maintenance, have helped SingPost maintain close relationships with existing tenants.

Rental rates for both mall and office space have remained stable or renewed at higher rates for some tenants this year, contributing towards a positive operating income for this segment.

In addition, SingPost proactively grew footfall traffic to the SingPost Centre Mall through a variety of events and promotions all year round, which had led to a 17% rise in footfall traffic for the year as compared to the previous year.

New tenants that opened in the year added much excitement to the retail mix of the mall, including MPH Bookstore and Taiwan's Hopii mung bean smoothie – both of which are exclusive to SingPost Centre Mall. Monga Fried Chicken also opened its third outlet at the mall with new crowd-pleasing menu items unique to the mall.

Other new tenants that moved into the mall this year include fast food brand Chic-a-Boo, as well as Simply Toys, one of the largest retailers of movie thematic collectibles in Singapore.

Apart from bringing in new tenants, SingPost Centre Mall also hosted an assortment of interesting events through the year. A good example was the Isetan Hanabi Food Festival in June, which showcased Hokkaido food specialties. The event attracted bustling crowds over two weekends.

SingPost Centre Mall was also a venue sponsor for the *NUS Boulderactive 2019* in July, a national-scale climbing competition. In October, the mall held a *Celebration Fiesta* in conjunction with its second anniversary as well as *Oktoberfest*, complete with live music performances, food, beer and a themed retail corner. With the advisement of the SingPost Property Team, CapitaLand Mall Asia undertakes the task of managing day-to-day operations of the mall, including its marketing and promotional activities, lease and facilities management.

Investing in Green Initiatives

As part of SingPost Group's sustainability aims to reduce energy usage and increase efficiency for work processes, lights at SingPost Centre, eCommerce Logistics Hub and Kallang Delivery Base have been replaced with LED lamps. This change in lighting has achieved energy savings of 10,458,679 Kwh – equivalent of powering up 2,576 four-room HDB flats in a year, and about 30% as compared to the last financial year. SingPost has been supporting Earth Hour since 2013 and in March 2020, the SingPost Centre had participated by switching off all facade lights and non-essential lighting for an hour.

The COVID-19 Impact

In April, Singapore introduced an eight-week Circuit Breaker period to curb community spread of COVID-19, resulting in immediate disruptions for most businesses. Retail mall tenants - already experiencing slower business since the start of 2020 - were hardest-hit.

Footfall fell drastically in the final week of March 2020, as enrichment and entertainment outlets were ordered to close.

SingPost has provided support to eligible tenants, on top of the mandatory property tax rebates, such as rental waivers or rebates, which will be reflected in the financial performance next year.

Looking Ahead

In light of the COVID-19 pandemic which had led to uncertainties in the economy, SingPost continues to manage the challenges presented on several fronts. We will continue to render support, especially for our tenants at the SingPost Centre Mall.

SingPost will remain vigilant and will look to bringing in more established brands for its mall to introduce diversity in its offerings and to remain competitive in the precinct, once the pandemic eases.

PROPERTY

List of major properties

Name	Address	Title	Yrs	With effect from	Land (sqm)	Bldg GFA (sqm)
Airmail Transit Centre	21 North Perimeter Road	Leasehold	30	25.09.00	2,890	8,862
Alexandra Post Office	110 Alexandra Road	Leasehold	99	31.03.92	2,305	923
Bukit Panjang Post Office	10 Choa Chu Kang Road	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	4,008	3,574
Kallang Delivery Base	18 Jalan Lembah Kallang	Leasehold	30	31.03.92	2,761	6,872
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	341
Simpang Bedok Post Office	350 Bedok Road	Leasehold	99	31.03.92	1,129	362
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	2,643	2,678
3B Toh Guan Road East	3B Toh Guan Road East	Leasehold	30	01.09.89	10,064	18,126
Woodlands Delivey Base	9 Woodlands Walk	Leasehold	30	16.10.95	3,040	2,393

INVESTOR RELATIONS

SGX-SIAS Corporate Connect Seminar 2019

SingPost is committed to engaging its shareholders through regular, effective and open communication, in compliance with the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Singapore Code of Corporate Governance 2018 and current best practices.

SingPost's Investor Relations (IR) activities and conduct are guided by the IR Policy which outlines the principles and practices to provide stakeholders with information necessary to make well-informed investment decisions.

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

In FY2019/20, management and IR engaged over 200 investors through meetings, video and audio conferences, and virtual briefings or webcasts. This included overseas non-deal roadshows covering five cities, on top of local meetings, before travel restrictions were imposed due to COVID-19. Since then, management has moved towards conducting such meetings virtually.

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

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

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

Regular site visits are also organised for investors and analysts to facilitate better understanding of the Group's business operations. They included visits to the SingPost Regional eCommerce Logistics Hub, giving them a first hand look at automation systems used for eCommerce order picking and parcel sorting.

With the onset of social distancing measures during the COVID-19 pandemic, management has been using virtual platforms to showcase the capabilities of the Logistics Hub.

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

In July 2019, in collaboration with SIAS, retail shareholders were invited to a SingPost-SIAS dialogue session held at the SingPost office. The Group CEO, Mr Paul Coutts, and Group CFO, Mr Richard Lai, presented SingPost's financial and operational performance and engaged in a question-and-answer session with the attendees.

In November 2019, SingPost also participated in the SGX-SIAS Corporate Connect Seminar, an investor education initiative to help retail investors understand listed companies better.

SingPost has always utilised both face-to-face and virtual means, such as webcasts or video briefings or conferences, to engage with investors and analysts, and remains committed in engaging its various stakeholders.

INVESTOR RELATIONS

FY2019/20 Investor Relations
CALENDAR OF EVENTS

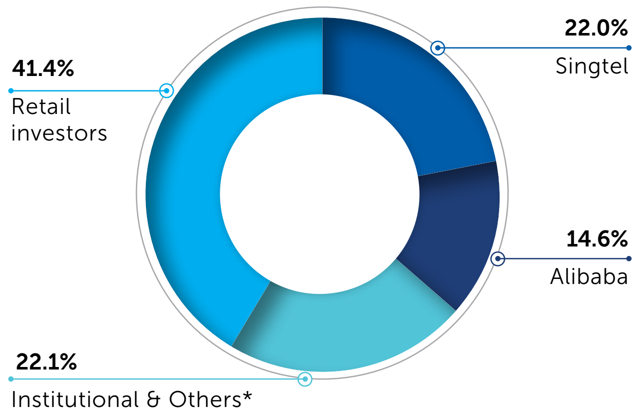
Q1 FY2019/20
- Q4 and Full Year FY2018/19 results briefing to analysts
- Post-results investor lunch meeting
- Maybank Invest Asia Singapore 2019 – Singapore
- Investor meetings – Kuala Lumpur
- 10th Annual dbAccess Asia Conference 2019 – Singapore

Q2 FY2019/20
- SingPost-SIAS Dialogue Session
- 27th Annual General Meeting
- Q1 FY2019/20 results briefing to analysts
- Investor meetings, followed by SGX-UBS Singapore Corporate Day – London, Europe

Q3 FY2019/20
- Q2 and H1 FY2019/20 results briefing to analysts
- Post-results investor lunch meeting
- Investor meetings – Japan
- SGX-SIAS Corporate Connect Seminar - Singapore
- Investor meetings – Kuala Lumpur

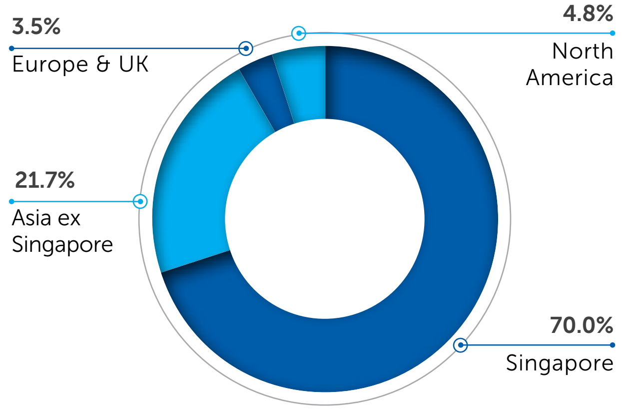
Q4 FY2019/20
- Q3 and 9M FY2019/20 results briefing to analysts and investors

HOLDINGS BY INVESTOR GROUPS
As at 31 March 2020

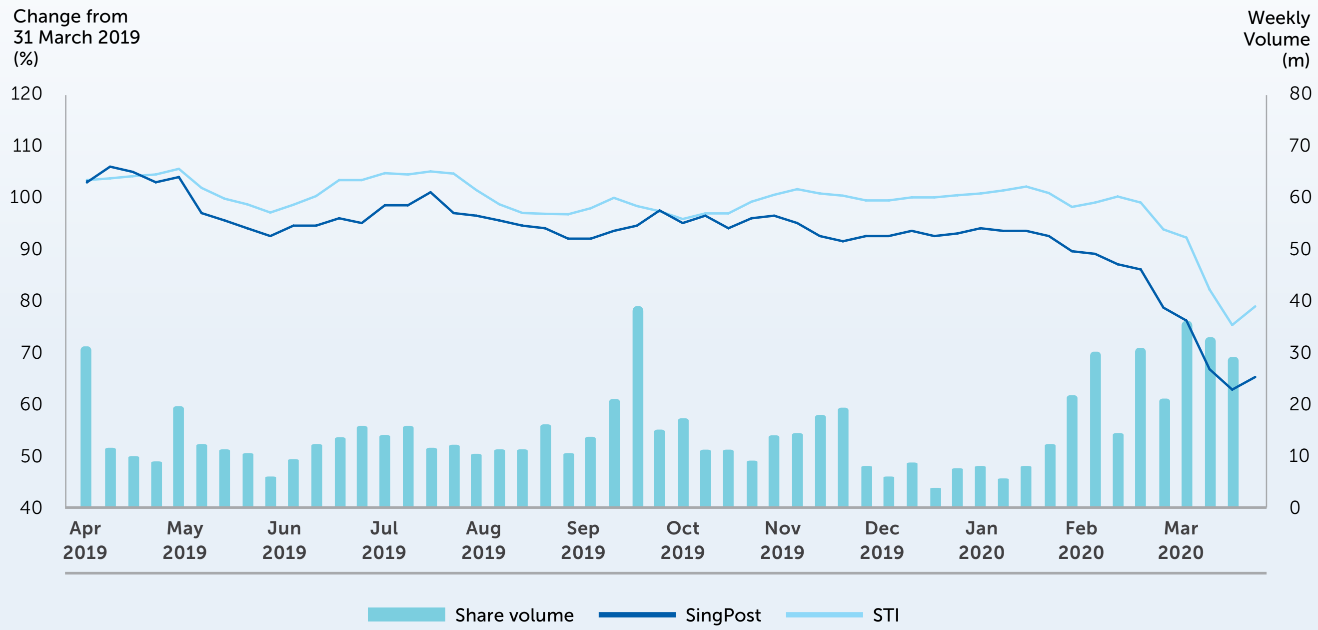


* Include shares held by brokers, custodians and nominees

HOLDINGS BY GEOGRAPHIC DISTRIBUTION
As at 31 March 2020



SINGPOST SHARE PRICE AND TRADING VOLUME VS FTSE STRAITS TIMES INDEX (FY2019/20)



MYPOSTMAN

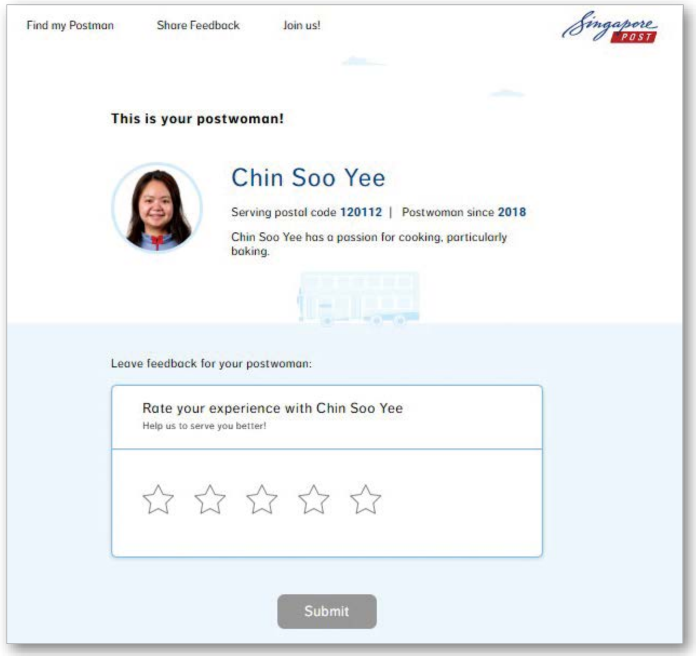
Now, a New Way to Bond with the Neighbourhood Postman

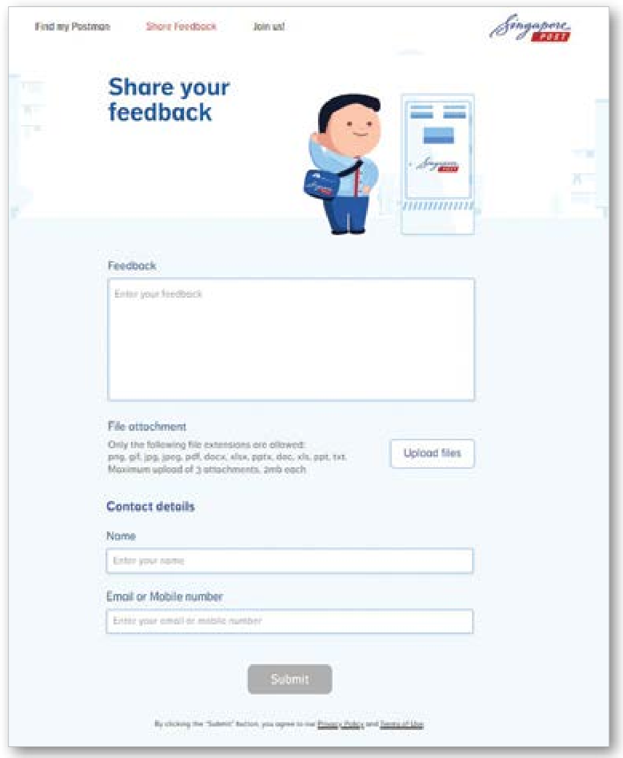
SingPost launched a brand new, nationwide programme called MyPostman, in October 2019, with the aim of fostering deeper ties between the community and their postmen. The programme provides residents an additional channel to connect with SingPost in the event of a postal service issue. It also provides a platform for members of the public to identify and show appreciation to their postman.

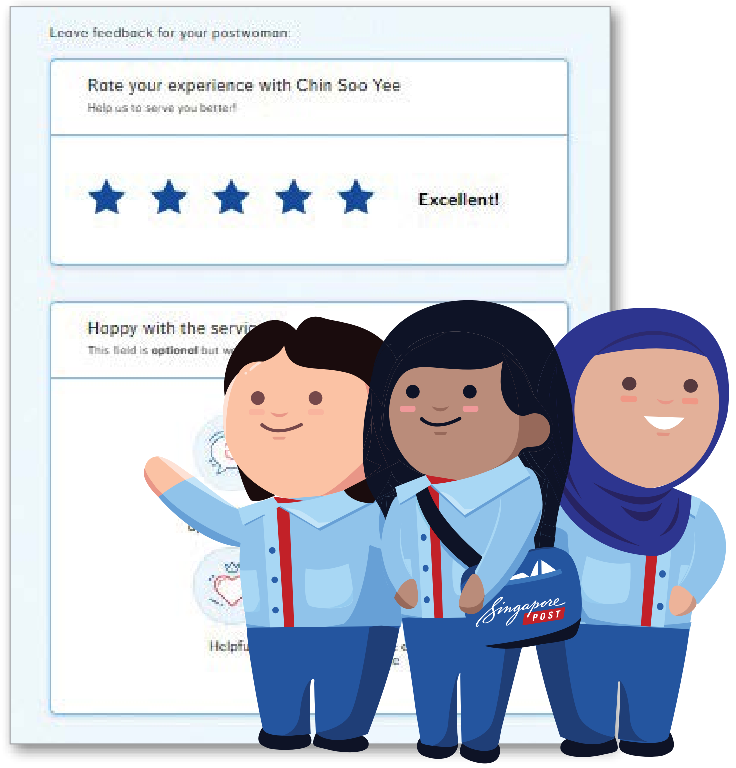
Following public trials in Bukit Timah and Yishun in July 2019, MyPostman was launched islandwide with the distribution of two million refrigerator magnets to all households and businesses in Singapore. Residents need only scan the QR code on the magnets or go to the URL mypostman.sg, key in their postal code and they can find out who their postman is, along with some interesting facts about him/her.

Users can rate and provide feedback on the service of their postman, as well as highlight service issues.

Public response to MyPostman has been extremely encouraging. Residents are now approaching our postmen by name with words of appreciation, providing a much-needed morale boost and serving as a reminder that their work does not go unnoticed.







EVERY DELIVERY COUNTS

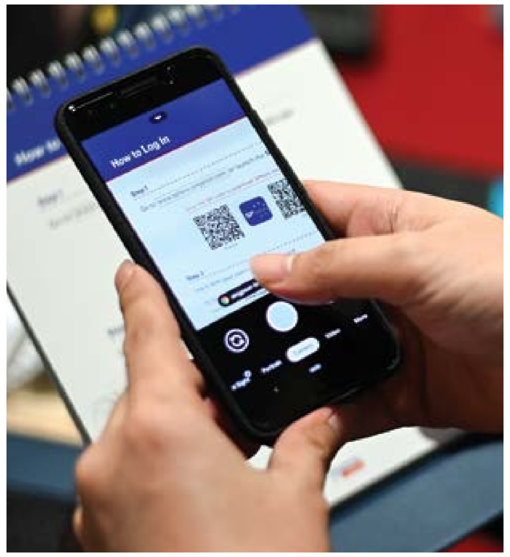
Every Delivery Counts

Every Delivery Counts Internal Campaign

Under the credo “Every Delivery Counts”, SingPost launched an internal campaign in September for the Post and Parcel division to instil pride in our staff for their tireless efforts in maintaining the national public postal service, especially during the time of service issues. A team of champions were identified to front the campaign and advocate for the *Every Delivery Counts* mind-set within the organisation. A set of posters were created, each featuring one role model from every department and a few words on what *Every Delivery Counts* meant to them. The campaign engaged employees across multiple channels, inspiring them to make *Every Delivery Counts* their mantra.

SPHERE

SPhere



Launch of New Intranet, SPhere

Our people are a crucial part of our success. Therefore, SingPost’s priority is to keep our employees constantly engaged, informed and motivated to strive for service excellence. With this focus, we transformed our Intranet and created SPhere, a social networking community platform designed to increase collaboration, enable productivity and further drive strategic alignment across our large and diversified workforce. SPhere was launched in November at SingPost’s headquarters in Singapore and will be rolled out progressively to all employees, including our non-desk bound postmen, parcel ambassadors as well as local and overseas subsidiaries.

COVID-19

Like the rest of the world, COVID-19 presented SingPost with a stark reality in 2020 as the pandemic swept across the globe. Along with alarming international infection numbers, the immediate wave of city lockdowns swiftly grounded the world economy to a halt.

The aviation industry became the earliest corporate casualty of the pandemic and SingPost immediately felt the ripple effects of flight and air freight disruptions, crippling cross-border fulfilment and international deliveries.

Unprecedented Challenges

A stand of solidarity, wage adjustments were made across the SingPost Group management team. A multi-divisional SingPost COVID-19 Task Force was also formed in March 2020 to manage the impact of the pandemic.

Immediate measures were put in place to safeguard the well-being of employees, customers, tenants and shoppers across all SingPost touch-points – the SingPost headquarters, SingPost Centre mall and office building, the eCommerce Logistics Hub, mail delivery bases and post offices islandwide.

Measures included strict team segregation, working from home arrangements where possible, daily temperature checks, reminders on personal hygiene practices as well as travel and health declarations. For the safety and well-being of its staff as well as customers, SingPost also made changes to its delivery protocol, implementing contactless deliveries for Registered Services and parcels.

Yet, one of the biggest challenges for the postal service was Malaysia's Movement Control Order announced in mid-March. SingPost raced against time to secure hotel accommodation for some 600 Malaysian team members who commute over the Causeway and Second Link daily within 24 hours of the announcement. This move garnered mainstream media attention, showcasing SingPost as the bright example of providing good welfare for its Malaysian employees.

Minister for Communications & Information Mr S Iswaran, together with Senior Minister of State, Ms Sim Ann, visiting our Malaysian postmen at Kallang Regional Delivery Base in March.

The Inevitable

Despite the strictest of measures that included donning on personal protection equipment (PPE), team segregation and social distancing, the inevitable happened on 27 March as three positive cases of COVID-19 were identified amongst staff members. A contract staff working at SingPost's back-end packet-sorting facility reported for work despite being on medical leave, and was confirmed to have COVID-19 on 25 March. Subsequently, two additional full-time SingPost employees working on the same floor were tested positive for COVID-19. The rest of the positive cases emerged within a week.

At the time of publication, the curve of SingPost infections levelled at 10 employees. All have since recovered fully. No other SingPost Group employee, including those from our overseas subsidiaries, has been tested positive for COVID-19. The SingPost cluster was declared closed on 2 May 2020 by the Ministry of Health as there were no infections for 28 days.

In addition to providing utmost support to our affected employees, manpower posed an immediate challenge as quarantine orders were instantly issued to staff who were in close contact with the infected employees.

COVID-19

Circuit Breaker

As the national postal service provider, SingPost remained steadfast in its delivery commitment during Singapore's Circuit Breaker period, albeit the reduction in the number of post offices operating islandwide, in line with the government's recommendation to minimise staff numbers working on-site.

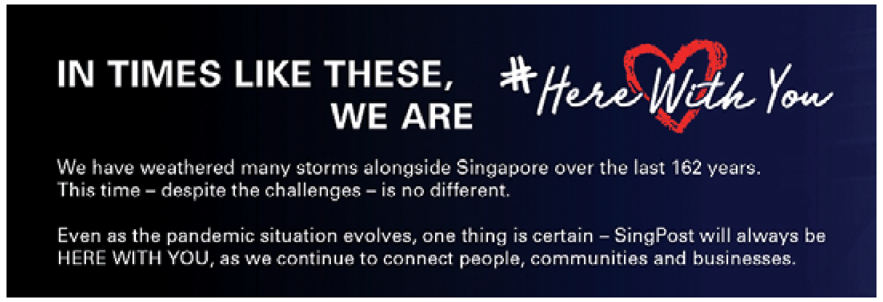
As with many businesses across Singapore, mall tenants bore the brunt of the Circuit Breaker measures and as landlord of the SingPost Centre Mall, SingPost is committed to tide tenants through the difficult time. For instance, SingPost is providing support to eligible tenants, on top of the mandatory property tax rebates, such as rental waivers or rebates and the utilisation of security deposits for rental payment. At the same time, SingPost is also giving extra marketing support for food and beverage tenants as well as extending the car park's grace period to support delivery drivers and food-order pick-ups.

#HereWithYou

Even as Singapore, together with the rest of the world, grapple with containing the spread of the pandemic and significant economic fall-out, SingPost continues to stand alongside the nation, stoically supporting the community, during this difficult and unprecedented time.

On top of its assurance in providing essential postal services, SingPost also volunteered its services to the community. These include:

- Partnering Temasek Foundation in its BYOBClean campaign, where hand sanitisers were provided to households islandwide;
- Speedpost sponsorship of 33 cartons of donations to the wife and new-born child of a Bangladeshi migrant worker who tested positive, as well as donations to the families of two Indian migrant workers who passed away in Singapore;
- People's Association's (PA) Masks Sewn with Love community initiative, where SingPost waived postage fees for hand-woven masks placed into blank envelopes and stored the masks for delivery at a later time;
- Sponsorship of envelopes and stamps for Tzu Chi mask initiative; and
- Speedpost doorstep medicine deliveries for NUH and three polyclinics to the elderly.



SingPost has an incredibly long history, having weathered many storms with Singapore over the last 162 years as we continue to connect communities and Singapore to the rest of the world.

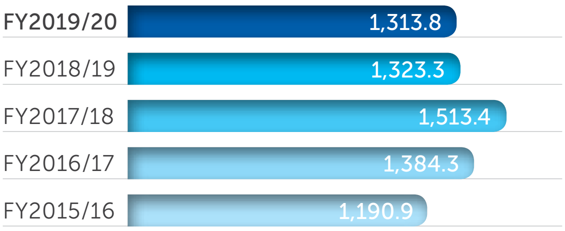
This time – despite the challenges – is not any different. Even as the pandemic situation evolves and the uncertainty of better days may cloud our confidence, one thing is certain – SingPost will always be #HereWithYou.

GROUP FINANCIALS

INCOME STATEMENT

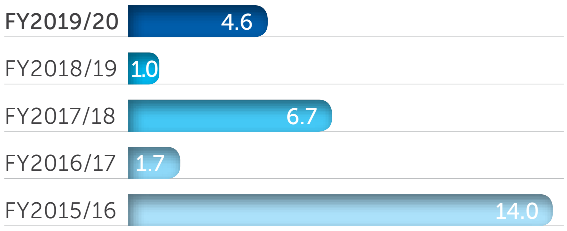
Revenue ($M)[1]

S$1,313.8m



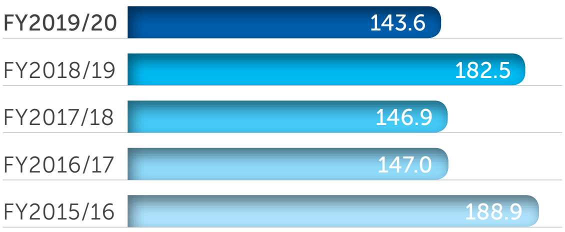
Return on Average Invested Capital (%)

4.6%



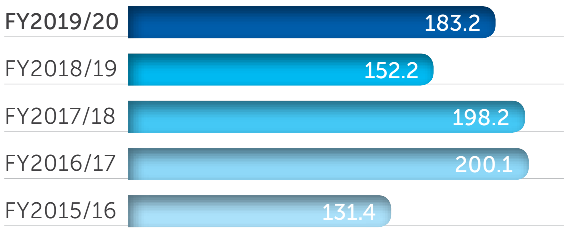
Profit on Operating Activities ($M)[1]

S$143.6m



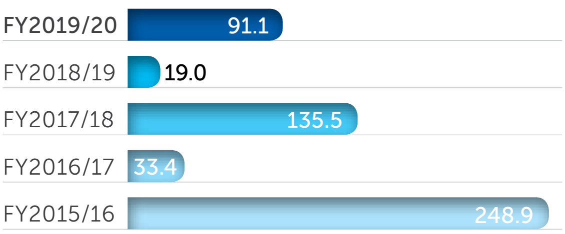
Operating Cash Flow ($M)

S$183.2m



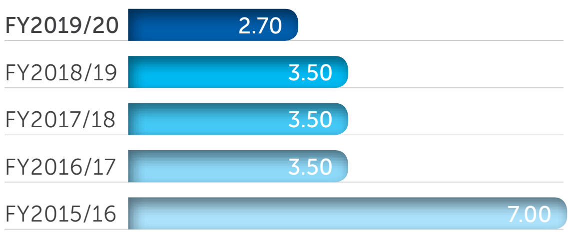
Net Profit ($M)

S$91.1m



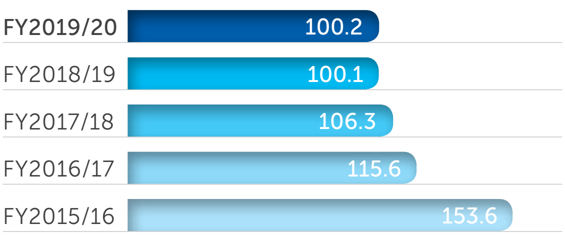
Dividend (cents)

2.70 cents



Underlying Net Profit ($M)

S$100.2m



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

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year ended 31 March				
	2020	2019	2018	2017	2016
Income Statement (S$ million)					
Revenue[1]	**1,313.8**	1,323.3	1,513.4	1,384.3	1,190.9
Profit on operating activities[1]	**143.6**	182.5	146.9	147.0	188.9
EBITDA [2]	**191.3**	117.9	225.3	118.1	326.6
Net profit [3]	**91.1**	19.0	135.5	33.4	248.9
Exceptional items, net of tax [4]	**9.1**	81.1	(29.2)	82.2	(95.3)
Underlying net profit [5]	**100.2**	100.1	106.3	115.6	153.6
Balance Sheet (S$ million)					
Total assets	**2,751.6**	2,619.2	2,684.1	2,666.7	2,426.5
Ordinary shareholders' equity	**1,252.6**	1,266.2	1,359.1	1,306.6	1,203.6
Total shareholders' equity	**1,642.3**	1,660.5	1,746.2	1,705.0	1,561.5
Cash and cash equivalents	**493.0**	392.2	314.1	366.6	126.6
Net (cash) / debt	**(128.6)**	(101.3)	(70.1)	(2.6)	153.6
Perpetual securities	**346.8**	346.8	346.8	346.8	346.8
Net (cash) / debt plus perpetual securities [6]	**218.3**	245.5	276.8	344.2	500.5
Cash Flow (S$ million)					
Net cash inflow from operating activities	**183.2**	152.2	198.2	200.1	131.4
Capital expenditure (cash)	**27.1**	31.3	62.1	199.8	279.7
Free cash flow [7]	**156.0**	120.9	136.1	0.3	(148.3)
Key Ratios					
EBITDA margin (%)	**14.6**	8.9	14.9	8.5	28.4
Net profit margin (%)	**7.1**	1.2	9.0	2.4	21.6
Return on average invested capital (%)	**4.6**	1.0	6.7	1.7	14.0
Return on average ordinary shareholders equity (%)	**7.2**	1.4	10.2	2.7	21.5
Net debt to total shareholders equity (%)	N.M.[8]	N.M.[8]	N.M.[8]	N.M.[8]	9.8
Net (cash) / debt plus perpetual securities to total shareholders equity (%) [6]	**13.3**	14.8	15.8	20.2	32.0
EBITDA to finance expense (number of times)	**14.2**	11.2	21.3	13.3	42.1
Per Share Information (S cents)					
Earnings per share – basic	**3.39**	0.18	5.32	0.85	10.86
Earnings per share – underlying net profit [5]	**4.45**	4.43	4.68	5.28	7.13
Net assets per share	**71.1**	71.7	75.4	72.7	71.7
Dividend per share – ordinary	**2.70**	3.50	3.50	3.50	7.00

Notes:

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

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

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

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

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

(6) Net debt plus perpetual securities and its ratio to total 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.

GROUP	Financial Year ended 31 March 2020 S$'000	2019 S$'000	Change %
Revenue	**1,313,783**	1,323,285	(0.7)
Profit on operating activities	**143,605**	182,479	(21.3)
Share of loss of associated companies and joint venture	**(114)**	(7,061)	98.4
Profit on continuing operations	**100,274**	174,124	(42.4)
Loss from discontinued operations	**(11,994)**	(147,271)	91.9
Exceptional items, net of tax (1)	**9,122**	81,148	(88.8)
Net profit attributable to equity holders	**91,078**	18,958	@
Underlying net profit (2)	**100,200**	100,106	0.1
Basic earnings per share (S cents)	**3.39**	0.18	@
Underlying earnings per share (S cents)	**4.45**	4.43	0.4

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.
@ Denotes variance more than 300%

During the financial year, the Group announced that Jagged Peak, Inc., TradeGlobal North America Holding, Inc. and TradeGlobal LLC (the "U.S. Subsidiaries") have filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court.

Following that, the Group deconsolidated the financials for the U.S. Subsidiaries with effect from the month of September 2019. The Group no longer recognises profit or loss from the U.S. Subsidiaries. Based on current estimates, there was no material net financial impact arising from the deconsolidation of the U.S. Subsidiaries.

On 2 December 2019, the bankruptcy court entered orders approving the sale of substantially all of the assets of Jagged Peak, Inc. (the "Jagged Peak Sale") and the sale of substantially all of the assets of TradeGlobal LLC (the "TradeGlobal Sale"). On 12 December 2019 (U.S. time), the U.S. Subsidiaries filed notices with the bankruptcy court that the closing of the Jagged Peak Sale and the TradeGlobal Sale had occurred. SingPost does not expect any material financial impact to the SingPost Group from the Jagged Peak Sale and the TradeGlobal Sale.

For the full year ("FY") ended 31 March 2020, the consolidated income statement of the Group is presented as "Continuing Operations", which excludes the U.S. Subsidiaries.

Losses from the U.S. Subsidiaries for the period prior to deconsolidation are presented as a single line item in the income statement – "Discontinued Operations".

Continuing Operations

REVENUE	Financial Year ended 31 March 2020 S$'000	2019 S$'000	Change %
Post and Parcel	**763,079**	764,751	(0.2)
Logistics	**501,223**	504,934	(0.7)
Property	**121,095**	121,457	(0.3)
Inter-segment eliminations	**(71,614)**	(67,857)	(5.5)
	1,313,783	1,323,285	(0.7)

PROFIT ON OPERATING ACTIVITIES	Financial Year ended 31 March 2020 S$'000	2019 S$'000	Change %
Post and Parcel	**127,450**	165,864	(23.2)
Logistics	**(5,566)**	(7,627)	27.0
Property	**53,677**	53,664	0.0
Others*	**(31,956)**	(29,422)	(8.6)
Profit on operating activities	**143,605**	182,479	(21.3)

* Others refer to unallocated corporate overhead items and trade-related foreign exchange translation differences.

Group

For the full year ended 31 March 2020, Group revenue declined marginally by 0.7%.

Group Profit on operating activities declined 21.3% for the full year. These were largely due to lower contribution from Domestic Post & Parcel as a result of lower letter volumes, partly offset by improvement in Logistics segment.

Post & Parcel

In the Post & Parcel segment, revenue held steady for the full year. International revenue rose to a record of over S$500 million on the back of higher cross-border eCommerce related deliveries, which helped offset lower Domestic revenue. However, the above trends were impacted by COVID-19 disruptions in the fourth quarter.

In Domestic Post and Parcel, admail volumes declined in line with a drop in business activities such as sale and promotional events, although the Group had successfully grown admail volumes up to February, prior to the COVID-19 crisis, since making improvements to service quality.

Letter volumes declined at a double-digit percentage against last year, while Domestic eCommerce volumes continued on a growth trajectory, mainly in the Tracked Package service which SingPost launched in December 2019, which saw strong take-ups from eCommerce platforms.

For International Post and Parcel, the disruption of global supply chains due to COVID-19, including postal service suspensions and grounding of flights by airlines, impacted business. In addition, the Group incurred higher terminal dues, which took effect from 1 January 2020.

Due to the above reasons, profit on operating activities declined 23.2% for the full year, led by decline in Domestic letter volumes, as well as the impact of COVID-19 in the fourth quarter.

Logistics

In the Logistics segment, revenue declined marginally by 0.7% for the full year, largely due to the depreciation of the Australian dollar against the Singapore dollar. If the exchange rate had remained unchanged, Logistics segment revenue would have rose 1%.

Logistics delivered a resilient performance despite headwinds from COVID-19, driven by growth in Quantium Solutions, which continued its strong operational momentum with the addition of new customers and higher revenue from existing customers in Southeast Asia and North Asia.

Consequently, Logistics segment loss from operating activities narrowed to S$5.6 million from S$7.6 million last year, which included one-off costs of nearly S$2 million such as relocation and reinstatement costs.

Property

Property segment revenue, which comprises commercial property rental and the self-storage business, remained largely stable for the full year, as the SingPost Centre retail mall and office remained at close to full occupancy as at 31 March 2020.

As the circuit breaker measures to contain the COVID-19 outbreak was implemented at the end of March 2020, there has been no material impact to its financial performance for the full year.

While profit on operating activities remained stable for the full year, the Group does expect a prolonged closure of businesses arising from the circuit breaker to negatively impact its Property segment moving forward.

Others

For the full year, Others rose by 8.6% or S$2.5 million, to S$32.0 million, largely due to negative trade-related foreign exchange differences, as well as higher corporate costs related to governance and compliance.

Operating Expenses

Volume-related expenses, which reflect outpayments for international postal terminal dues and mail conveyancing costs, remain the largest cost component for the Group. For the full year, volume-related costs rose 4.6% or S$31.3 million, largely in line with the 5.9% growth in International Post and Parcel revenue over the same period.

Selling-related expense declined 9.0% for the full year, due to lower cost recovery for international postal items compared to the corresponding period last year.

Impairment loss on trade and other receivables was higher at S$1.5 million for the full year, largely due to higher provisions for bad debt in relation to the International Post & Parcel, and Logistics businesses.

In the fourth quarter, the Group recognised part of the Job Support Scheme ("JSS") relief, which is one of the Government of Singapore's measures in helping businesses cope with the impact from COVID-19. This has helped the Group mitigate the impact of COVID-19.

For the full year, labour and related expenses was stable, in spite of additional postmen hired for the Singapore postal operations, as well as higher remuneration, as part of initiatives to improve service levels.

Following the adoption of SFRS(I) 16 Leases on 1 April 2019, operating lease commitments are now recognised as right-of-use assets as well as lease liabilities on the statement of financial position. In the consolidated income statement, there is a reduction of rental costs (under Administrative and other expenses), increase in depreciation costs (under Depreciation and amortisation expenses), and an additional cost of financing (under Finance expenses).

The impact of adoption of SFRS(I) 16 Leases are as follows:

The Group	Full year FY2019/20 S$'M
Administrative and others – Operating lease expense	31.1
Depreciation expense for right-of-use assets	(28.8)
Finance expense	(4.0)
Net impact to P&L	**(1.8)**

Largely as a result of the above, Administrative and other expenses declined 23.5% for the full year, while Depreciation and amortisation expenses rose 76.3% for the full year.

Total operating expenses rose 2.7% for the full year, despite benefits delivered by cost savings actions taken across the organisation in anticipation of a declining letter volume environment.

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The increase was largely driven by significant investments to improve service levels, as well as the impact of higher terminal dues for the international business.

Other Income

For the full year, other income was S$4.6 million compared to S$3.6 million in the same period last year, due to late payment interest received, offset by unfavourable trade-related foreign currency exchange difference.

Impairment

The Group recorded the following impairment or fair value loss under Exceptional items:

- Impairment for associated company Morning Express & Logistics Limited of S$1.5 million. Factors surrounding the business climate in Hong Kong have had a material impact on Morning Express's business outlook.
- Impairment for its investment in Efficient E-Solutions Berhad of S$2.3 million, which reflects the decline in its market value as traded on Bursa Malaysia.
- Fair value loss on Ayer Rajah distribution base of S$1.5 million, due to the diminishing underlying land lease to expiry.

Exceptional items

For the full year, the Group recorded an exceptional loss of S$9.1 million, due to professional fees not within the ordinary course of business, as well as an impairment of S$5.3 million mentioned above, partly offset by a reversal of provision for contingent consideration of a foreign subsidiary in Q2.

For the last financial year, the Group had recorded an exceptional gain of S$37.9 million, largely due to a gain on dilution of interest in 4PX, the fair value gain on investment properties, and gain on divestment of interest in Indo Trans Logistics Corporation, partly offset by fair value losses on GD Express warrants.

Interest Income and Finance Expense

For the full year, interest income and investment income rose to S$6.9 million, largely due to favourable non-trade related foreign currency translation movement.

Finance expenses rose to S$12.6 million for the full year, due to higher finance costs of around S$4.0 million for the full year from the adoption of *SFRS(I) 16* Leases accounting treatment.

Share of Results of Associated Companies and Joint Venture

With effect from Q3 last year, the Group had ceased equity accounting for 4PX and disposed of its stake in Indo Trans Logistics Corporation ("ITL").

Accordingly, the share of loss from associated companies and joint venture was S$114,000 for the full year, compared to S$7.1 million loss in the corresponding period last year, which still included 4PX and ITL results.

Income Tax Expense

For the full year, income tax expense declined 21.5%, from S$36.1 million to S$28.3 million, largely due to lower profit before tax and the capital gain tax recorded last year.

Discontinued Operations

The Group had deconsolidated the financials for the U.S. Subsidiaries with effect from September 2019. Based on current estimates, there was no material net financial impact arising from the deconsolidation of the U.S. Subsidiaries.

Loss for the full year was S$12.0 million compared to S$147.3 million last year.

Losses from Discontinued Operations in the corresponding period last year included impairment of S$101.6 million for the U.S. subsidiaries.

Net Profit and Underlying Net Profit

For the full year, net profit rose to S$91.1 million, from S$19.0 million last year.

Excluding exceptional items, underlying net profit was stable at S$100.2 million for the full year.

The absence of losses from the U.S. Subsidiaries compared to the corresponding period last year, was offset by lower profit for Post and Parcel due to lower domestic letter volumes.

Underlying Net Profit Reconciliation Table	Financial Year ended 31 March	
	2020	2019
	S$'000	S$'000
Profit attributable to equity holders	**91,078**	18,958
Exceptional items from continuing operations	**9,122**	(37,942)
Impairment on discontinued operations (net of tax)	**–**	101,578
Capital gain tax on divestment of an associated company	**–**	3,007
Non-controlling interests' share of gain on dilution of interest in an associated company	**–**	14,505
Underlying Net Profit	**100,200**	100,106

Cash Flow

	Financial Year ended 31 March		
	2020	2019	Change
	S$'000	S$'000	%
Net cash inflow from operating activities	**183,162**	152,180	20.4
Net cash (used in) / provided by investing activities	**(17,763)**	12,349	N.M.
Net cash used in financing activities	**(64,622)**	(86,359)	25.2
Net increase in cash and cash equivalents	**100,777**	78,170	28.9
Cash and cash equivalents at beginning of year	**392,220**	314,050	24.9
Cash and cash equivalents at end of year	**492,997**	392,220	25.7
Free cash flow	**156,037**	120,857	29.1
Cash capital expenditure as a percentage of revenue	**2.1%**	2.4%	

N.M. Not meaningful.

Operating activities

For the financial year ended 31 March 2020, operating cash flow before working capital changes was S$194.6 million, compared to S$186.8 million last year.

Working capital movement for the year was positive S$24.8 million, with the positive movement in payables for international postal settlements partly offset by the negative movement in trade receivables for eCommerce deliveries from China.

Consequently, net cash inflow from operating activities for the year rose to S$183.2 million, compared against S$152.2 million in the corresponding period last year.

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Investing activities

Net cash outflow for investing activities was S$17.8 million for the year, compared to inflow of S$12.3 million in the corresponding period last year, due largely due the absence of proceeds from disposal of an associated company in the same period last year. Capital expenditure declined to S$27.1 million compared to S$31.3 million last year.

Financing activities

Net cash outflow from financing activities for the year amounted to S$64.6 million, compared to outflow of S$86.4 million in the same period last year. The difference was largely due to net receipt of bank loan of S$73.1 million, compared to net proceeds of S$47.5 million in the corresponding period last year.

Free cash flow

For the financial year ended 31 March 2020, the Group's free cash flow (operating cash flow less capital expenditure) amounted to S$156.0 million, compared to S$120.9 million in the previous financial year, due to the positive working capital movement as mentioned above.

CAPITAL MANAGEMENT

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

	Financial Year ended 31 March		
	2020	2019	Change
Group Debt And Perpetual Securities	**S$'000**	S$'000	%
Total debt	**364,424**	290,876	25.3
Cash	**492,997**	392,220	25.7
Net cash	**128,573**	101,344	26.9
Total shareholders equity	**1,642,318**	1,660,463	(1.1)
Perpetual securities	**346,826**	346,826	–
Net cash plus perpetual securities to total shareholders equity (%)*	**13.3%**	14.8%	
EBITDA to finance expense (number of times)	**14.2**	11.2	
– Adjusted to exclude impact of SFRS(I) 16 *Leases*	**20.3**	N.A.	

* Presented for comparative purposes.

Total borrowings increased from S$290.9 million as at 31 March 2019 to S$364.4 million as at 31 March 2020. EBITDA to interest expense stands at 14.2 times, compared to 11.2 times for the corresponding period last year.

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DIVIDEND

The Board of Directors is recommending a final dividend of 1.2 cents per share for the financial year ended 31 March 2020. Together with the interim dividend payments of 0.5 cent per share for the first three quarters, the annual dividend in respect of the current financial year would amount to 2.7 cents per share. This represents a payout ratio of 60% of underlying net profit, at the lower end of the dividend policy of 60% to 80% of underlying net profit.

	cents per share
Interim Q1	0.50 cent
Interim Q2	0.50 cent
Interim Q3	0.50 cent
Proposed final	1.20 cents
Total dividends paid and proposed in relation to FY 2019/20	2.70 cents

OUTLOOK

The Outlook remains uncertain, with the Group's performance being affected by factors beyond its control surrounding the global COVID-19 situation.

The duration and extent of control measures undertaken by the Singapore Government – and that of other countries – will impact the global macro-economic environment and the performance of the Group.

Yet, amid near term challenges, the Group remains well-positioned to capitalise on growth opportunities, such as eCommerce volumes, once measures are lifted and over the long-term.

Post and Parcel

In FY 2019/20, the Post and Parcel segment contributed 56% of Group revenue. Post and Parcel operations, comprising Domestic and International businesses, are largely expected to continue given the Essential Service nature of the business.

The segment is well-poised to capitalise on eCommerce growth opportunities once the pandemic is over and global economies recover.

Domestic

- While letter volumes continue to decline at a double-digit percentage, eCommerce growth volumes remain robust, albeit currently forming a relatively small part of the total revenue base.

- Measures such as Singapore's Circuit Breaker and Malaysia's Movement Control Order continue to impact costs, if not eased.

International

- The International business will continue to target cross-border eCommerce flows. However, there remains uncertainty in how supply chains and trade flows would be affected, and how Singapore's position as a transhipment hub could be impacted.

- Any continued international border closures and grounding of airlines would cause further increases in freight costs and service delays, while higher terminal dues are expected to continue to increase costs.

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Logistics

In FY 2019/20, the Logistics segment contributed 38% of Group revenue.

As the Logistics segment is highly dependent on volumes and revenue, business might be further impacted by lower overall demand from an economic slowdown in the Asia-Pacific region.

To mitigate this, the Group will increase its focus to capitalise on eCommerce growth trends in key markets.

As the international Logistics businesses largely operate under an asset light model, the Group will tap on its ability to flex its cost base in line with revenue movement.

Property

In FY 2019/20, the Property segment contributed 6% of Group revenue.

The Group has provided support via rental and property tax rebates to affected tenants who have to close temporarily due to Circuit Breaker measures, and the cost will be reflected in the new financial year. Moreover, rental renewals will become increasingly challenging if the situation continues.

The Group remains well positioned in the mid-term due to its location in Paya Lebar, considered an emerging vibrant commercial hub with its recent transformation.

Overall

Group earnings and operating cashflows will face headwinds from the COVID-19 operating environment. In this challenging climate, the Group is carefully managing operating and capital expenses.

As at 31 March 2020, the Group has completed refinancing of the S$200 million fixed rate notes and further strengthened its balance sheet.

INTRODUCTION

Corporate governance is a journey and a continual work in progress. The Company recognises that good corporate governance is critical to corporate success and sustainable economic growth. Both the Board and Management of the Company are committed to achieving the highest standards of corporate governance and have always been proactive to promote the spirit of good governance throughout the Group.

This report outlines the Company's corporate governance practices for the financial year ended 31 March 2020 with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (2018 Code). For the financial year ended 31 March 2020, the Company has complied with all the principles of the 2018 Code and substantially all the provisions set out thereunder. Variations in practice from any provision of the 2018 Code are explained in this report. A summary of the Company's compliance with the 2018 Code is also provided on page 72.

BOARD MATTERS
Principle 1: The Board's Conduct of Affairs

Role of the Board

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

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

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

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

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

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

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

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

Board Committees

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

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

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

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

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

Audit Committee

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

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

(a) review and reporting to the Board of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology (IT) controls, and risk management systems

(b) review of the assurance from Group CEO and Group Chief Financial Officer (Group CFO) on the financial records and financial statements

(c) review of the policies and arrangements by which staff and any other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters and by which such matters may be independently investigated and appropriately followed up on

(d) review of the quarterly and annual financial statements, announcements relating to the Group's financial performance, and the significant financial reporting issues to ensure the integrity of the financial statements

(e) review of the scope, plans and results of the internal auditors and considering the effectiveness of the responses and actions taken by Management on the auditor's recommendations and observations

(f) review of the adequacy, effectiveness and independence of the external audit and internal audit function

(g) recommendation to the Board on the proposals to the shareholders on the re-appointment of the external auditor, and approval of the remuneration and terms of engagement of the external auditor, taking into consideration the performance of the external auditor against industry and regulatory standards, which included review of the following:

  a. the performance, objectivity and independence of the external auditor taking into consideration of the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority (ACRA)

  b. the scope of audit plans and areas of focus, including the effectiveness of the responses and actions taken by Management on the external auditor's recommendations and observations

  c. the nature and extent of the non-audit services provided by the external auditor

(h) review of "interested persons transactions" as defined in Chapter 9 of the Listing Manual of the SGX and approval of those transactions requiring the AC's approval as specified in any Shareholders Mandate established for this purpose

Board Risk and Technology Committee

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

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

(a) recommendation to the Board on the Group's levels of risk appetite and risk tolerance for different categories of risk

(b) review and recommendation to the Board for approval of the risk strategy and policies for the management of material risks over a longer time horizon

(c) review of the risks inherent in the Group's business model and strategy, including risks from external factors

(d) monitoring of the Group's current material risk exposures against the risk tolerance levels approved by the Board

(e) review of the Group's overall risk assessment process that supports informed Board decision making

(f) overseeing Management in the design, implementation and monitoring of the Group's risk management system

(g) review of policies, Management's processes and reports concerning the adequacy and effectiveness of the Group's risk management framework including strategic, operational, compliance and IT risks (but excluding the review of financial risks and compliance risks with financial impacts, and the adequacy and effectiveness of the Group's internal controls which are under the oversight of the AC)

(h) review of the Group's framework, processes and resources to identify and manage new and emerging risks as a result of changes in country, technology, social or business conditions

(i) monitoring of the implementation of the Group's risk mitigation plans

(j) review of the robustness of the business contingency planning process within the Group for material risks

(k) review of the adequacy of the insurance and other risk transfer arrangements

(l) review of reports on material risk events together with adequacy of actions taken by Management

(m) consideration of the adequacy and effectiveness and security of the Group's technology infrastructure and data management framework to support the Group's vision

(n) advising on the Group's strategy for acquisitions, investments and capital expenditure in the area of technology and IT

(o) review and recommendation to the Board of plans, policies and proposals relating to matters pertaining to technology and IT, progress of major technology and IT investments

Compensation Committee

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

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

(a) overseeing the design and governance of the Company's remuneration framework and policy to ensure continued relevance and competitiveness, long-term success of the Company and alignment to shareholders' interests

(b) review and recommendation to the Board the remuneration for each non-executive Directors and key Management personnel of the Company

(c) review of the Company's obligations arising in the event of termination of executive Directors' and key Management personnel's contracts of service

(d) approval of the design of long-term incentive plans and to provide broad oversight of the rules, regulations, eligibility, terms and conditions relating to such plans

(e) review of succession planning for key Management personnel (including Group CEO) and development plan for key senior executives as well as high potential talent of the Company and providing its views to the Board

Finance and Investment Committee

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

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

(a) mergers and acquisition transactions

(b) exit of the U.S. businesses

(c) financial offers, treasury and banking facilities

(d) rationalisation of dormant subsidiaries of the Group

(e) long-term strategic plan for the Group

(f) operational transformation programme

(g) establishment of treasury company for the Group

CORPORATE GOVERNANCE REPORT

Nominations and Corporate Governance Committee

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

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

(a) review of the composition of the Board and Board Committees and recommendation of the retirement and re-election of Directors to the Board

(b) determination of the independence of Directors and providing its views to the Board

(c) discussion of the succession plans for Directors, in particular, the appointment and/or replacement of the Chairman and providing its views to the Board

(d) review and recommendation to the Board of the training and professional development programmes for Directors

(e) proposal of the adoption and implementation of the Policy on Professional Development to the Board

(f) conduct the evaluation of the Board's and Board Committees' performance including the appraisal of the Chairman

(g) review of relevant policies of the Board covering the corporate governance principle applicable to the Board

Board and Board Committee Meetings

The Board meets regularly. Board and Board Committee meetings are scheduled well in advance of each year in consultation with the Directors to ensure optimal attendance rates. Ad hoc Board and Board Committee meetings are convened as and when warranted by particular circumstances between these scheduled meetings. The Board is invited to participate in strategy workshops with Management to plan the Group's long-term strategy. When exigencies prevent Directors from attending in person, Directors participate by telephone or video-conference. Directors who are unable to attend a Board meeting can discuss related issues with the Chairman and the Group CEO and have the opportunity to provide their feedback on the materials and proposed resolutions. For the financial year ended 31 March 2020, six Board meetings and a Board Strategy Workshop were held.

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

At every Board meeting, the Board sets aside time for discussion without the presence of Management (except the executive Director). Where necessary, the non-executive Directors also meet without any executives present, and the chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate. For the financial year ended 31 March 2020, the non-executive Directors met up three times. This included a session facilitated by the Lead Independent Director to discuss the performance of the Chairman and the Group CEO. Mr Simon Israel, who is the Chairman, recused himself from participating in the discussion of his performance. If there are situations of conflict of interest, the Director in question will recuse himself/herself from the discussion and abstain from participating in any Board decision. No material involving the issues of conflict is provided to such Director.

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

The attendance of each Director at Board meetings, Board Committee meetings and the Annual General Meeting (AGM) held in respect of the financial year ended 31 March 2020 is as follows:

Name of Directors	Board[(1)]	Non-Executive Directors	Board Committees					AGM
			AC	BRTC	CC	FIC	NCGC	
Number of Meetings held	**7**	**3**	**4**	**4**	**3**	**6**	**3**	
Directors in service as at 31 March 2020								
Simon Israel	7/7	3/3	–	–	3/3	6/6	3/3	√
Paul Coutts[(2)]	7/7	–	4/4	4/4	3/3	6/6	3/3	√
Chen Jun[(3)]	6/7	3/3	–	–	–	3/6	–	–
Chu Swee Yeok	7/7	3/3	4/4	4/4	–	–	–	√
Fang Ai Lian	7/7	3/3	4/4	–	3/3	–	3/3	√
Elizabeth Kong Sau Wai	7/7	3/3	–	–	–	6/6	3/3	√
Steven Leonard	7/7	3/3	–	4/4	–	6/6	–	√
Lim Cheng Cheng	7/7	3/3	–	–	–	4/6	–	√
Bob Tan Beng Hai	7/7	3/3	4/4	4/4	3/3	–	–	√

Notes:
(1) Board meetings include Board Strategy Workshop attended by Directors.
(2) Mr Paul Coutts attended meetings of the Board Committees as appropriate, although he is not a member of the Board Committees.
(3) Mr Chen Jun recused himself from attending two FIC meetings and one Board meeting due to his conflicts of interests with the matters for discussion at such meetings.

Access to Information

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

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

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

Role of the Group Company Secretary

The Group Company Secretary has a direct reporting line to the Chairman and serves as a focal point for communication with the Board, Group CEO, Management and the Company's various stakeholders. The role is clearly defined in the Success Profiles and Role Profiles for an Effective Board. Core duties as set out therein include acting as a channel of communication and information to executive and non-executive Directors and attendance at all Board meetings as far as possible. The Group Company Secretary is also responsible for ensuring the Company's compliance with its Constitution and applicable rules and requirements under the Companies Act and the SGX listing rules. The appointment and removal of the Group Company Secretary is a matter requiring the approval of the Board.

Board Induction, Training and Development

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

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

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

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

- Fireside chat with Emeritus Senior Minister Goh Chok Tong organised by Singapore Institute of Directors (SID)
- Seminar on Being a Board Director in the Age of Social Media
- Seminar on Business Transformation through Design Thinking
- SID Directors Conference 2019
- Briefing on Digital Trends and Developments by Bain & Company
- Briefing on Singapore Budget by KPMG Singapore

BOARD MATTERS
Principle 2: Board Composition and Guidance

Board Composition

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

Review of Directors' Independence

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

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

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

Ms Lim Cheng Cheng is the Group Chief Financial Officer of Singtel and a nominee of Singtel to the SingPost Board. Mr Chen Jun is a Senior Vice President of Alibaba Group Holding Limited, which is a substantial shareholder of the Company. Mr Chen Jun is a nominee of Alibaba Group to the SingPost Board.

The Board Renewal and Tenure Policy provides that no Director should serve more than six years, though an additional term of up to a maximum of three years may be permitted to accommodate the transition or the retention of critical skills set. The Board recognises that board renewal is a continuous process. None of the Directors on the Board has served for more than nine years as at 31 March 2020.

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

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

In addition to the role and duties of the non-executive Directors, the independent Directors provide an independent and objective check on Management as well as safeguard the interests of minority shareholders. In certain cases, the independent Directors are required to make certain decisions and determinations under the SGX listing rules. For the financial year ended 31 March 2020, five of the nine Directors of the Company are independent.

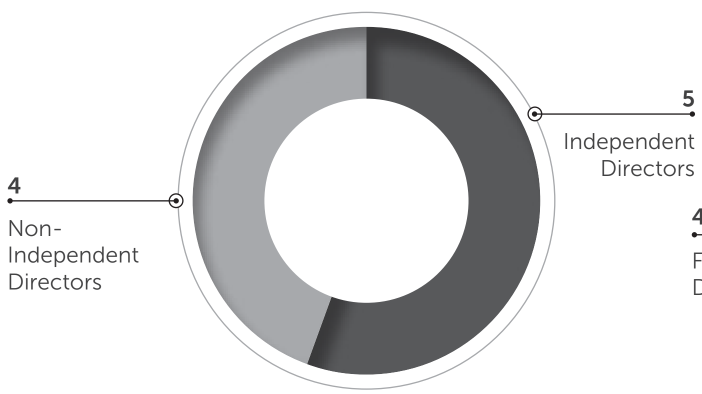
The independent Directors and their immediate family members have no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with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

Board Diversity

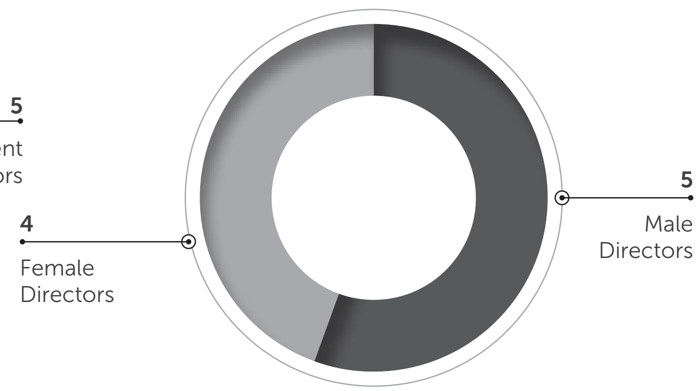
The Board recognises the benefit of diversity in fostering robust discussions and guarding against groupthink which in turn leads to better decision-making. The Board seeks to achieve and maintain a culture of diversity and inclusivity. In terms of gender diversity, female representation on the Board (four out of nine Directors) is one of the highest on the boards of companies publicly listed on the SGX. The Board is ethnically diverse and their ages range from 38 to 70.

The Company has put in place a Policy on Diversity and Inclusivity since May 2018 which commits to give due consideration to the benefits of diversity when seeking to appoint candidates to the Board and to senior Management. The Policy defines "diversity" to refer not only to gender but also to skill-sets, experience, ethnicity, age, background and other relevant personal attributes important in providing a range of perspectives, insights and challenge needed to support good decision-making. The Policy also requires that any professional bodies engaged to assist with the search process will be required to be given explicit instructions of the Company's commitment to diversity to ensure the search for talent is conducted accordingly. In furtherance of this commitment, the Board will exercise best endeavours to appoint at least one female Director to the NCGC and to the CC to safeguard against gender bias in the nomination process, and to advance the interest of female employees and support mentoring and development opportunities for female executives, ensuring unbiased career progression. The Board has maintained its target for the financial year ended 31 March 2020 as female Directors are represented on both the NCGC and CC.

BOARD INDEPENDENCE



BOARD GENDER DIVERSITY



BOARD MATTERS
Principle 3: Chairman and Chief Executive Officer

Separation of the Role of Chairman and Group CEO

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

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

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

Role of the Chairman

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

Role of the Group CEO

The Group CEO, who is an executive Director, is responsible for making strategic proposals to the Board and implementing the Group's strategies and policies as well as the Board's decisions. He assumes the executive responsibility for the day-to-day management of the Group, with the support of Management.

When working with the Board, the Group CEO is expected to forge a productive and synergistic relationship, where both the Board and the Group CEO work in partnership for the long term success of the Company.

Regulatory Approvals

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

The Company ceased the remittance business with Western Union in September 2019 and the approval of the Monetary Authority of Singapore for any appointment of Directors and/or the Group CEO is no longer required under the Payment Services Act 2019 (formerly required under Money-changing and Remittance Businesses Act, Cap. 187).

Role of the Lead Independent Director

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

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

CORPORATE GOVERNANCE REPORT

BOARD MATTERS
Principle 4: Board Membership

Succession Planning and Nomination Process

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

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

The review of succession plan for key Management personnel falls under the roles and responsibilities in the CC's terms of reference. The CC periodically reviews succession planning for the Group CEO, CEOs, the Group CFO and such other key positions in the Group with a formal review carried out prior to submission of the succession plan to the Board on an annual basis.

Directors' Time Commitment

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

Accordingly, the Board has set, as a general guidance, that the maximum number of listed company board representation which any Director holds should not exceed five. The Board however recognises that depending on the Directors' other principal commitments, the capacity of each Director may differ greatly. Therefore under the terms of the Policy on Directors' Conflicts of Interest, Directors are also to consult the Chairman of the Board and the chairman of the NCGC prior to accepting any appointments to the boards of directors or advisory boards of any public or privately held company or any other principal commitments so that such appointments may be considered by the Board in accordance with corporate governance guidelines. For the financial year ended 31 March 2020, the NCGC has determined that all the Directors have devoted a satisfactory amount of time and attention to the Company and have discharged their duties adequately. Inclusive of their appointment to the SingPost Board, none of the Directors hold more than five appointments on the boards of listed companies as at 31 March 2020.

Rotation and Re-election/Re-appointment of Directors

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

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

At the forthcoming AGM, the NCGC has nominated and recommended Ms Lim Cheng Cheng, Mr Paul Coutts and Mr Steven Leonard to retire pursuant to the over three years re-election rule, and Mr Simon Israel and Mrs Fang Ai Lian to retire pursuant to the 1/3 rotation rule. All of them, being eligible for re-election, have offered themselves for re-election. The Board has endorsed the recommendations of the NCGC.

Name	Retiring and standing for re-election pursuant to:
Ms Lim Cheng Cheng *(last re-elected on 20 July 2017)*	over three years re-election rule (Article 98(a))
Mr Paul Coutts *(last re-elected on 20 July 2017)*	over three years re-election rule (Article 98(a))
Mr Steven Leonard *(last re-elected on 20 July 2017)*	over three years re-election rule (Article 98(a))
Mr Simon Israel *(last re-elected on 11 July 2018)*	1/3 rotation rule (Article 98(b))
Mrs Fang Ai Lian *(last re-elected on 11 July 2018)*	1/3 rotation rule (Article 98(b))

The profiles of the Directors are set out on pages 14 to 17 of this Annual Report. In addition, the Notice of AGM sets out information on the Directors proposed for re-election at the AGM. Detailed information on these Directors (including information as set out in Appendix 7.4.1 of the Listing Manual of the SGX) can be found in the "Additional Information on Directors Seeking Re-Election" section on pages 224 to 235 of this Annual Report.

BOARD MATTERS
Principle 5: Board Performance

Board Evaluation

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

As in previous years, an external facilitator was appointed to carry out the evaluation for the financial year ended 31 March 2020. Other than its role as assessor on Board effectiveness, Aon Hewitt, an international consulting firm, is an independent service provider with no connection with the Company or with any of its Directors. As Aon Hewitt had conducted the Board evaluation previously, a factor in appointing Aon Hewitt was consistency in having the same external facilitator to evaluate the performance for year on year comparison.

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

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

REMUNERATION MATTERS
Principle 6: Procedures for Developing Remuneration Policies

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

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

The CC is responsible for reviewing and recommending to the Board for approval a general framework of remuneration (including termination terms) and the specific remuneration packages for each Director (including the Group CEO) and key Management personnel. No individual Director is involved in deciding his/her own fees. Each year, the CC also approves the annual increment pool and variable bonus pool for distribution to all eligible employees.

The CC has access to both internal and external expert advice on human resource matters whenever there is a need to consult. During the financial year ended 31 March 2020, Mercer (Singapore) Pte Ltd and Willis Towers Watson Consulting (Singapore) Pte Ltd were engaged as remuneration consultants to provide advice on market practices and benchmark data. The Company does not have any relationship with the remuneration consultants which would affect their independence and objectivity.

Succession planning and leadership development remain as one of the key focus areas for the CC. On an annual basis, the CC conducts a succession planning review of the Group CEO and key management positions to review potential successors for their readiness as well as their corresponding development plans.

REMUNERATION MATTERS
Principle 7: Level and Mix of Remuneration

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

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

The level and structure of remuneration of the non-executive Directors, Group CEO and key Management personnel are disclosed under Principle 8. The Company can reclaim certain incentive components of remuneration from the Group CEO and key Management personnel in situations such as the inaccurate assessment of financial targets and performance attained and misconduct resulting in financial loss to the Company.

REMUNERATION MATTERS
Principle 8: Disclosure on Remuneration

Remuneration of Non-Executive Directors

The fees for non-executive Directors comprised a basic retainer fee, additional fees for appointment to Board Committees and attendance fees for attending Board and Board Committee meetings and Board Strategy Workshop. The framework for determining non-executive Directors' fees for the financial year ended 31 March 2020 was the same as the previous financial year and is set out below:

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

The aggregate Directors' fees payable to non-executive Directors for the financial year ended 31 March 2020 is S$1,180,800. Details are set out in the table below:

Name of Directors	Directors' Fees (S$'000)
Simon Israel	259.6
Chen Jun	102.6[(2)]
Chu Swee Yeok	129.8
Fang Ai Lian	162.2
Elizabeth Kong Sau Wai	126.0
Steven Leonard	142.2
Lim Cheng Cheng	105.0[(3)]
Bob Tan Beng Hai	153.4
Total	1,180.8[(1)]

Notes:
(1) Based on the non-executive Directors' remuneration framework, the aggregate Directors' fees payable to non-executive Directors for the financial year ended 31 March 2020 would have been S$1,180,800. However, the Board of Directors of the Company would be taking a voluntary 10 per cent cut in Directors' fees in a show of solidarity with the nation amid the coronavirus pandemic. Therefore, the net aggregate Directors' fees payable to non-executive Directors for the financial year ended 31 March 2020 is reduced to S$1,062,720.
(2) Director's fee payable to Mr Chen Jun will be paid fully in cash to Alibaba Investment Limited, a subsidiary of Alibaba Group Holding Limited.
(3) Director's fee payable to Ms Lim Cheng Cheng will be paid fully in cash to Singapore Telecommunications Limited.

There is no employee of the Company or its subsidiaries who is a substantial shareholder of the Company, or is an immediate family member of a Director, the Group CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during the financial year ended 31 March 2020.

Remuneration of Group CEO/Executive Director and Key Management Personnel

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

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

Fixed Component
Fixed pay comprises base salary and annual wage supplement. Base salary is determined based on the individual's responsibilities, competencies and experience and is aligned to the 50th percentile of market pay rate. The CC proposes the compensation of the Group CEO and key Management personnel for the Board's approval on an annual basis.

Variable Component
Variable component refers to the performance bonus (PB) which closely links rewards to the achievement of organisational targets. The PB is structured to support the Group's business strategy and shareholder value creation through the delivery of corporate targets, namely, financial outcomes, business initiatives, operational efficiency and leadership. Demonstration of the SingPost values and competencies is also assessed to determine an overall performance rating based on a blended qualitative assessment.

Long-term Incentives
Long-term incentives (LTI) are granted to align employees' interests with that of shareholders. It is designed to drive longer term business priorities, shareholder value creation and talent retention. The long-term incentives are granted in the form of restricted shares with reference to the desired remuneration structure target and valued based on the Monte Carlo Model and Cashflow Discounting Model. There are two types of LTI awards – the Restricted Share Award (RSA) and Performance Share Award (PSA). The RSA is granted to a broader group of executives and key talents whereas the PSA is granted to senior Management. Details of the long-term incentive schemes can be found in the "Directors' Statement" section of the Annual Report.

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

Benefits
Benefits provided are comparable with market practice and these include medical, flexible benefits, car allowance and group insurances. Eligibility for these benefits is dependent on individual job grade and scheme of service. Housing benefits and pension allowance are provided, where applicable.

The employment contracts of the Group CEO and key Management personnel do not contain any special or exceptional clauses providing for additional compensation payments in the event of termination. For the financial year ended 31 March 2020, there were no termination, retirement and post-employment benefits granted to Group CEO and key Management personnel.

Remuneration of Executive Director/Group CEO
The following information relates to the remuneration of the Group CEO for the financial year ended 31 March 2020:

						SingPost Restricted Share Plan[(6)]	
Name of Executive	Fixed Component[(1)] (S$'000)	Variable Component[(2)] (S$'000)	Provident Fund[(3)] (S$'000)	Benefits[(4)] (S$ '000)	Total Compensation[(5)] (S$ '000)	No. Awarded & Accepted ('000)	Value (S$'000)
Paul Coutts *Group CEO*	1,000.0	700.0	0.0	275.2	1,975.2	1,259.3	972.1

Remuneration of Other Key Management Personnel

The following information relates to the remuneration of the Company's top five key Management personnel (who are not Directors or the Group CEO) for the financial year ended 31 March 2020:

Name of Executive	Fixed Component[1] %	Variable Component[2] %	Provident Fund[3] %	Benefits[4] %	Total Compensation[5] %	SingPost Restricted Share Plan[6] No. Awarded & Accepted ('000)	Value (S$'000)
S$750,000 to below S$1,000,000							
Phang Heng Wee, Vincent[7] *CEO (Postal Services & Singapore)*	53	39	3	5	100	309.8	239.1
S$500,000 to below S$750,000							
Lai Tak Loi, Richard *Group CFO*	74	17	3	6	100	290.0	223.8
Lim Jui-I *Chief Executive Officer, Quantium Solutions*	70	21	3	6	100	193.7	149.6
Linda Hoon Siew Kin *Group General Counsel & Group Company Secretary*	78	14	3	5	100	103.7	85.7
Below S$250,000							
Puar Huan Kiap[8] *Group Chief Information Officer*	88	–	2	10	100	–	–

Aggregate compensation paid to the top five key Management personnel as at 31 March 2020 (which includes fixed and variable pay, benefits, provident fund contribution and fair value of long-term incentive grants) is approximately S$3.6 million. Aggregate compensation paid to two former key Management personnel[9] (which includes fixed and variable pay, benefits, provident fund contribution and fair value of long-term incentive grants) is approximately S$0.9 million.

Notes:

(1) Fixed Component refers to base salary earned and annual wage supplement, if applicable, for the financial year ended 31 March 2020.
(2) Variable Component refers to performance bonus paid in the financial year ended 31 March 2020.
(3) Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore Central Provident Fund.
(4) Benefits are stated on the basis of direct costs to the Company. These include medical benefits, flexible benefits, car allowance, pension allowance, long service awards and housing benefits, where applicable.
(5) Total Compensation excludes the value of restricted shares.
(6) The SingPost Restricted Share Plan comprises two types of awards granted in the financial year ended 31 March 2020, i.e. Performance Share Award and Restricted Share Award. The restricted shares valuation adopted simulation methodologies consistent with assumptions that apply under the Monte Carlo Model and Cashflow Discounting Model.
(7) Mr Phang Heng Wee, Vincent joined SingPost on 1 April 2019.
(8) Mr Puar Huan Kiap joined SingPost on 2 January 2020.
(9) Mr Woo Keng Leong (former Postal Advisor) and Mr Tan Kia Hwee (former Group Chief Digital & Technology Officer) were the two key Management personnel who left SingPost during the financial year ended 31 March 2020.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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

CORPORATE GOVERNANCE REPORT

The BRTC has scheduled meetings which are attended by the Group CEO, the Group CFO, CEO (Postal Services & Singapore), the Group Chief Information Officer, Group General Counsel and Senior Vice President (Group Internal Audit), as well as key Management personnel.

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

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

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

On an annual basis, the Group's Risk Heat Map containing the top tier risks and Group Enterprise Risk Management initiatives would be presented to the Board and updated on a half-yearly basis.

During the financial year ended 31 March 2020, the BRTC reviewed the Enterprise Risk Management (ERM) framework to ensure it remains relevant to the Group's circumstances. The ERM framework consists of ERM Governance, ERM Process and ERM Monitoring. Both ERM Process (risk alerts reporting) and ERM Monitoring (quarterly reports circulated to BRTC) were performed on a quarterly basis.

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

(a) the overall risk management system and process and provide comments on changes as and when appropriate for management consideration having regard to costs and benefits

(b) the Group's risk appetite statements, risk profiles, guidelines and limits

(c) periodically the Group's material exposures and concur on management assessment on the adequacy and effectiveness of the mitigation measures implemented by risk owners

The Group's risk appetite statement reflects the nature and extent of risks the Group is willing to take in pursuing its strategic objectives. During the financial year ended 31 March 2020, the Board approved the Group's risk appetite statements regarding the Group's perspectives on the risks surrounding strategy, sustainability and growth, financial, people and culture.

The key internal controls of the Group include:

- establishment of risk management systems and policies
- establishment of policies and approval limits for key financial and operational matters, and the rules relating to the delegation of authorities; documentation of key processes and procedures
- segregation of incompatible functions which give rise to a risk of errors or irregularities not being promptly detected
- safeguarding of assets

- maintenance of proper accounting records
- ensuring compliance with appropriate legation and regulations
- having qualified and experienced persons to take charge of important functions

The Company's approach to risk management is set out in the Sustainability section under ERM Approach of the Annual Report on pages 81 to 88.

The Board has received written assurance from the Group CEO and the Group CFO that, as at 31 March 2020, 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, the Group CFO and other relevant key Management personnel that the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective as at 31 March 2020 to address the risks which the Group considers relevant and material to its operations and finances.

The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective as at 31 March 2020 to address the risks which the Group considers relevant and material to its operations and finances. This opinion is arrived at based on the framework established and maintained by the Group, the work performed by the internal and external auditors, reviews carried out by Management, various Board Committees and the Board, and assurances received from the Group CEO, the Group CFO and other relevant key Management personnel.

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

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

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

ACCOUNTABILITY AND AUDIT
Principle 10: Audit Committee

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

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

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

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

The AC has reviewed the quarterly and annual financial statements of SingPost and the Group and the related SGXNet announcements for the financial year ended 31 March 2020, as well as the auditor's reports thereon. Interested person transactions of the Group in the financial year have been reviewed by the AC.

During the year, the AC has reviewed the performance of the external auditors using the Audit Quality Indicators Disclosure Framework published by ACRA as reference. The AC has also reviewed with Management all the non-audit services provided by the external auditor to SingPost and the Group in the financial year ended 31 March 2020. Based on the nature and extent of the services provided, the AC is of the opinion that the independence of the external auditor was not impaired by the provision of these non-audit services. The external auditor has also provided a confirmation of its independence to the AC. Accordingly, the AC has recommended the re-appointment of the external auditor at the forthcoming AGM.

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

The AC has reviewed the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2020, as well as the Independent Auditor's Report thereon before submitting them to the Board for its approval. The AC has discussed with Management the accounting principles that were applied and also considered the appropriateness of the critical accounting estimates and judgments made in preparing the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the AC:

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Assessment of impairment of goodwill and other intangible assets	The AC considered the approach and methodology applied to the valuation models used in the goodwill impairment assessment as well as the assessment of indicators of impairment of intangible assets. The AC reviewed the recoverable amounts of the cash-generating units (CGUs) which involves significant judgment about the future cash flow projections of the business with consideration of the potential financial impact of the COVID-19 pandemic, the appropriate terminal growth rates and discount rates applied to the future cash flow projections. The impairment review was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2020. Refer to page 103 of the Annual Report.
Valuation of investment properties	The AC considered the approach and methodology applied to the valuation models used in assessing the valuation of investment properties. The AC reviewed the data, estimates and assumptions including the potential impact of COVID-19 used in each valuation model as well as the independence and competence of the valuer appointed to perform the valuations. The valuation of investment properties was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2020. Refer to page 104 of the Annual Report.

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Recoverability of trade receivables from a customer	The AC reviewed the recoverability of trade receivables from one of the Group's customers (Customer), including Management's collectability assessment which requires the exercise of significant judgement. The AC also reviewed the reasonableness of the assumptions adopted in the expected credit loss assessment for this Customer, taking into consideration the aging status, past and current collection history, financial position of this Customer, confirmation of the balance receivable as at 31 March 2020, and repayment plan provided by this Customer on settlement of the outstanding balance. The recoverability of trade receivables from this Customer 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 2020. Please refer to page 105 of the Annual Report.

Whistle-blowing Policy

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

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

In respect of the Board, the Code of Business Conduct and Ethics requires Directors to communicate any suspected violations promptly to the Chairman of the Board and the chairman of the NCGC. If the suspected violations involve the Chairman of the Board or the chairman of the NCGC, communication should be made to the chairman of the AC whereupon suspected violations will be investigated by the Board 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 has occurred.

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

The Code of Business Conduct and Ethics, the Policy on Directors' Conflicts of Interest and the ABC Policy are accessible from the Company's corporate website.

Internal Audit

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

SHAREHOLDER RIGHTS AND ENGAGEMENT
Principle 11: Shareholder Rights and Conduct of General Meetings
Principle 12: Engagement with Shareholders

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

Conduct of Shareholder Meetings

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

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

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

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

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

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

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

In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of the financial year ended 31 March 2020 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the AGM.

Minutes of the general meetings are posted on the Company's corporate website which record substantial and relevant comments or queries from shareholders and responses from the Chairman, Board members and Management. Minutes are also available to shareholders upon their request.

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

Dividend Policy

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

Communication with Shareholders

Through its IR team, the Company proactively engages its shareholders and strives to ensure effective communication with the investment community, with the aim of helping investors make timely and informed decisions.

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

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

Management and the IR team regularly engage investors via various platforms to keep them updated on the 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. The Company conducts briefings for analysts after each financial results announcement. Webcasts of such briefings are made available on the IR section of the Company's corporate website.

The Company also organises annual meetings for retail shareholders with the Securities Investors Association Singapore (SIAS), which is attended by Management. These annual meetings provide opportunities for retail shareholders to interact with Management.

Shareholders and potential investors can contact the IR team directly with any queries via the contact details published on the IR section of the Company's corporate website. In addition, they are able to sign up for an email alert service, and be updated whenever there are any announcements. Furthermore, the Lead Independent Director is available to shareholders and can be contacted at lid@singpost.com where shareholders have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. The contact details of the Lead Independent Director are published on the IR section of the Company's corporate website.

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

MANAGING STAKEHOLDERS RELATIONSHIPS
Principle 13: Engagement with Stakeholders

The Company has put in place practices (including the maintenance of a current corporate website) that enable regular communication and engagement with stakeholders, so as to understand and address their needs and interests.

Formal materiality assessment exercises with internal and external stakeholders were also conducted from FY2017/2018 to FY2018/2019 to identify environment, social and governance (ESG) topics that matter to them. The results from the materiality assessments and ongoing engagements continue to influence sustainability efforts in the Company. The basis for and methods of engagement with the stakeholders, along with the key areas of focus for each stakeholder group, can be found on pages 73 to 78 of the Sustainability section of this Annual Report.

DEALINGS IN SECURITIES

In line with the SGX listing rules, the Company has in place a policy and guidelines on dealings in the Company's securities, which have been disseminated to employees of the Group and Directors of the companies within the Group.

The policy and guidelines applicable for the financial year ended 31 March 2020 provide that Directors and officers of the Group should not deal in the Company's securities during the periods commencing one month before the announcement of the Company'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. The Company refrains from purchasing its shares during these periods and at any time after a price or trade sensitive development has occurred or has been the subject of a decision until the price or trade sensitive information has been publicly announced. Directors and officers are also required to comply with insider trading laws at all times even when dealing in the Company's securities outside the prohibited trading period. The policy and guidelines also discourage trading on short-term considerations.

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

SUMMARY OF DISCLOSURES

Summary of Disclosures of Code of Corporate Governance 2018 (2018 Code)

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

Provision	Page reference in SingPost Annual Report 2019/20
BOARD MATTERS	
The Board's Conduct of Affairs	
Principle 1	
1.1	Pages 48, 49 and 53
1.2	Pages 55, 56 and 58
1.3	Page 49
1.4	Pages 50 to 53
1.5	Pages 53, 54 and 59
1.6	Pages 53 and 54
1.7	Pages 49, 54 and 55
Board Composition and Guidance	
Principle 2	
2.1	Pages 56 and 57
2.2	Page 56
2.3	Page 56
2.4	Pages 56 and 57
2.5	Pages 53 and 58
Chairman and Chief Executive Officer	
Principle 3	
3.1	Page 57
3.2	Page 58
3.3	Pages 57 and 58
Board Membership	
Principle 4	
4.1	Pages 53, 55, 59 to 61 and Pages 224 to 235
4.2	Pages 53 and 58
4.3	Pages 59 and 60
4.4	Pages 53 and 56
4.5	Pages 14 to 17, 55, 59 and 60
Board Performance	
Principle 5	
5.1	Pages 60 to 61
5.2	Pages 60 to 61
REMUNERATION MATTERS	
Procedures for Developing Remuneration Policies	
Principle 6	
6.1	Page 61
6.2	Page 52
6.3	Page 52
6.4	Page 61

Provision	Page reference in SingPost Annual Report 2019/20
Level and Mix of Remuneration	
Principle 7	
7.1	Pages 63 to 64
7.2	Page 61
7.3	Page 61
Disclosure on Remuneration	
Principle 8	
8.1	Pages 62 to 64
8.2	Page 62
8.3	Pages 62 to 64 and Pages 96 to 100
ACCOUNTABILITY AND AUDIT	
Risk Management and Internal Controls	
Principle 9	
9.1	Pages 51 to 52, Pages 64 to 66 and Pages 81 to 88
9.2	Page 66
Audit Committee	
Principle 10	
10.1	Pages 50, 51 and 66 to 69
10.2	Pages 50 and 66
10.3	Page 66
10.4	Pages 68 and 69
10.5	Page 66
SHAREHOLDER RIGHTS AND ENGAGEMENT	
Shareholder Rights and Conduct of General Meetings	
Principle 11	
11.1	Page 69
11.2	Page 70
11.3	Page 69
11.4	Page 70
11.5	Page 70
11.6	Page 70
Engagement with Shareholders	
Principle 12	
12.1	Pages 70 to 71
12.2	Pages 70 to 71
12.3	Pages 70 to 71
MANAGING STAKEHOLDERS RELATIONSHIPS	
Engagement with Stakeholders	
Principle 13	
13.1	Page 71 and Pages 73 to 78
13.2	Page 71 and Pages 73 to 78
13.3	Page 71 and Pages 73 to 78

SUSTAINABILITY

As a trusted organisation connecting people, businesses and communities for over 160 years, Singapore Post ("SingPost") is committed to managing and operating our business and resources to create sustainable value for our stakeholders, while upholding our heritage and protecting our environment and the communities in which we operate.

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

Sustainability at SingPost is grouped into six key pillars:

- Our Governance – Adopting best-in-class corporate governance practices
- Our Operational Excellence – Achieving operational excellence in everything we do
- Our Customers – Meeting the needs and creating value for our customers
- Our People – Building a sustainable workforce for the future
- Our Environment – Exercising environmental stewardship
- Our Community – Uplifting the lives of the disadvantaged and preserving our postal heritage

Greater detail on our sustainability efforts and performance can be found in the FY19/20 Sustainability Report.

STAKEHOLDER ENGAGEMENT

SingPost communicates regularly with our stakeholders to better understand their needs and interests as well as to keep them abreast of the Group's latest developments. The basis and methods of engagement with our stakeholders, along with key focus areas for each stakeholder, are laid out in the following table.

Stakeholders	Basis for engagement	Methods of engagement and frequency	Key areas of focus/ stakeholder concerns	SingPost's response
Shareholders *Institutional investors, equity analysts, retail investors, and Securities Investors Association of Singapore (SIAS)*	Provide opportunities for investors to engage with management; allow investors to gain a better understanding of the company's business, operations and upcoming strategies Reach a wider network of investors to broaden and diversify shareholder base	Regular meetings, conferences with investors, roadshows, site visits; Retail Investor Day Quarterly results briefings for analysts Annual and extraordinary general meetings SGX announcements, annual report, circulars, press releases – as appropriate	Business sustainability in the short and long run Total shareholder returns Practices and targets for environment, social and governance factors	Develop and implement roadmap to improve the Group's financial performance Implement measures to address environment, social and governance matters laid out in the Sustainability Report.

SUSTAINABILITY

Stakeholders	Basis for engagement	Methods of engagement and frequency	Key areas of focus/ stakeholder concerns	SingPost's response
Customers *Corporates, retail customers, general public*	Meet or exceed customer needs; brand loyalty and spokespersons Provide consistent and high service quality; resolve complaints	Network of post offices, mySAM portal and kiosks, SingPost apps, call centre, e-feedback forms Regular engagement by sales team Conduct customer satisfaction survey at frontline touchpoints Conduct annual customer service surveys e.g. B2B customer satisfaction surveys to collect corporate Voice of Customer (VOC) and Service Quality feedback Engagement with the general public through traditional and digital media platforms, as well as focus group discussions Provide convenient 24/7 access to services with online and offline channels, call centres, and Smart Post Offices with automated lobbies	Service quality Product and service offerings	Implement measures to raise reliability and service standards of the postal operations, e.g. new operating system for international logistical flow to enhance process, quality and control Relocate Customer Service off-shore team from India to Malaysia; train call centre staff in Malaysia Introduced Net Promoter Score (NPS) surveys upon completion of a service transaction, to measure Quality of Service, at post offices, contact centre and for parcel delivery Roll out new uniforms for front-line staff coupled with professional image and etiquette training Develop and introduce new technologies and infrastructure, e.g. – New-generation SAM kiosks; to shipping supplies and philatelic product vending machines at post offices – Upgraded point-of-sales system at post offices to enhance customer experience – Conceptualisation of Smart Letterbox and Smart Stamp as part of SingPost's Future of Post vision Introduce innovative product and service offerings, e.g. – On Demand Delivery (ODD) – Parcel Estimated Time of Arrival (ETA) – Boomerang, a return solution with CouriersPlease in Australia – Tracked Package service, which was introduced based on customer feedback reflecting that tracking capabilities and direct letterbox deliveries were preferred over doorstep deliveries that require sign-off. This service offers delivery progress tracking and notifications to update recipients on their package deliveries. Launched "MyPostman", an online platform and campaign for residents to know their neighbourhood postmen better and provide feedback on their service

Stakeholders	Basis for engagement	Methods of engagement and frequency	Key areas of focus/ stakeholder concerns	SingPost's response
Employees *Full-time, contract and temporary workers*	Ensure understanding and alignment with the company's goals and strategy, and update on corporate/strategic developments Drive greater employee loyalty through job satisfaction, retention and productivity Ensure a safe and healthy workplace to prevent accidents and injuries, and maintain a healthy working environment	Quarterly town hall staff meetings Regular management meetings Regular staff recreational activities *Voice of Employees* annual survey Internal announcements and memos from GCEO and management – as appropriate GCEO employee engagement through breakfast meetings with individual departments Leverage digital tools to engage staff, e.g. intranet, HR skills development app and digital onboarding programmes Monthly Workplace Safety and Health (WSH) Committee meetings with participation from employees, contractors and union representatives Monthly safety inspections at all work sites to improve or maintain high WSH standards Annual WSH campaigns to promote safety awareness and improve workplace safety culture	Fair HR policies and practices Workplace safety and health Career advancement, learning and development, remuneration and welfare Community spirit within the workplace	Implement HR framework to guide employee engagement: – Providing top talent – Rewarding for performance – Instilling a lean HR operating system – Developing and growing our talent – Engaging every employee in the company's transformation Certified bizSAFE Level 3 organisation Launched "SPhere", a new intranet to strengthen staff engagement and community building efforts Launched Aspire Academy app, an onboarding digital tool for new hires Arrange regular medical check-ups and health workshops for employees

Stakeholders	Basis for engagement	Methods of engagement and frequency	Key areas of focus/ stakeholder concerns	SingPost's response
Trade union *Union of Telecoms Employees of Singapore (UTES)*	For staff representation, mutual trust and openness Consult and collaborate on workplace decisions	Regular dialogues with union representatives	Welfare of union workers	Regular engagement to develop a good and collaborative relationship SingPost and UTES have set up a Company Training Committee (CTC) in 2019, which is supported by NTUC's e2i (Employment and Employability Institute), aimed at upskilling postal workers in the evolving logistics and eCommerce landscape through training programmes, courses, seminars and on-the-job training
Government/ Regulators *e.g. Infocomm Media Development Authority (IMDA), Singapore Exchange (SGX), Ministry of Manpower (MOM), National Environment Agency (NEA)*	Adherence to regulators' requirements Contribute towards public good	Meetings – as appropriate Regulator enquiries – as appropriate Annual quality of service audits Participation in initiatives led by government agencies – as appropriate	Adherence to regulations Service quality standards and obligations as the public postal licensee Prompt redress of complaints by public/ customers Collaborations for public interest	Open and collaborative approach Review of systems and process to maintain high service standards
Universal Postal Union (UPU)	Adherence to regulators' requirements Discuss matters impacting SingPost's interest in international mail distribution system	Participation in UPU meetings – as scheduled Participation in UPU working groups and committees – as appropriate	Obligations as a UPU member Compliance to regulations and service quality standards	Regular engagement to address matters impacting SingPost's interests

Stakeholders	Basis for engagement	Methods of engagement and frequency	Key areas of focus/ stakeholder concerns	SingPost's response
Suppliers *Airlines, international postal agencies, delivery partners,* amongst others	Meet SingPost's requirements Cost efficiency Meet or exceed quality standards and code of conduct	Tender documents and requirements (Requests for Proposal, Invitation to Quote) – as appropriate	Transparent procurement policies	Provide clear expectations in tender requirements Regular review of procurement policy and practices
Local communities and community partners	Contribute towards the well-being of the community	Ongoing community-support initiatives, e.g. Food Distribution Initiative; Postman Home Visits Regular meetings with community partners and non-profit organisations	Contribute towards community Promote environmental sustainability	A strategic corporate social responsibility (CSR) framework put in place, focusing on heritage, the environment and community Annual donations and sponsorships New CSR programmes, e.g. Blessings in a Box
Partners *e.g. business partners, sustainability partners*	Explore collaborations with partners to create shared value	Meetings – as appropriate Regular engagement by relevant business and support units – as appropriate	Partnerships for common goals	Existing and new partnerships, e.g. partnership with Shopee and Saturday Club for the community support initiative, Blessings in a Box; partnership with Singtel for the environmental programme, ReCYCLE

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

COMMUNITY ENGAGEMENT

SingPost seeks to be a good steward of its heritage, the environment, and community. The Group believes in mobilising its people, leveraging its competencies, and fostering collaborations to promote environmental stewardship as well as contribute towards the society at large. SingPost continues to raise awareness of social and environmental issues amongst its employees and SingPost Centre tenants, through quarterly brown bag talks and experiential sessions on community matters.

Community Support

SingPost sets aside resources to drive initiatives that aim to support and improve the well-being of the communities in which it operates. The initiatives are focused on causes and issues that align with company values.

SingPost continues to transform the business in the digital age. It ensures that its employees and the community familiarise and strengthen digital skillsets together, with training provided training for both team members (to strengthen their work competence) and the silver generation (to better adapt to the new world digital applications).

As the generation who had built our nation, SingPost shows appreciation by looking out for seniors while delivering mail, and encouraging donations of health essentials to seniors. SingPost too work with other corporates to deliver food to those in need.

On top of these, SingPost also works with partners on sponsorships, donations, fund raising and other activities where it can render support to the community.

Silver Programme

FY2019/20 marked the second year of the SingPost *Silver Programme* – a programme that addresses issues arising from Singapore's ageing population.

Under the *Silver Programme*, SingPost ran the *Postman Home Visits* initiative, where postmen performed checks on the vulnerable elderly during their delivery rounds. Additionally, SingPost conducted dementia awareness training sessions for its postal teams to equip them with the practical know-how of helping residents in the community who suffered from dementia.

In partnership with People's Association (PA), SingPost conducted courses under PA's *Seniors for Smart Nation* programme for the second year. The courses were led by volunteers from various departments within SingPost, aimed at helping seniors navigate new technologies and services at the new-generation Smart Post Offices.

The *Postman Home Visits* and *Seniors for Smart Nation* courses were temporarily stopped in March 2020 amid COVID-19.

Blessings in a Box

Blessings come in many forms, and one of the most important is that of good health. Financial constraints can hinder some seniors in Singapore from keeping track and taking care of their health. Some of them may even have a lack of basic health essentials such as plasters, thermometers and toothpaste.

SingPost collaborated with TOUCH Community Services, Shopee and Saturday Club to launch *Blessings in a Box* from November 2019. SingPost introduced a specially designed delivery box that could be reused by customers to donate health-related items to vulnerable seniors through TOUCH Community Services. Customers who received their online purchases in these boxes had the opportunity to donate by packing these items into the same box and dropping them off at POPStations for free. They were then delivered to TOUCH Community Services to be distributed to the elderly.

A limited number of these boxes were also made available for sale at selected post offices, for the general public. For every *Blessings in a Box* sold, SingPost donated $1 to TOUCH Community Services to aid vulnerable seniors under their care.

In total, SingPost received close to 200 boxes of donations.

Food Distribution Initiative

The SingPost Food Distribution Initiative, which has been running for 11 years, taps on SingPost's delivery network to distribute unsold food from bakeries and hotels, to collection centres for seniors and families in need. In FY2019/20, the fleet collected and dropped off approximately 20,640 buns and loaves of bread valued at an estimated S$40,450. This helped to reduce food wastage and supported about 420 families weekly.

Philanthropy

SingPost continues to contribute to the community through cash and in-kind sponsorships throughout the year. It has been a partner of Community Chest's employee payroll donation matching programme, SHARE, since 2004, and has contributed over S$10,000 towards the programme this year. SingPost has also been a major corporate sponsor of the Singapore Philatelic Museum since 1995. The Group too continues to support the annual UTES – U Care Bursary awards, contributing S$80,000towards bursaries for 289 children, including 110 children of our employees.

81 staff members and family members came together on SingPost Community Day to pack 450 Care Packages for the elderly through TOUCH Community Services. SingPost contributed over $10,000 for the packages, including over $3,000 raised through a staff donation drive.

In a collaboration with Mercy Relief, SingPost placed donation tins in our post offices to collect public donations for charities. Our support for Mercy Relief over the financial year saw a contribution of over $17,000.

Other forms of support that SingPost currently provides to partners and charity organisations include stamp sponsorships, as well as venue sponsorships at our retail mall and auditorium for events by community partners.

ENVIRONMENTAL STEWARDSHIP

As a global player in eCommerce logistics, SingPost is sensitive to the environmental impact of its operations and is committed to reducing the impact. It is working on a Group-wide environmental blueprint with the target of reducing 35% of absolute greenhouse gas emissions by 2030, from FY2017/18 base levels.

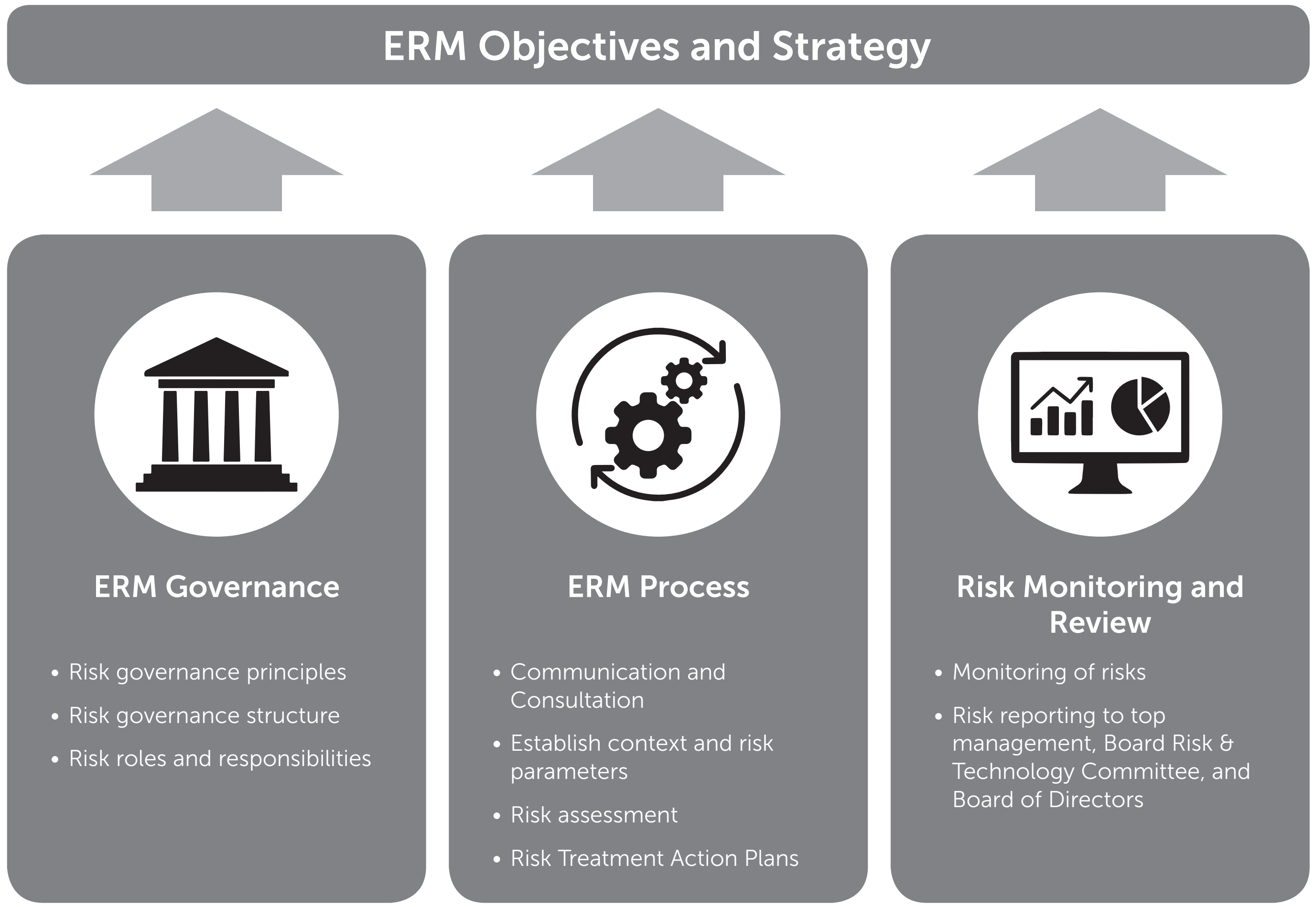
SingPost looks to reduce its carbon footprint and have taken steps to optimise the chillers in its properties, as well as retrofit its lightings with energy-efficient LEDs. It is also exploring the installation of solar photovoltaic systems at its major buildings – the Regional eCommerce Logistics Hub and SingPost Centre building.

ReCYCLE, a nationwide e-waste recycling initiative with its partner Singtel, collected 22,340 kg of e-waste for the period of 1 April 2019 to 31 March 2020 from 61 collection points islandwide. This was an increase of 42% from the previous year.

ENTERPRISE RISK MANAGEMENT (ERM) APPROACH

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

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



ERM Framework

Risk Governance

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

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

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

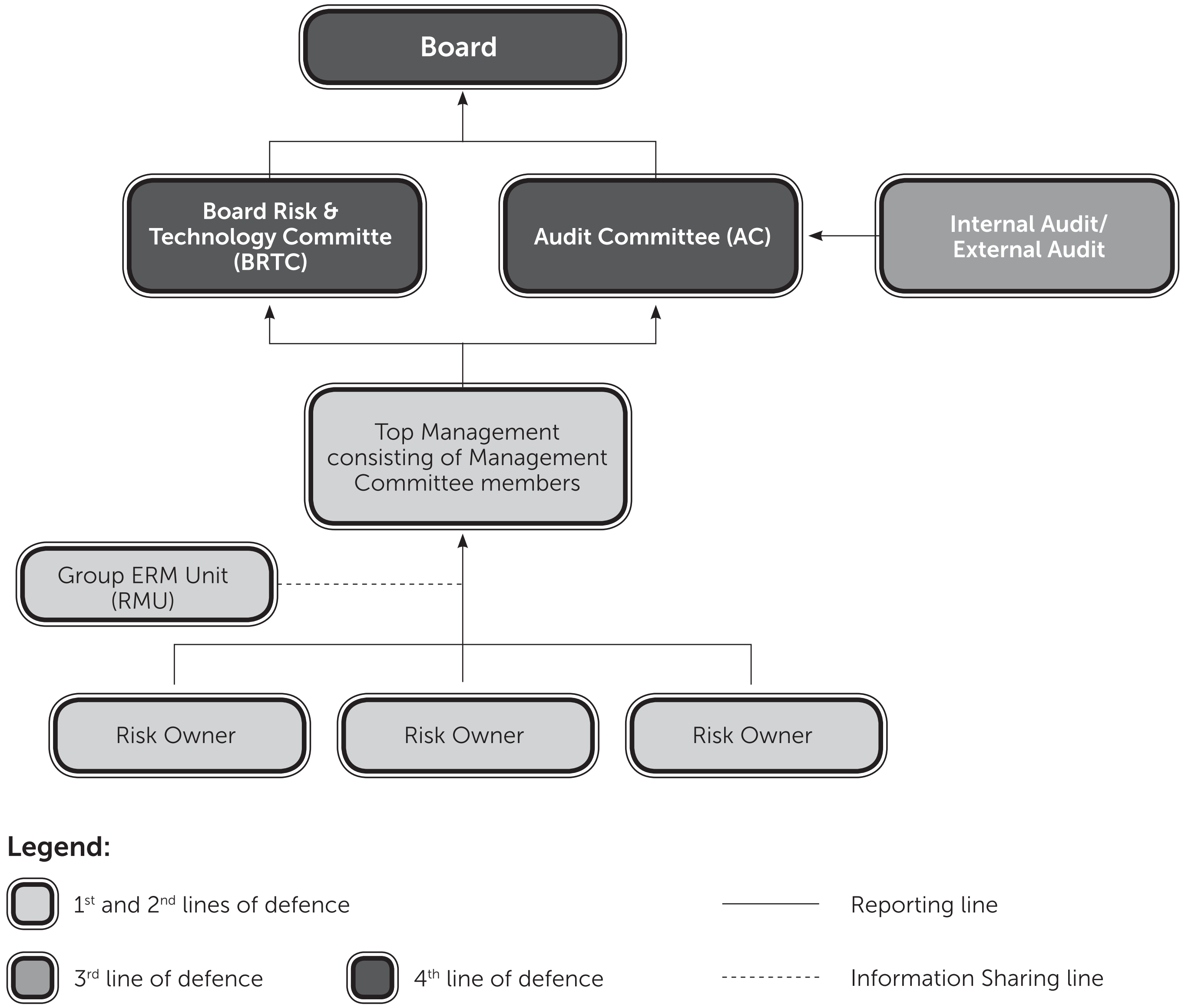
The purpose of risk governance is to embed and build on the 4 lines of defence (as illustrated in the diagram below), which is a prerequisite to promote a robust system of risk management and effective internal controls.

Four Lines of Defence

SUSTAINABILITY

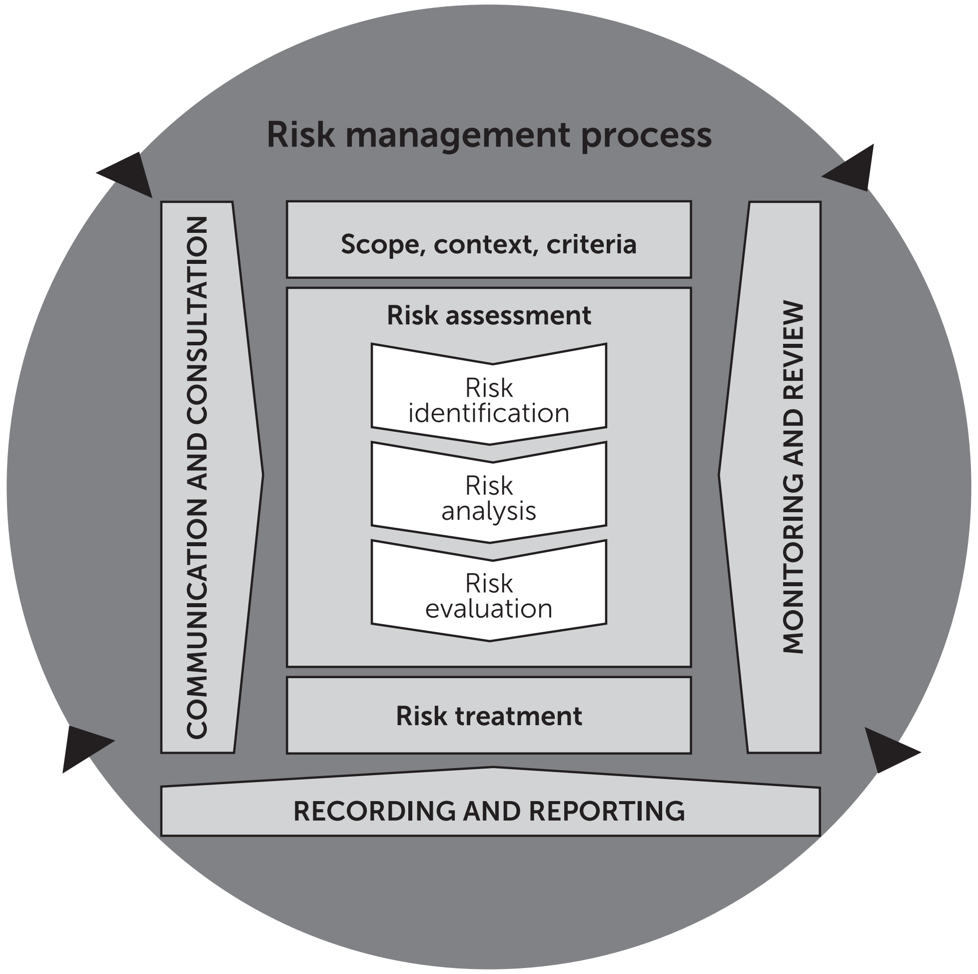
Risk Governance Structure

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



ERM Process

The ERM process aims to achieve the following:
- A structured, disciplined and systematic approach to managing risks;
- Robustness of risk information;
- Accountability for outcomes and risk treatment action plans; and
- Sustainability



SUSTAINABILITY

Risk Appetite Statements

The Group's risk appetite statement reflects the nature and extent of risks the Group is willing to take in pursuing its strategic objectives. During the financial year ended 31 March 2020, the Board approved the following risk appetite statements:

1. **Strategy**

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

2. **Sustainability & Growth**

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

3. **Financial**

   The Group aims to deliver value to shareholders by facilitating sustainable profitable growth. The Group is committed to maintain adequate liquidity to meet its operational and financing obligations, balancing nearer term requirements and longer term goals.

4. **People & Culture**

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

Key Material Risks To The Group

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

Strategic Risks	
A large part of the Group's strategic risks comprises of market-driven forces, evolving business landscapes, changing customer demands, concentration of key customers, disruptive technology and declining letter volume.	
Risk Name:	**The Group manages by:**
Concentration (The Group recognises the risk of over-reliance on revenue generated by its postal business unit and its products.)	• Diversifying transhipment origin and destination countries. • Building a regional transhipment hub to serve the postal e-commerce customers. • Diversifying the Group's income stream to prevent over-reliance on a particular business unit.
Declining Letter Volume (The Group recognises the risk of technological advancements replacing physical letters, this poses a threat to the Group's most profitable revenue stream.)	• Product streamlining. • Commercial sale integration and reviewing of incentive schemes to optimise sales opportunities and customer relationship management. • Seeking basic postage and bulk mail scheme rate revisions. • Harmonising the processing capability for both letters and parcels to create synergies and agility through the seasonal spikes. Processing will be automated to ensure efficiency.

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

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

Compliance Risks The Group's business operations are exposed to a variety of compliance risks relating to postal regulation and associated government regulations.	
Risk Name:	**The Group Manages by:**
Data Privacy (The Group recognises that data privacy breaches may undermine customer confidence and result in litigation from customers and/or regulatory fines and penalties.)	• Established and maintain an accountability based data privacy framework to work in conjunction with the IT security framework to safeguard personal data collected, processed and disclosed. • Governance structure has been set up to ensure oversight is provided by the management and the board on the adequacy of the Group's privacy programme and control measures. • Developing and implementing data privacy focused policies and procedures group wide. Examples are – handling of privacy incidents and data breaches, data subject access rights, classification of personal data. • Conducting mandatory training to all employees on the Group's data privacy framework and associated policies and procedures to create awareness and compliance. • Assigning clear line of accountability to all privacy liaison officers at BU and SU levels to assist in the maintaining of data privacy and personal data protection procedures and processes.
Postal Regulatory (The Group is required to meet stringent Quality of Service (QoS) standards for basic letter delivery services set by the Infocomm Media Development Authority (IMDA). IMDA's Postal QoS framework is one of the most stringent in the world. The Group is required to comply with the Postal Services Act, Postal Licence conditions, Postal Competition Code, Postal Services Regulations, Directions and Guidelines issued by the IMDA. Non-compliance with the above may result in the imposition of financial penalties.)	• Having regular engagements with the Postal Regulator, IMDA. • Regular reminders to staff to comply with established protocols, guidelines and directions, enhanced by strict disciplinary action taken for non-compliance. • Continually monitoring and assessing the impact of Postal Regulatory developments as the business evolves to minimise impact to the business.
Governance (Fraud, Bribery and Corruption) (The Group recognises that fraud, bribery and corrupt acts committed by employees / officers and non-compliance with internal governance / Standard Operating Procedures, may result in financial loss and / or reputation damage to the Group.)	• Maintaining a zero-tolerance policy and "tone from the top" towards fraud, bribery and corruption. • Conducting trainings and company-wide fraud awareness seminar. • Conducting annual declaration exercise by all senior officers and managerial grade employees for code of ethics and compliance to anti-bribery and corruption policy. • Establishing whistleblowing escalation process where the Group Internal Audit manage and investigate whistleblowing incidents and all whistle-blowing reports received are reported to Audit Committee on a quarterly basis. • Revamped the Code of Ethics which will be embedded into the Code of Conduct (owned by HR) to give emphasis on ethical behavior and integrity of individual employee.

The Force behind the Future of Post – SingPost Employees

Employees have always been the driving force behind businesses, and this is no different for SingPost – for the past 162 years, and for the next leap into the future.

SingPost remains focused on the welfare and development of its employees, even as the organisation adapts to a more automated, digitalised and complex business environment. SingPost recognises the constant need to move ahead of trends and redesign jobs as well as re-skill its workforce to remain competitive.

In May 2019, SingPost became one of the first companies to establish the Company Training Committee (CTC) in the Trade & Connectivity Industry Cluster, in partnership with Union of Telecoms Employees (UTES) and e2i. The CTC is a platform with an over-arching objective of strengthening the workforce's skills, embedding learning mind-sets and supporting employees in their career growth while companies undergo business transformations.

Following that, SingPost provided training to more than 500 frontline staff and would be looking to train approximately 1,500 frontline staff over the next three years. The training would be related to digital proficiency and customer service excellence, so as to provide a distinctive and delightful experience to the community it serves.

SingPost continues to invest in building leadership capabilities at the middle management level through the iLEAD and Manager Effectiveness Programmes that are reviewed and enhanced each year. Over the course of the year, there was additional focus on upskilling the supervisory level staff that manages a 3,000-strong workforce on the ground, through the launch of a Supervisor Learning Roadmap. This programme equips them with skills in facilitating effective work teams, responding to service challenges, problem solving, decision making as well as applying emotional competence in managing themselves and their teams.

With the increased complexity of the postmen's job in the digital era, SingPost enhanced its compensation to commensurate with the job's requirements. This was done in collaboration with the union who displayed strong support for this move. The Postman is at the heart of Singapore's postal legacy and this pay review was tied to productivity, service improvements and upgrading of skills that are critical in ensuring that SingPost continues to attract, motivate, reward and retain the right talent as it builds the Future of Post.

As part of SingPost's efforts to digitalise and upscale its programmes across the Group, 2019 saw the launch of the e-orientation programme #MySingPostStory on newly designed mobile and web platforms. This programme gave all new hires across the Group a consistent and engaging virtual onboarding and orientation experience with easy-to-access, bite-sized and interactive content about the company, its businesses and policies. Launched in October 2019, this programme has now successfully on-boarded approximately 70 new hires at Managerial levels, enabling them to assimilate into their roles and integrate into the organisation seamlessly.

Finally, in a bid to future-proof SingPost, a foundation has been laid for embedding a new HR Target Operating model that would define and deliver its HR roadmap over the next five years. SingPost is looking to invest in solidifying its HR infrastructure, technology and capability to scale and support its business growth ambitions.

SingPost remains committed to building a stronger and more competent workforce; one that is driven, capable and ready for the challenges of tomorrow.

SUSTAINABILITY

WORKPLACE SAFETY AND HEALTH

SingPost renewed its focus on Workplace Safety & Health (WSH) in FY1920. The safety and well-being of all SingPost staff is of utmost importance and this has been widely communicated across the organisation. WSH policies, best practices as well as guidelines have also been reviewed, enhanced and implemented.

BizSAFE certification was also successfully renewed on September 2019 after an audit by a Singapore Accreditation Council Accredited Auditing company, to verify that SingPost had adopted a risk management framework to enhance the robustness of its WSH framework, together with all respective stakeholders.

The Group WSH Committee that consists of other sub-committees at the business unit levels is responsible for sharing best practices, deployment of strategies and work plans with employees across the business. Designed to enhance supervisory practices, facilitate joint WSH inspections, promote safety awareness and implement trainings, these ensure all workers are equipped with adequate awareness and knowledge to comply with the Group WSH's regulations and standards.

Several WSH promotional events were organised within the year. The Safe Ride on Bicycle campaign, for example, aimed to remind postmen on bicycles to ride safely and to put on their safety gear at all times during delivery. The Singapore Traffic Police was also invited to share traffic safety measures to postmen from all mail delivery bases in a bid to raise awareness of road safety. WSH time out sessions were also held at intervals to check, review, and identify lapses in existing work processes.

SingPost will continue to review areas for improvements and to step up efforts on inculcating a strong safety ownership culture in order to attain a higher level of workplace safety and health management standards required by local and global customers as well as partners.

PROFILES OF KEY EXECUTIVES

MR LAI TAK LOI RICHARD, 49
Group Chief Financial Officer

Mr Lai oversees all financial and strategic investment matters of the Group, including financial reporting, taxation, risk management, treasury and investor relations functions. Mr Lai has more than 27 years of experience in the financial, property and banking industries; having held key roles in finance, banking, asset management, mergers & acquisitions (M&A) and logistics, as well as appointed CFO of several SGX-listed entities. He joined the Group from GuocoLand Limited, part of the Hong Leong Group Malaysia, where he served for almost four years as CFO. He also served as Deputy CEO and subsequently appointed CEO of Mapletree Logistics Trust Management before leaving to start his own real estate capital management firm, LABRO Capital. Mr Lai was previously a banker in various capacities with various banks and financial institutions including Standard Chartered Bank, Schroders and Arab-Malaysian Merchant Bank (now known as AmInvestment Bank Berhad). Mr Lai holds a Bachelor in Economics (Honours) with a major in Accounting and Finance from the University of Manchester, United Kingdom. Mr Lai is a member of Malaysian Mensa Society.

MR PHANG HENG WEE VINCENT, 46
Chief Executive Officer, Postal Services & Singapore

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

MR PUAR HUAN KIAP, 58
Group Chief Information Officer

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

MR LIM JUI-I, 41
Chief Executive Officer, Quantium Solutions

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

PROFILES OF KEY EXECUTIVES

MS LINDA HOON SIEW KIN, 57
Group General Counsel & Group Company Secretary

Ms Hoon joined SingPost in August 2018 as Group General Counsel and Group Company Secretary, in which she leads the Legal, Compliance and Company Secretarial functions reporting to the Group CEO. In this role, Ms Hoon leads a team of professionals at the Group corporate office, to handle the legal advisory and compliance governance across the Group. Her responsibilities include corporate governance and regulatory and statutory governance management of SingPost. Ms Hoon has over 32 years of legal, compliance and company secretarial experience, mostly in-house with major regional listed companies. Ms Hoon has a Bachelor as well as Master's degree in Law from the National University of Singapore and was admitted to the Singapore Bar in 1987. She has also obtained a Master's of Science in Management from the Essec Business School in 2018.

FINANCIAL CONTENTS

The directors present their statement to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2020.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 108 to 221 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

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

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" and "Restricted Share Plan" on pages 96 to 100 of this statement.

DIRECTORS' STATEMENT
For the financial year ended 31 March 2020

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.3.2020	At 1.4.2019	**At 31.3.2020**	At 1.4.2019
Related corporations				
- Quantium Solutions (Philippines) Inc.				
(No. of ordinary shares)				
Paul William Coutts	**–**	1	**–**	–

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.3.2020	At 1.4.2019	**At 31.3.2020**	At 1.4.2019
Company				
Singapore Post Limited				
(4.25% Senior Perpetual Cumulative securities)				
Mrs Fang Ai Lian	**250,000**	250,000	**–**	–

(b) According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, certain directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the Singapore Post Share Option Scheme and unvested restricted shares of the Company granted pursuant to Singapore Post Restricted Share Plan 2013 as set out below and under "Share Options" and "Restricted Share Plan" on pages 96 to 100 of this statement.

	Number of unvested restricted shares held by director	
	At 31.3.2020	At 1.4.2019
Unvested performance share awards		
Paul William Coutts	**2,722,970**	1,930,368
Unvested restricted shares awards		
Paul William Coutts	**466,744**	–

(c) The directors' interests in the shares and convertible securities of the Company as at 21 April 2020 were the same as those as at 31 March 2020.

SHARE OPTIONS

The Singapore Post Share Option Scheme was adopted on 21 March 2003, and a new scheme, known as Singapore Post Share Option Scheme 2012 was adopted on 29 June 2012; collectively known as the "Scheme". The Scheme is administered by the Compensation Committee comprising Mr Bob Tan Beng Hai (Chairman), Mr Simon Claude Israel and Mrs Fang Ai Lian during the financial year ended 31 March 2020.

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

The principal terms of the Scheme are as follows:

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

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

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

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

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

DIRECTORS' STATEMENT
For the financial year ended 31 March 2020

SHARE OPTIONS (continued)

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

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

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

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

Since the adoption of the Scheme to 31 March 2019, a total of 178,687,936 share options were granted. Particulars of the options were set out in the Directors' Statement for the respective financial years.

SHARE OPTIONS (continued)

During the financial year ended 31 March 2020, no share options were granted. At the end of the financial year, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding are as follows:

			Number of ordinary shares under options outstanding				
Date of Grant	**Exercise Period**	**Exercise Price**	**Balance At 1.4.19 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.20 ('000)**
Options Granted Under Singapore Post Share Options Scheme For employees (including executive directors)							
29.06.10	30.06.11 to 29.06.20	S$1.140	513	–	–	180	333
26.07.11	27.07.12 to 26.07.21	S$1.100	600	–	–	200	400
11.05.12	19.05.14 to 11.05.22	S$1.030	1,007	–	–	525	482
10.08.12	11.08.13 to 10.08.22	S$1.070	1,204	–	–	320	884
17.01.14	18.01.17 to 17.01.24	S$1.350	2,345	–	–	609	1,736
07.03.14	08.03.17 to 07.03.24	S$1.330	375	–	–	–	375
20.05.14	21.05.15 to 20.05.24	S$1.450	3,002	–	–	340	2,662
07.08.14	08.08.15 to 07.08.24	S$1.760	272	–	–	13	259
13.05.15	14.05.16 to 13.05.25	S$1.910	850	–	–	600	250
19.05.15	20.05.16 to 19.05.25	S$1.890	4,164	–	–	293	3,871
12.06.15	13.06.16 to 12.06.25	S$1.880	40	–	–	40	–
20.05.16	21.05.17 to 20.05.26	S$1.570	3,464	–	–	1,027	2,437
Total Share Options			**17,836**	**–**	**–**	**4,147**	**13,689**

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

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

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

RESTRICTED SHARE PLAN

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

Enhancements to the Plan (the "Enhanced Plan") are designed to reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain staff whose contributions are essential to the well-being of the Group. The Enhanced Plan will continue to 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) prior to FY2017/18 is as follows:

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

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

Since the adoption of the Plan to 31 March 2019, a total of 5,839,118 restricted shares were granted.

During the financial year ended 31 March 2020, no restricted shares were granted under the Plan. Details of the restricted shares granted and cancelled and the number of unvested restricted shares outstanding as at the end of the financial year is as follows:

Date of Grant	**Balance As At 1.4.19 ('000)**	**Share Awards Granted ('000)**	**Share Awards Vested ('000)**	**Share Awards Cancelled ('000)**	**Balance As At 31.3.20 ('000)**
20.05.16	356	–	346	10	–
Total	**356**	**–**	**346**	**10**	**–**

RESTRICTED SHARE PLAN (continued)

Enhanced Plan

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

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

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

The performance conditions would incorporate stretched targets aimed at delivering long-term shareholder value. Depending on the extent of the satisfaction of the relevant performance criteria, 0% to 200% of the shares comprised in the awards may vest.

Performance Share Awards

Since the adoption of the Enhanced Plan to 31 March 2019, a total of 2,757,289 restricted shares were granted.

During the financial year ended 31 March 2020, 1,422,805 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 1.4.19 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.20 ('000)
18.01.18	359	–	–	–	359
31.05.18	2,398	–	–	120	2,278
31.05.19	–	1,423	–	131	1,292
Total	**2,757**	**1,423**	**–**	**251**	**3,929**

Restricted Share Awards

Since the adoption of the Enhanced Plan to 31 March 2019, a total of 2,847,605 restricted shares were granted.

During the financial year ended 31 March 2020, 2,863,247 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 1.4.19 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.20 ('000)
18.01.18	1,088	–	–	189	899
31.05.18	1,300	–	–	220	1,080
31.05.19	–	2,863	–	301	2,562
Total	**2,388**	**2,863**	**–**	**710**	**4,541**

AUDIT COMMITTEE

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

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

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

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

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

The Audit Committee has also reviewed the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2020 as well as the independent auditor's report thereon prior to their submission to the Board of Directors for approval.

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

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

AUDITOR

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

On behalf of the directors

Mr Simon Claude Israel
Chairman

Mr Paul William Coutts
Director

Singapore
2 June 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Singapore Post Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 108 to 221.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2020, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

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

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 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our audit performed and responses thereon
Assessment of impairment of goodwill and other intangible assets *Refer to Notes 3(b) and 27 to the financial statements.* As at 31 March 2020, the goodwill and other intangible assets amounted to S$ 259.5 million and S$37.9 million (2019: S$265.4 million and S$42.0 million) respectively. There is no impairment of goodwill and other intangible assets in the current year (2019: Impairment loss of S$67.6 million). The impairment of goodwill and other intangible assets in prior year arose from the US businesses. The US businesses have been disposed of during the year. Management's assessment of the recoverable amounts of the cash-generating units ("CGUs") involves significant judgement about the future cash flow projections of the business and the appropriate terminal growth rates and discount rates applied to these future cash flow projections. In arriving at the recoverable amounts, management has considered strategies and plans that have been approved by the Board and are in the process of being implemented. The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy and the economies of the countries in which the Group operates in. There is significant uncertainty as to the duration of the pandemic and its impact on those economies. Management has considered the impact of the pandemic and developed stress test scenarios to model potential impact on the recoverable amounts of the Group's CGUs. Management has assessed that there is no impairment of goodwill and other intangible assets as the recoverable amount is higher than the carrying value as at 31 March 2020.	Our audit procedures focused on evaluating the key assumptions used by management in performing the impairment review. These procedures included: • evaluating the appropriateness of allocation of goodwill and other intangible assets to the different CGUs; • challenging management's future cash flow projections through comparison with recent performance, historical trend analyses, expectations of future development of the business and market including the impact arising from COVID-19 and publicly available industry and economic data; • involving our valuation specialists to evaluate the appropriateness of management's assumptions, which include terminal growth rates and discount rates, by developing an independent expectation using economic and industry forecasts and rates of comparable companies with consideration for specific jurisdiction factors; • comparing current year's actual results against prior year's forecasts to assess whether assumptions made in prior year on hindsight had been reasonable; and • performing sensitivity analysis over the recoverable amounts of the Group's CGUs, based on reasonably possible changes in the key assumptions as set out above. Based on the procedures performed, we noted management's key estimates and assumptions used in the impairment assessment of goodwill and other intangible assets to be within a reasonable range of our expectations. We have evaluated the adequacy of the Group's disclosures made in relation to goodwill and other intangible assets and found them to be adequate.

Key Audit Matter

Valuation of investment properties

Refer to Notes 3(c) and 24 to the financial statements.

As at 31 March 2020, the Group's investment properties amounted to S$1,008.0 million, representing 36.6% of the Group's total assets (2019: S$999.3 million, representing 38.2% of the Group's total assets). These investment properties are stated at their fair values based on independent external valuations. The net fair value loss on investment properties recognised during the year amounted to S$1.6 million (2019: fair value gain of S$12.1 million).

The valuation of these investment properties (primarily Singapore Post Centre, and the Group's warehousing and self-storage facilities located in Singapore) is inherently subjective as it involves judgement in determining the appropriate valuation methodologies to be used, the underlying assumptions to be applied and consideration of terms and conditions and restrictions in the property agreements.

The assumptions on which the property values are based, are influenced by the tenure and tenancy details for each property, prevailing market yields, comparable market transactions and market conditions (refer to key audit matter, "*Assessment of impairment of goodwill and other intangible assets*" on COVID-19 pandemic) during the year.

Our audit performed and responses thereon

We obtained an understanding of the Group's process for selection of the external valuer. We evaluated the qualifications and competence of the external valuer and read the engagement terms to determine whether there were any matters that might have affected their independence and objectivity or imposed a limitation on the scope of their work. We also read and considered the external valuer's reports to confirm whether the valuation approach used was appropriate.

We held discussions with the valuer to understand the basis of valuation techniques, assumptions applied and the impact of COVID-19 on the properties' valuations.

With the involvement of our internal valuation specialists, we evaluated the appropriateness of the valuation techniques used by the external valuer for the key investment properties. We benchmarked and challenged the key assumptions used in their valuation by reference to externally published industry data, where available, and we also considered whether these assumptions are consistent with the current market environment.

Based on the procedures performed, the valuation methodologies used are in line with generally accepted market practices and the estimates and assumptions used are within a reasonable range of our expectations.

We also considered the adequacy of the disclosures in the financial statements regarding the key assumptions used in the valuation and the relationships between the key unobservable inputs and fair values and found them to be adequate.

Key Audit Matter

Recoverability of trade receivables from a customer

Refer to Notes 3(g) and 17 to the financial statements.

As at 31 March 2020, the Group's trade receivables (net of allowance of S$1.8 million) were S$248.7 million (2019: S$259.1 million net of allowance of S$5.7 million).

Included in the trade receivables is an amount due from a customer of the Group (the "Customer") amounting to S$106.5 million arising from business transactions between the Group and the Customer. Due to the lockdown in response to COVID-19, S$50.7 million of this amount is now overdue for more than 120 days but not more than 180 days.

Management has performed a collectability review on this trade receivable including an assessment of an expected credit loss (as required under SFRS (I) 9). A repayment plan has been obtained by management from this Customer, setting out repayments from May 2020 till March 2021. Under this repayment plan, management is expecting payments from this customer of approximately S$40 million by June 2020. Accordingly, the amount has been presented as a current asset as it is expected to be settled within the next 12 months.

Apart from the trade receivables, the Group also has an equity interest in that customer, which has been classified as a Financial Asset designated as Fair Value Through Other Comprehensive Income ("FVTOCI"), as disclosed in Note 16 to the financial statements.

The recoverability and expected credit loss assessments require the exercise of significant judgement by management and these are disclosed in Note 17 to the financial statements. Management has assessed that the trade receivable balance from this Customer is recoverable and the expected loss allowance is appropriate and in accordance with the requirements of SFRS (I) 9.

Our audit performed and responses thereon

The following audit procedures were performed:

– We evaluated the design and implementation of controls over the Group's credit and collection processes including management's timeliness of identifying indications of significant increase in credit risk of this Customer;

– For the amount due from this Customer, we reviewed management's assessment on collectability and estimated credit loss and performed the following audit procedures:

  - reviewed the confirmation provided by this Customer on the outstanding trade receivable balance as at 31 March 2020 and found that to be in order;
  - reviewed collections during the year and subsequent to the year-end;
  - reviewed the repayment plan provided by this Customer to settle the amount outstanding as at year end within the next financial year;
  - reviewed management's assessment on the financial position and capability of this Customer in making the scheduled repayments; and
  - held discussions with management and reviewed the basis of management's assessment of the estimated credit loss.

Based on the procedures performed, we noted management's basis of assessment for the recoverability of trade receivables from the Customer to be appropriate.

We also reviewed the adequacy and appropriateness of disclosures made in the financial statements and found them to be adequate.

INDEPENDENT AUDITOR'S REPORT
To the Members of Singapore Post Limited

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

INDEPENDENT AUDITOR'S REPORT
To the Members of Singapore Post Limited

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Deloitte & Touche LLP

Public Accountants and Chartered Accountants

Singapore
2 June 2020

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2020

		Group	
	Note	**2020 S$'000**	2019 S$'000
Continuing operations			
Revenue	4	**1,313,783**	1,323,285
Labour and related expenses	5	**(282,399)**	(281,836)
Volume-related expenses	6	**(710,526)**	(679,180)
Administrative and other expenses	7a	**(102,880)**	(134,425)
Depreciation and amortisation	7b	**(67,979)**	(38,558)
Selling-related expenses		**(9,528)**	(10,473)
(Impairment loss on) / reversal of impairment on trade and other receivables		**(1,503)**	68
Operating expenses		**(1,174,815)**	(1,144,404)
Other income		**4,637**	3,598
Profit on operating activities		**143,605**	182,479
Share of loss of associated companies and joint venture	22	**(114)**	(7,061)
Exceptional items	8	**(9,122)**	37,942
Interest income and investment income (net)	9	**6,872**	5,108
Finance expenses	10	**(12,648)**	(8,262)
Profit before income tax		**128,593**	210,206
Income tax expense	11	**(28,319)**	(36,082)
Profit after tax from continuing operations		**100,274**	174,124
Discontinued operations			
Loss after tax from discontinued operations	12	**(11,994)**	(147,271)
Profit after tax		**88,280**	26,853
Profit attributable to:			
Equity holders of the Company		**91,078**	18,958
Non-controlling interests		**(2,798)**	7,895
		88,280	26,853
Earnings per share attributable to ordinary shareholders of the Company	13		
From continuing and discontinued operations:			
– Basic		**3.39 cents**	0.18 cent
– Diluted		**3.39 cents**	0.18 cent
From continuing operations:			
– Basic		**3.92 cents**	6.70 cents
– Diluted		**3.92 cents**	6.70 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2020

	Group	
	2020 S$'000	2019 S$'000
Profit after tax	**88,280**	26,853
Other comprehensive loss (net of tax):		
Items that may be reclassified subsequently to profit or loss:		
Deconsolidation of a foreign subsidiary's other capital reserve	**1,622**	–
Currency translation differences:		
– Loss on translation of foreign operations	**(10,878)**	(7,384)
– Deconsolidation of foreign subsidiaries	**2,115**	–
– Transfer to profit or loss arising from disposal of associated companies	**(75)**	844
Items that will not be reclassified subsequently to profit or loss:		
Equity investments at fair value through other comprehensive income		
– Fair value (loss) / gain	**(410)**	989
– Gain on sale	**5**	2
Revaluation gain on property, plant and equipment upon transfer to investment properties	**301**	239
Other comprehensive loss for the year (net of tax)	**(7,320)**	(5,310)
Total comprehensive income for the year	**80,960**	21,543
Total comprehensive income attributable to:		
Equity holders of the Company	**84,015**	13,911
Non-controlling interests	**(3,055)**	7,632
	80,960	21,543

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

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Note	Group 2020 S$'000	Group 2019 S$'000	Company 2020 S$'000	Company 2019 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	15	**492,997**	392,220	**431,056**	330,266
Financial assets	16	**9,501**	7,230	**9,501**	7,230
Trade and other receivables	17	**262,067**	264,689	**218,392**	200,920
Derivative financial instruments	18	**2,109**	58	**2,109**	58
Inventories		**331**	692	**36**	180
Other current assets	19	**18,628**	21,339	**8,913**	6,496
		785,633	686,228	**670,007**	545,150
Non-current assets					
Financial assets	16	**95,841**	105,789	**19,104**	28,652
Trade and other receivables	20	**8,641**	7,797	**246,723**	249,452
Investments in associated companies and joint ventures	22	**35,334**	39,840	**18,534**	18,534
Investments in subsidiaries	23	**–**	–	**319,371**	318,371
Investment properties	24	**1,008,020**	999,349	**951,501**	948,253
Property, plant and equipment	25	**441,474**	466,798	**277,410**	270,742
Right-of-use assets	26	**73,218**	–	**21,101**	–
Intangible assets	27	**297,363**	307,438	**–**	–
Deferred income tax assets	31	**2,277**	3,194	**–**	–
Other non-current asset	19	**3,834**	2,807	**–**	–
		1,966,002	1,933,012	**1,853,744**	1,834,004
Total assets		**2,751,635**	2,619,240	**2,523,751**	2,379,154
LIABILITIES					
Current liabilities					
Trade and other payables	28	**506,952**	486,990	**457,542**	408,147
Current income tax liabilities		**40,531**	44,291	**27,540**	35,254
Contract liabilities	30	**31,957**	38,214	**20,190**	23,041
Lease liabilities	29	**19,346**	–	**9,179**	–
Derivative financial instruments	18	**932**	440	**932**	440
Borrowings	29	**156,963**	281,842	**149,750**	268,581
		756,681	851,777	**665,133**	735,463
Non-current liabilities					
Trade and other payables	28	**13,206**	17,757	**2,042**	1,088
Borrowings	29	**207,461**	9,034	**200,000**	–
Contract liabilities	30	**30,712**	38,334	**30,962**	38,334
Lease liabilities	29	**66,820**	–	**12,281**	–
Deferred income tax liabilities	31	**34,437**	41,875	**21,621**	22,896
		352,636	107,000	**266,906**	62,318
Total liabilities		**1,109,317**	958,777	**932,039**	797,781
NET ASSETS		**1,642,318**	1,660,463	**1,591,712**	1,581,373
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	32	**638,762**	638,762	**638,762**	638,762
Treasury shares	32	**(29,724)**	(30,174)	**(29,724)**	(30,174)
Other reserves	33	**73,310**	78,024	**42,859**	40,127
Retained earnings		**570,206**	579,633	**592,989**	585,832
Ordinary equity		**1,252,554**	1,266,245	**1,244,886**	1,234,547
Perpetual securities	34	**346,826**	346,826	**346,826**	346,826
		1,599,380	1,613,071	**1,591,712**	1,581,373
Non-controlling interests		**42,938**	47,392	**–**	–
Total equity		**1,642,318**	1,660,463	**1,591,712**	1,581,373

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

		Attributable to ordinary shareholders of the Company								
Group	**Note**	**Share capital S$'000**	**Treasury shares S$'000**	**Retained earnings S$'000**	**Other reserves S$'000**	**Total S$'000**	**Perpetual securities S$'000**	**Total S$'000**	**Non-controlling interests S$'000**	**Total S$'000**
Balance at 1 April 2019		**638,762**	**(30,174)**	**579,633**	**78,024**	**1,266,245**	**346,826**	**1,613,071**	**47,392**	**1,660,463**
Adoption of SFRS(I) 16	2.2	**–**	**–**	**(6,859)**	**–**	**(6,859)**	**–**	**(6,859)**	**–**	**(6,859)**
Balance at 1 April 2019 (restated)		**638,762**	**(30,174)**	**572,774**	**78,024**	**1,259,386**	**346,826**	**1,606,212**	**47,392**	**1,653,604**
Total comprehensive income / (loss) for the year		**–**	**–**	**91,078**	**(7,063)**	**84,015**	**–**	**84,015**	**(3,055)**	**80,960**
Transactions with owners, recognised directly into equity										
Transfer upon disposal of investment		**–**	**–**	**5**	**(5)**	**–**	**–**	**–**	**(407)**	**(407)**
Distribution of perpetual securities	34	**–**	**–**	**(14,915)**	**–**	**(14,915)**	**14,915**	**–**	**–**	**–**
Distribution paid on perpetual securities	34	**–**	**–**	**–**	**–**	**–**	**(14,915)**	**(14,915)**	**–**	**(14,915)**
Dividends paid to shareholders	35	**–**	**–**	**(78,736)**	**–**	**(78,736)**	**–**	**(78,736)**	**–**	**(78,736)**
Dividends paid to non-controlling interests in a subsidiary		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(992)**	**(992)**
Employee share option scheme:										
– Value of employee services	33b(i)	**–**	**–**	**–**	**2,804**	**2,804**	**–**	**2,804**	**–**	**2,804**
– Treasury shares re-issued	32	**–**	**450**	**–**	**(450)**	**–**	**–**	**–**	**–**	**–**
Total		**–**	**450**	**(93,646)**	**2,349**	**(90,847)**	**–**	**(90,847)**	**(1,399)**	**(92,246)**
Balance at 31 March 2020		**638,762**	**(29,724)**	**570,206**	**73,310**	**1,252,554**	**346,826**	**1,599,380**	**42,938**	**1,642,318**
Balance at 1 April 2018		638,762	(16,023)	654,667	81,667	1,359,073	346,826	1,705,899	40,346	1,746,245
Total comprehensive income / (loss) for the year		–	–	18,958	(5,047)	13,911	–	13,911	7,632	21,543
Transactions with owners, recognised directly into equity										
Transfer upon disposal of investment		–	–	2	(2)	–	–	–	–	–
Distribution of perpetual securities	34	–	–	(14,875)	–	(14,875)	14,875	–	–	–
Distribution paid on perpetual securities	34	–	–	–	–	–	(14,875)	(14,875)	–	(14,875)
Dividends paid to shareholders	35	–	–	(79,119)	–	(79,119)	–	(79,119)	–	(79,119)
Dividends paid to non-controlling interests in a subsidiary		–	–	–	–	–	–	–	(586)	(586)
Employee share option scheme:										
– Value of employee services	33b(i)	–	–	–	2,117	2,117	–	2,117	–	2,117
– Treasury shares re-issued	32	–	992	–	(711)	281	–	281	–	281
Purchase of treasury shares	32	–	(15,143)	–	–	(15,143)	–	(15,143)	–	(15,143)
Total		–	(14,151)	(93,992)	1,404	(106,739)	–	(106,739)	(586)	(107,325)
Balance at 31 March 2019		638,762	(30,174)	579,633	78,024	1,266,245	346,826	1,613,071	47,392	1,660,463

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

Company	Note	Share capital S$'000	Treasury shares S$'000	Retained earnings S$'000	Other reserves S$'000	Total S$'000	Perpetual securities S$'000	Total equity S$'000
		Attributable to ordinary shareholders of the Company						
Balance at 1 April 2019		638,762	(30,174)	585,832	40,127	1,234,547	346,826	1,581,373
Total comprehensive income / (loss) for the year		–	–	100,803	383	101,186	–	101,186
Transactions with owners, recognised directly into equity								
Transfer upon disposal of investment		–	–	5	(5)	–	–	–
Distribution of perpetual securities	34	–	–	(14,915)	–	(14,915)	14,915	–
Distribution paid on perpetual securities	34	–	–	–	–	–	(14,915)	(14,915)
Dividends paid to shareholders	35	–	–	(78,736)	–	(78,736)	–	(78,736)
Employee share option scheme:								
– Value of employee services	33b(i)	–	–	–	2,804	2,804	–	2,804
– Treasury shares re-issued	32	–	450	–	(450)	–	–	–
Total		–	450	(93,646)	2,349	(90,847)	–	(90,847)
Balance at 31 March 2020		638,762	(29,724)	592,989	42,859	1,244,886	346,826	1,591,712
Balance at 1 April 2018		638,762	(16,023)	738,277	38,104	1,399,120	346,826	1,745,946
Total comprehensive (loss) / income for the year		–	–	(58,453)	619	(57,834)	–	(57,834)
Transactions with owners, recognised directly into equity								
Transfer upon disposal of investment		–	–	2	(2)	–	–	–
Distribution of perpetual securities	34	–	–	(14,875)	–	(14,875)	14,875	–
Distribution paid on perpetual securities	34	–	–	–	–	–	(14,875)	(14,875)
Dividends paid to shareholders	35	–	–	(79,119)	–	(79,119)	–	(79,119)
Employee share option scheme:								
– Value of employee services	33b(i)	–	–	–	2,117	2,117	–	2,117
– Treasury shares re-issued	32	–	992	–	(711)	281	–	281
Purchase of treasury shares	32	–	(15,143)	–	–	(15,143)	–	(15,143)
Total		–	(14,151)	(93,992)	1,404	(106,739)	–	(106,739)
Balance at 31 March 2019		638,762	(30,174)	585,832	40,127	1,234,547	346,826	1,581,373

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2020

	Group 2020 S$'000	Group 2019 S$'000
Cash flows from operating activities		
Profit after tax	88,280	26,853
Adjustments for:		
Income tax expense	28,391	27,763
Impairment loss on trade and other receivables	1,012	2,178
Amortisation of contract liabilities	(7,934)	(7,140)
Amortisation of intangible assets	507	10,519
Depreciation	67,472	47,414
Fair value loss / (gain) on investment properties	1,551	(12,088)
Gains on disposal of investments, property, plant and equipment	(31)	(48,093)
Loss on derivative instruments	–	15,541
Provision for restructuring costs	943	9,885
Share-based staff costs	2,804	2,117
Interest expense	13,508	10,270
Interest income	(5,885)	(5,876)
Impairment of intangible assets and property, plant and equipment	–	98,668
Write-back on impairment of property, plant and equipment	–	(1,630)
Impairment of associated companies	3,882	3,399
Share of loss of associated companies and joint venture	114	7,061
	106,334	159,988
Operating cash flow before working capital changes	194,614	186,841
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Inventories	361	267
Trade and other receivables	(41,197)	5,325
Trade and other payables	71,585	(9,194)
Contract liabilities	(5,945)	275
Cash generated from operations	219,418	183,514
Income tax paid	(36,256)	(31,334)
Net cash provided by operating activities	183,162	152,180

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2020

	Group	
	2020	2019
	S$'000	S$'000
Cash flows from investing activities		
Additions to property, plant and equipment, investment properties and intangible assets	**(27,125)**	(31,323)
Deconsolidation of subsidiaries, net of cash acquired (Note 14)	**(3,934)**	–
Dividend received from an associated company	**543**	1,315
Interest received	**6,371**	5,675
Additional investment in an associated company	**–**	(412)
Loan to an associated company	**(1,158)**	(701)
Proceeds from sale of financial assets	**741**	1,241
Proceeds from sale of derivative instrument	**–**	145
Proceeds from divestment of an associated company (net of capital gain tax)	**139**	36,083
Proceeds from disposal of property, plant and equipment	**160**	326
Proceeds on maturity of financial assets	**6,500**	–
Net cash (used in) / provided by investing activities	**(17,763)**	12,349
Cash flows from financing activities		
Acquisition of non-controlling interests	**–**	(14,367)
Distribution paid to perpetual securities	**(14,915)**	(14,875)
Dividends paid to shareholders	**(78,736)**	(79,119)
Dividends paid to non-controlling interests in a subsidiary	**(992)**	(586)
Interest paid	**(16,072)**	(10,065)
Purchase of treasury shares	**–**	(15,143)
Proceeds from re-issuance of treasury shares	**–**	281
Repayment of principal portion of lease liabilities	**(26,995)**	–
Proceeds from bank loans	**628,364**	225,977
Repayment of bank loans and fixed rate notes	**(555,276)**	(178,462)
Net cash used in financing activities	**(64,622)**	(86,359)
Net increase in cash and cash equivalents	**100,777**	78,170
Cash and cash equivalents at beginning of financial year	**392,220**	314,050
Cash and cash equivalents at end of financial year	**492,997**	392,220

SIGNIFICANT NON-CASH TRANSACTIONS

During the year ended 31 March 2019, contingent consideration amounting to S$1,508,000 in relation to the acquisition of subsidiaries in prior financial years was settled by way of offset against escrow deposits for the acquisition of those subsidiaries.

During the year ended 31 March 2019, additional investment in an associated company amounting to S$2,756,000 was settled in exchange for warrants from the associated company amounting to S$2,756,000.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

1. GENERAL INFORMATION

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

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

These financial statements were authorised for issue on 2 June 2020 in accordance with a resolution of the Board of Directors of Singapore Post Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

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

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

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

2.2 Adoption of new and revised standards

On 1 April 2019, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new and revised SFRS(I) pronouncements does not result in the changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

SFRS(I) 16 Leases

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

On 1 April 2019, the Group applied SFRS(I) 16 *Leases* using the cumulative catch-up approach, which requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Adoption of new and revised standards (continued)

SFRS(I) 16 Leases *(continued)*

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

(a) Impact on lessee accounting

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has elected to not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before 1 April 2019.
- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has elected, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.
- For selected short-term leases or leases for which the underlying asset is of low-value, the Group has opted to recognise the lease expense on a straight-line basis as permitted by SFRS(I) 16.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Financial impact of initial application of SFRS(I) 16

The incremental borrowing rates applied to the lease liabilities recognised in the statement of financial position on 1 April 2019 ranges from 1.7% to 8.1%.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 31 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Adoption of new and revised standards (continued)

SFRS(I) 16 Leases *(continued)*

(a) Impact on lessee accounting *(continued)*

Financial impact of initial application of SFRS(I) 16 (continued)

	2019 S$'000
Group	
Operating lease commitments at 31 March 2019	151,856
Less: Short-term leases and leases of low value assets	(3,305)
Less: Effect of discounting the above amounts	(16,555)
Add: Present value of variable lease payments that depend on a rate or index	1,844
Add: Present value of payments for non-lease components that are not previously included in operating lease commitments	3,945
Add: Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	126
Less: Operating lease commitments for discontinued operations [1]	(40,435)
Lease liabilities recognised at 1 April 2019 (Note 29)	97,476

[1] The Group has applied the practical expedient at the date of initial application of SFRS(I) 16 and accounted the leasing arrangements for the discontinued operations as short-term leases. Further details on the discontinued operations are disclosed in Note 12.

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application, except for the right-of-use assets for selected property leases which were measured on a retrospective basis as if the standard had been applied since the commencement date of the leases and right-of-use assets which meet the definition of investment property. Consequently, right-of-use assets and investment properties of S$86.3 million and S$1.4 million were recognised on 1 April 2019 respectively, trade and other payables decreased by S$2.9 million and the net impact on retained earnings of S$6.9 million was recognised on 1 April 2019.

	2019 S$'000
Company	
Operating lease commitments at 31 March 2019	24,943
Less: Short-term leases and leases of low value assets	(384)
Less: Effect of discounting the above amounts	(1,611)
Add: Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	2,255
Lease liabilities recognised at 1 April 2019	25,203

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of S$25.2 million were recognised on 1 April 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Adoption of new and revised standards (continued)

SFRS(I) 16 Leases *(continued)*

(a) Impact on lessee accounting *(continued)*

Financial impact of initial application of SFRS(I) 16 (continued)

Apart from the recognition of right-of-use assets and lease liability discussed above, applying SFRS(I) 16, for all leases, the Group:

(i) recognises depreciation of right-of-use assets (except when classified as investment property) and interest on lease liabilities in the consolidated income statement; and

(ii) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

(b) Impact on lessor accounting

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

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 at the acquisition date.

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

(iii) Disposals of subsidiaries or businesses

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

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

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

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.3 **Group accounting** (continued)

(b) Transactions with non-controlling interests

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

(c) Associated companies and joint ventures

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

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

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

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

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

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

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

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

2.4 **Leases**

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

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

2.4.1 Leases – before 1 April 2019

(a) When the Group is the lessee:

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:

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.

2.4.2 Leases – from 1 April 2019

(a) When the Group is the lessee:

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

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

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.4 **Leases** (continued)

2.4.2 ***Leases – from 1 April 2019*** *(continued)*

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.4 **Leases** (continued)

2.4.2 ***Leases – from 1 April 2019*** *(continued)*

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

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

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Revenue recognition

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

(a) Post and Parcel

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

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

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

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

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

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

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

(b) Logistics and U.S. Businesses

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

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

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

2.5 Revenue recognition (continued)

(c) Property

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

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

2.6 Employee compensation

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

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

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

(c) Share-based compensation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Government grants

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

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

2.8 Borrowing costs

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

2.9 Exceptional items

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

2.10 Income taxes

Income tax expense comprises current and deferred tax.

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Income taxes (continued)

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

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

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

2.11 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income. For equity investments measured at fair value through other comprehensive income ("FVTOCI"), exchange differences are recognised in other comprehensive income in the fair value reserve. In the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of, the proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.11 Currency translation (continued)

(c) Translation of Group entities' financial statements *(continued)*

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are classified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the end of the reporting period.

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

2.13 Financial assets

Financial assets are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments. All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.13 Financial assets (continued)

(i) Classification of financial assets (continued)

<u>*Amortised cost and effective interest method*</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Interest income is recognised in profit or loss.

<u>*Equity instruments designated as at FVTOCI*</u>

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI unless the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 *Business Combinations* applies.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of SFRS(I) 9 *Financial Instruments* (see Note 16).

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "interest income and investment income (net)" line item in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets (continued)

(ii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- breach of settlement contract or default in contractual obligations.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets (continued)

(ii) Impairment of financial assets (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2.14 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method for the retail goods at post offices. The cost of trading goods comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.17 Investment property

Investment properties include those portions of commercial buildings that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value. Changes in fair values are recognised in the income statement for the period in which they arise.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

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

2.18 Property, plant and equipment

(a) Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring the asset.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	30 – 99 years
Buildings	5 – 50 years
Postal equipment	3 – 20 years
Plant and machinery	3 – 20 years

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Property, plant and equipment (continued)

***(b) Depreciation** (continued)*

Capital work-in-progress, representing costs of property, plant and equipment which have not been commissioned for use, is not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

(e) Transfer

A transfer from property, plant and equipment to investment properties is fair valued at the date of transfer and the difference between fair value and the previous carrying amount is accounted for as an asset revaluation surplus or deficit in equity. Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless there was an impairment loss recognised for the same property in prior years and a portion of the increase is recognised in profit or loss to the extent of that impairment loss. Decreases are recognised in profit or loss for any decrease in excess of the amount included in the revaluation surplus for that property.

Please refer to Note 2.17 for the accounting policy on the transfer from investment properties to property, plant and equipment.

2.19 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired and is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 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) Preferential rents

Preferential rent was acquired in a business combination and is amortised on a straight basis over the remaining lease terms from the acquisition date.

(d) Acquired software licence

Acquired software licence is initially capitalised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the licence term or the estimated useful life of 5 years.

(e) Trademarked brands

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

The trademarked brand with indefinite useful life is not amortised and is subsequently tested for impairment annually. In connection with the annual impairment assessment of the trademarked brand, the critical accounting judgement in respect of the indefinite useful life assumption will also be reviewed.

2.20 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Impairment of non-financial assets (continued)

(b) Trademarked brand with indefinite useful life

Trademarked brand with indefinite useful life is tested for impairment annually and whenever there is indication that the trademarked brand may be impaired.

An impairment loss is recognised in profit or loss when the carrying amount of the trademarked brand exceeds the recoverable amount of the acquired brand. The recoverable amount of the trademarked brand is the higher of a trademarked brand's fair value less costs to sell and value-in-use.

(c) Other intangible assets (excluding goodwill and trademarked brand with indefinite useful life)
Property, plant and equipment
Right-of-use assets
Investments in subsidiaries, associated companies and joint ventures

Other intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

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

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.21 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.22 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, on whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

The carrying amount of a derivative is presented as a non-current asset or liability if the remaining expected life of the derivative is more than 12 months, and as a current asset or liability if the remaining expected life of the derivative is less than 12 months.

2.23 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost, except for the borrowings that are designated as fair value hedges. The gain or loss on the borrowings attributable to the hedged risk shall adjust the carrying amount of the borrowings and be recognised in profit or loss. The adjustment of the fair value will be reversed when the hedging relationship is discontinued or lapsed.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position. Other borrowings with an unconditional right to defer settlement for at least twelve months after the end of the reporting period are included in non–current borrowings in the statement of financial position.

2.24 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less cumulative amortisation.

2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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FINANCIAL STATEMENTS
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2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.26 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.27 Perpetual securities

The perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution, subject to the terms and conditions of the securities issue. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities 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.

2.28 Dividends to Company's shareholders

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

2.29 Segment reporting

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

3. **CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

(a) Impact of COVID-19

On 30 January 2020, the World Health Organisation declared the outbreak a Public Health Emergency of International Concern. The outbreak was subsequently characterised as a pandemic on 11 March 2020.

In response to the pandemic, governments from different countries around the world have implemented containment measures to varying degrees in a bid to curb the spread of the virus. As a result, there has been disruption to global trade due to restrictions for cross-border movement and reduced economic activities.

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

(a) Impact of COVID-19 *(continued)*

The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy and the economies of the countries in which the Group operates in. There is significant uncertainty as to the duration of the pandemic and its impact on those economies.

In regard to the Group, the impact and consideration of COVID-19 has been in the following areas:

(i) Impairment assessment and asset valuations

Given the pervasiveness of COVID-19, management has considered and estimated the impact of COVID-19 in the Group's impairment assessment of goodwill and other intangible assets, other non-financial assets and trade and other receivables as well as valuation of investment properties and investments measured at fair value (where active markets are not available) based on their best estimates, market conditions and information available at the end of the reporting period. Details on these areas which involve significant judgement and estimation uncertainty are further discussed below.

(ii) Accounting for government assistance grants

SFRS(I) 1-20 *Accounting for Government Grants and Disclosures of Government Assistance* applies when there is a transfer of resources from the government to entities in return for meeting the stipulated conditions related to the operating activities of the entity and there is no service or goods provided back to the government by the entities. Government grant is recognised when there is reasonable assurance that it will comply with the conditions attached to them and the grants will be received. Under SFRS(I) 1-20, government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Significant judgement is required in determining the systematic basis, and timing of recognition of grant receivable and realisation to profit or loss.

For the financial year ended 31 March 2020, the Group recorded government grants amounting to S$8.1 million (2019: S$2.1 million) which is presented against labour and related expenses (Note 5) as such grants are intended to compensate these expenses. Included in the government grants in the current year is S$5.2 million which relates to Jobs Support Scheme ("JSS") announced by the Singapore Government to provide wage support to employers to help them retain their local employees during this period of economic uncertainty. In determining the timing of recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commences in the beginning of 2020 when volume of international mails and eCommerce activities reduced following supply chain disruption in China.

(iii) Solvency and liquidity

As at 31 March 2020, the Group was in a net cash position of S$128.6 million (2019: S$101.3 million) after having completed its refinancing of the S$200 million fixed rate notes, which further strengthened its balance sheet. The Group's earnings and operating cashflows will face headwinds from the COVID-19 operating environment and the Group is carefully managing its operating and capital expenses in this operating environment. The Group maintains access to undrawn credit facilities and debt capital markets and has financial resources to meet its obligations when they fall due.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

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

(b) Estimated impairment of goodwill and other intangible assets

Goodwill and trademarked brands with indefinite useful lives are tested for impairment annually and whenever there is indication that goodwill and trademarked brand may be impaired. The recoverable amount of goodwill and trademarked brand, and where applicable, a CGU, is determined based on the higher of fair value less costs to sell and value-in-use calculations prepared on the basis of management's assumptions and estimates.

When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on approved financial budgets covering a five-year period. Significant judgements are used to estimate the terminal growth rates and discount rates applied in computing the recoverable amounts of the different CGUs. In making these estimates, management has relied on past performance, its expectations of the future developments of the various businesses and market (including the impact arising from COVID-19) and publicly available industry and economic data. Details of these key assumptions applied in the impairment assessment of goodwill and trademarked brand are provided in Note 27.

No impairment charge is recognised on its goodwill and other intangible assets (2019: S$67.6 million) during the financial year.

Other intangible assets are tested for impairment whenever there is any objective evidence of indication that these assets may be impaired.

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets and the selection of key assumptions. Changes to these estimates may significantly impact the impairment charges recognised.

The carrying value of goodwill and other intangible assets is disclosed in Note 27.

(c) Valuation of investment properties

As at 31 March 2020, the Group's investment properties of S$1,008.0 million (2019: S$999.3 million) (Note 24) are stated at their estimated fair values determined by independent professional valuers. These estimated fair values may differ significantly from the prices at which these properties can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from ongoing development of COVID-19 and other unforeseen events. Consequently, the actual results and the realisation of these properties could differ significantly from the estimates disclosed in these financial statements.

(d) Valuation of investment in Shenzhen 4PX Information and Technology Co., Limited ("4PX")

The Group carries an investment in Shenzhen 4PX Information and Technology Co., Limited ("4PX") measured at fair value and classified as an equity investment measured at FVTOCI (Note 16).

When the fair value of such investment cannot be determined from active markets, valuation techniques including trading multiples of comparable companies with entity-specific adjustments made are used. Under the market approach, the Enterprise Value/Revenue multiples of selected comparable companies are obtained and the inputs to the valuation model are derived from market observable data where possible, but where this is not feasible, a degree of judgement is required to establish fair value.

As at 31 March 2020, the carrying value of the investment in 4PX measured at FVTOCI was S$76.5 million (2019: S$76.9 million).

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

(e) Estimated impairment of other non-financial assets

Property, plant and equipment, right-of-use assets and investments in subsidiaries, associated companies and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amount of an asset, and where applicable, a CGU, is determined based on the higher of fair value less costs to sell and value-in-use calculation prepared on the basis of management's assumptions and estimates.

The Group recognised impairment charges on investments in associated companies and property, plant and equipment of S$3.9 million (2019: S$3.4 million) and S$NIL (2019: S$29.4 million) respectively during the financial year. Details are provided in Notes 22 and 25 respectively.

During the preceding financial year ended 31 March 2019, the Company recognised impairment charges amounting to S$22.2 million in investments in subsidiaries (Note 23).

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets and the selection of key assumptions. Changes to these estimates may significantly impact the impairment charges recognised.

Other than those disclosed above, no impairment charge was recognised on the Group's other non-financial assets during the preceding and current financial years. The carrying values of investments in associated companies and joint venture, investments in subsidiaries, property, plant and equipment and right-of-use assets are disclosed in Notes 22, 23, 25 and 26 respectively.

(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 the end of each reporting period based on factors such as business plans and strategies, expected level of usage and future technological developments. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying value of property, plant and equipment. The net book value of property, plant and equipment at 31 March 2020 was S$441.5 million (2019: S$466.8 million). There were no significant revisions to the estimated residual values and useful lives during the financial year ended 31 March 2020.

(g) Calculation of loss allowance for trade and other receivables

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers with consideration on the impact of COVID-19 and how these drivers will affect each other.

Apart from the estimates involved in determining likelihood of default over a given time horizon to determine ECL, when there are events indicating that trade and other receivables are credit impaired, management has to estimate the loss allowance required.

Included in the trade receivables is S$106.5 million (2019: S$116.3 million) from a customer, representing 42.8% (2019: 44.9%) of the Group's trade receivables as at 31 March 2020, and for which S$50.7 million is overdue more than 120 days but less than 180 days. Management has assessed this receivable to be recoverable.

Impairment loss on trade and other receivables charged to profit or loss amounted to S$1.0 million (2019: S$Nil) for the financial year ended 31 March 2020.

The carrying values of trade and other receivables are disclosed in Notes 17, 20 and 21.

NOTES TO THE
FINANCIAL STATEMENTS
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3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(h) Estimation of lease term

When estimating the lease term of the respective lease arrangement, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further. During the financial year ended 31 March 2020, the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of S$4.0 million.

4 REVENUE

Revenue from external customers is derived from the provision of mail, logistics solution, agency and financial services and front-end ecommerce solutions.

	Group	
	2020	2019
	S$'000	S$'000
Continuing operations		
Domestic and International Mail services	**736,643**	744,752
Domestic and International distribution and delivery services	**496,845**	498,663
Retail sale of products and services	**596**	952
Property	**79,699**	78,918
	1,313,783	1,323,285
Discontinued operations		
U.S. businesses	**88,885**	233,405

4. REVENUE (continued)

A disaggregation of the Group's revenue for the year is as follows:

	Group 2020			2019		
	Revenue from services rendered S$'000	**Sale of products S$'000**	**Total S$'000**	Revenue from services rendered S$'000	Sale of products S$'000	Total S$'000
Continuing Operations						
Post and Parcel	**735,058**	**2,181**	**737,239**	743,402	2,302	745,704
Logistics	**496,828**	**17**	**496,845**	498,490	173	498,663
Property	**79,699**	**–**	**79,699**	78,918	–	78,918
	1,311,585	**2,198**	**1,313,783**	1,320,810	2,475	1,323,285
Discontinued operations						
U.S. businesses	**88,885**	**–**	**88,885**	233,405	–	233,405
Timing of revenue recognition in respect of revenue from contracts with customers						
Continuing Operations						
At a point in time	**8,475**	**2,198**	**10,673**	12,069	2,475	14,544
Over time	**1,261,711**	**–**	**1,261,711**	1,267,874	–	1,267,874
	1,270,186	**2,198**	**1,272,384**	1,279,943	2,475	1,282,418
Discontinued operations						
Over time	**88,885**	**–**	**88,885**	233,405	–	233,405

Further revenue information for each reportable segment under SFRS(I) 8 *Operating Segments* is disclosed in Note 41.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

Accordingly, transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period relates to 'Advances received for post assurance collaboration'. Refer to Note 30 for further details.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

5. LABOUR AND RELATED EXPENSES

	Group Continuing operations		Discontinued operations		Total	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000	**2020 S$'000**	2019 S$'000
Wages and salaries	**192,355**	188,593	**10,873**	24,550	**203,228**	213,143
Employer's contribution to defined contribution plans including Central Provident Fund	**24,813**	25,684	**218**	742	**25,031**	26,426
Share-based expense (Note 33(b)(i))	**2,804**	2,117	**–**	–	**2,804**	2,117
Other benefits	**7,459**	7,466	**1,113**	2,463	**8,572**	9,929
Temporary and contract staff cost	**63,056**	60,080	**4,195**	9,295	**67,251**	69,375
Government grant (Note 3(a)(ii))	**(8,088)**	(2,104)	**–**	–	**(8,088)**	(2,104)
	282,399	281,836	**16,399**	37,050	**298,798**	318,886

6. VOLUME-RELATED EXPENSES

	Group Continuing operations		Discontinued operations		Total	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000	**2020 S$'000**	2019 S$'000
Traffic expenses	**534,698**	510,566	**–**	**–**	**534,698**	510,566
Outsourcing services and delivery expenses	**175,828**	168,614	**75,611**	195,988	**251,439**	364,602
	710,526	679,180	**75,611**	195,988	**786,137**	875,168

7(a) ADMINISTRATIVE AND OTHER EXPENSES

	Group Continuing operations		Discontinued operations		Total	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000	**2020 S$'000**	2019 S$'000
Included in administrative and other expenses are the following:						
Professional services	**9,812**	11,645	**724**	2,082	**10,536**	13,727
Repair and maintenance expenses	**26,405**	23,912	**701**	2,351	**27,106**	26,263
Rental expenses	**3,387**	31,904	**3,093**	8,549	**6,480**	40,453
Supplies and services	**24,047**	21,957	**1,611**	4,290	**25,658**	26,247

7(b) DEPRECIATION AND AMORTISATION

	Group					
	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Depreciation – property, plant and equipment (Note 25)	**38,698**	38,075	**–**	9,339	**38,698**	47,414
Depreciation – right-of-use assets (Note 26)	**28,774**	–	**–**	–	**28,774**	–
Amortisations (Note 27)	**507**	483	**–**	10,036	**507**	10,519
	67,979	38,558	**–**	19,375	**67,979**	57,933

8. EXCEPTIONAL ITEMS

	Group					
	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Fair value (loss) / gains:						
– Investment properties (Note 24)	**(1,551)**	12,088	**–**	–	**(1,551)**	12,088
– Warrants from an associated company	**–**	(15,541)	**–**	–	**–**	(15,541)
Impairment writeback / (charges) [1]:						
– Property, plant and equipment	**–**	1,630	**–**	(31,023)	**–**	(29,393)
– Goodwill	**–**	–	**–**	(30,488)	**–**	(30,488)
– Customer relationships	**–**	–	**–**	(24,942)	**–**	(24,942)
– Software licence	**–**	–	**–**	(11,879)	**–**	(11,879)
– Trademark	**–**	–	**–**	(336)	**–**	(336)
– Associated companies (Note 22(a))	**(3,882)**	(3,399)	**–**	–	**(3,882)**	(3,399)
Provision for the restructuring of overseas operations	**(943)**	(1,298)	**–**	(8,587)	**(943)**	(9,885)
Reversals of / (additional) contingent consideration	**971**	(2,539)	**–**	–	**971**	(2,539)
Loss on disposal of property, plant and equipment	**(55)**	(531)	**–**	–	**(55)**	(531)
Gain on divestment / dilution of interest in associated companies (Note 22(a))	**86**	48,624	**–**	–	**86**	48,624
Professional fees	**(3,748)**	(1,092)	**–**	–	**(3,748)**	(1,092)
	(9,122)	37,942	**–**	(107,255)	**(9,122)**	(69,313)

[1] Total impairment charges amounted to S$3,882,000 (2019: S$100,437,000).

9. INTEREST INCOME AND INVESTMENT INCOME (NET)

	Group					
	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Interest income						
– Bank deposits	**4,859**	4,760	**–**	–	**4,859**	4,760
– Bonds at amortised cost	**801**	949	**–**	–	**801**	949
– Others	**225**	167	**–**	–	**225**	167
	5,885	5,876	**–**	–	**5,885**	5,876
Currency exchange losses – net	**983**	(844)	**(29)**	(101)	**954**	(945)
Others	**4**	76	**–**	–	**4**	76
	6,872	5,108	**(29)**	(101)	**6,843**	5,007

10. FINANCE EXPENSES

	Group					
	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Interest expense:						
– Fixed rate notes	**6,185**	6,227	**–**	–	**6,185**	6,227
– Bank borrowings	**809**	215	**860**	2,047	**1,669**	2,262
– Other borrowing cost	–	39	**–**	–	**–**	39
– Interest on lease liabilities	**4,094**	–	–	–	**4,094**	–
– Significant financing component from contracts with customers	**1,560**	1,781	–	–	**1,560**	1,781
	12,648	8,262	**860**	2,047	**13,508**	10,309

11. INCOME TAX EXPENSE

	Group					
	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Tax expense attributable to profit is made up of:						
– Current income tax	**34,520**	36,571	**54**	–	**34,574**	36,571
– Deferred income tax (Note 31)	**(5,162)**	471	**18**	(8,333)	**(5,144)**	(7,862)
	29,358	37,042	**72**	(8,333)	**29,430**	28,709
(Over) / under provision in preceding financial years:						
– Current income tax	**(1,047)**	1,895	**–**	–	**(1,047)**	1,895
– Deferred income tax (Note 31)	**8**	(2,855)	**–**	14	**8**	(2,841)
	28,319	36,082	**72**	(8,319)	**28,391**	27,763

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:

	Continuing operations	
	2020	2019
	S$'000	S$'000
Profit before tax	**128,593**	210,206
Tax calculated at a tax rate of 17% (2019: 17%)	**21,862**	35,735
Effects of:		
– Tax effect of share of results of associated companies and joint venture	**19**	1,200
– Different tax rates in other countries	**692**	831
– Withholding tax deducted at source	**133**	3,629
– Singapore statutory stepped income exemption	**(137)**	(137)
– Tax incentive	**(165)**	(178)
– Income not subject to tax	**(4,644)**	(9,729)
– Expenses not deductible for tax purposes	**6,286**	5,417
– Utilisation of tax losses and capital allowances	**(114)**	(680)
– Deferred income tax assets not recognised	**5,426**	954
– Over provision in preceding financial years	**(1,039)**	(960)
Tax charge	**28,319**	36,082

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12. DISCONTINUED OPERATIONS

In September 2019, Jagged Peak, Inc. ("JP"), TradeGlobal North America Holdings, Inc. ("TGNAH") (being one of the upstream US holding companies of TradeGlobal LLC), and TradeGlobal LLC (collectively, the "U.S. businesses") filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada.

The filing triggered the loss of control as a U.S. Trustee was appointed to run the operations and ensure the sale of the assets. On 2 December 2019, the bankruptcy court entered orders approving the sale of substantially all of the assets of Jagged Peak, Inc. (the "Jagged Peak Sale") and the sale of substantially all of the assets of TradeGlobal LLC (the "TradeGlobal Sale"). On 12 December 2019 (U.S. time), the U.S. Subsidiaries filed notices with the bankruptcy court that the closing of the Jagged Peak Sale and the TradeGlobal Sale had occurred.

The loss for the year from the discontinued operations is analysed as follows:

	Group	
	2020	2019
	S$'000	S$'000
Loss from U.S. businesses	**(11,994)**	(147,271)

The results of the U.S. businesses for the period from 1 April 2019 to 31 August 2019 are as follows:

	Group	
	2020	2019
	S$'000	S$'000
Revenue (Note 4)	**88,885**	233,405
Labour and related expenses (Note 5)	**(16,399)**	(37,050)
Volume-related expenses (Note 6)	**(75,611)**	(195,988)
Administrative and other expenses (Note 7a)	**(8,362)**	(24,477)
Depreciation and amortisation (Note 7b)	**–**	(19,375)
Selling-related expenses	**(81)**	(425)
Reversal of impairment loss / (Impairment loss) on trade and other receivables	**491**	(2,246)
	(11,077)	(46,156)
Other income / (expenses)	**44**	(31)
Exceptional items (Note 8)	**–**	(107,255)
Interest income and investment income (net) (Note 9)	**(29)**	(101)
Finance expenses (Note 10)	**(860)**	(2,047)
Loss before income tax	**(11,922)**	(155,590)
Income tax expense (Note 11)	**(72)**	8,319
Loss for the year (attributable to owners of the Company)	**(11,994)**	(147,271)

The carrying amounts of the assets and liabilities of the U.S. businesses at the date of deconsolidation are disclosed in Note 14.

The impact of the discontinued operations on the consolidated cash flows of the Group is as follows:

	Group	
	2020	2019
	S$'000	S$'000
Net cash used in operating activities	**(5,254)**	(5,593)
Net cash used in investing activities	**–**	(9,776)
Net cash (used in) / provided by financing activities	**(7,145)**	51,421
Total cash flows (used in) / provided by discontinued operations	**(12,399)**	36,052

13. EARNINGS PER SHARE

(i) From continuing and discontinued operations

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding, excluding treasury shares, during the financial year.

	Group	
	2020	2019
Net profit attributable to equity holders of the Company (S$'000)	**91,078**	18,958
Less: Net profit attributable to perpetual securities holders of the Company (S$'000)	**(14,915)**	(14,875)
Net profit attributable to ordinary shareholders of the Company (S$'000)	**76,163**	4,083
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,249,802**	2,257,480
Basic earnings per share (cents per share)	**3.39**	0.18

(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	
	2020	2019
Net profit attributable to equity holders of the Company (S$'000)	**91,078**	18,958
Less: Net profit attributable to perpetual securities holders of holders of the Company (S$'000)	**(14,915)**	(14,875)
Net profit attributable to ordinary shareholders of the Company (S$'000)	**76,163**	4,083
Weighted average number of ordinary shares basic earnings per share ('000)	**2,249,802**	2,257,480
Adjustment for share options ('000)	**–**	491
Weighted average number of ordinary shares for diluted earnings per share ('000)	**2,249,802**	2,257,971
Diluted earnings per share (cents per share)	**3.39**	0.18

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13. EARNINGS PER SHARE (continued)

(ii) From continuing operations

The calculation of basic and diluted earnings per share from continuing operations attributable to ordinary owners of the Company is as follows:

Earnings figures are calculated as follows:

	Group	
	2020 S$'000	2019 S$'000
Profit for the year attributable to ordinary owners of the Company	**76,163**	4,083
Add: Loss for the year from discontinued operations	**(11,994)**	(147,271)
Earnings for the purpose of calculating basic earnings per share from continuing operations	**88,157**	151,354
Effect of dilutive potential ordinary shares (net of tax)	**–**	–
Earnings for the purposes of calculating diluted earnings per share from continuing operations	**88,157**	151,354

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

(iii) From discontinued operations

Basic loss per share for the discontinued operation is 0.53 cent per share (2019: 6.52 cents per share) and diluted earnings per share for the discontinued operation is 0.53 cent per share (2019: 6.52 cents per share), based on the loss for the year from the discontinued operation of S$12.0 million (2019: S$147.3 million) and the denominators detailed above for both basic and diluted earnings per share.

14. LOSS OF CONTROL OF SUBSIDIARIES

As disclosed in Note 12, the U.S. businesses filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada. The filing triggered the loss of control as a U.S. Trustee was appointed to run the operations and ensure the sale of the assets.

Consequently, the U.S. businesses are deconsolidated effective from 1 September 2019.

14. LOSS OF CONTROL OF SUBSIDIARIES (continued)

Details of the deconsolidation of the U.S. businesses are as follows:

Carrying amounts of net liabilities over which control was lost

	2020 S$'000
Current assets	
Cash and cash equivalents	3,934
Trade and other receivables	21,752
Inventory	364
Other current assets	3,475
	29,525
Non-current assets	
Property, plant and equipment	852
Deferred tax assets	201
	1,053
Current liabilities	
Trade and other payables	(49,421)
Contract liabilities	(2,064)
Borrowings	(60,016)
	(111,501)
Non-current liabilities	
Trade and other payables	(2,670)
Deferred tax liabilities	(1,077)
	(3,747)
Net liabilities derecognised	(84,670)

Net financial impact on disposal

Net liabilities derecognised	84,670
Non-controlling interest derecognised	407
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	(2,115)
Repayment of subsidiaries' borrowings for which the Group is the Guarantor	(68,802)
Legal fees and other related expenses for winding up of subsidiaries	(14,160)
Net financial impact on disposal	–

Following the announcement of the filing of Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court, the Group no longer has control over the cash balance of S$3.9 million held by the U.S. businesses. As part of deconsolidation, this amount is reflected as an outflow under investing activities.

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15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Cash at bank and on hand	**156,481**	136,281	**96,851**	76,469
Deposits with financial institutions	**336,516**	255,939	**334,205**	253,797
	492,997	392,220	**431,056**	330,266

Deposits with financial institutions earn interest ranging from 0.72% to 2.26% (2019: 0.6% to 2.34%) per annum. Tenure for these deposits range from 14 to 92 days (2019: 1 to 186 days) since date of deposit.

16. FINANCIAL ASSETS

	Group		Company	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Current				
Financial assets at amortised cost				
– Bonds – quoted in Singapore	**9,501**	6,500	**9,501**	6,500
Financial assets designated as FVTOCI				
– Equity securities – quoted	**–**	730	**–**	730
	9,501	7,230	**9,501**	7,230
Non-current				
Financial assets at amortised cost				
– Bonds – quoted in Singapore	**14,543**	24,091	**14,543**	24,091
Financial assets designated as FVTOCI				
– Equity instrument – unquoted	**81,298**	81,698	**4,561**	4,561
	95,841	105,789	**19,104**	28,652

The debt securities are corporate bonds at fixed rates between 2.8% to 3.7% (2019: 2.7% to 3.8%) per annum and due between 9 April 2020 and 29 August 2022 (2019: 10 April 2019 and 29 August 2022).

The fair values of the financial assets at the end of the reporting period are as follows:

	Group		Company	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Current				
Financial assets at amortised cost				
– Bonds – quoted in Singapore	**9,529**	6,513	**9,529**	6,513
Financial assets designated as FVTOCI				
– Equity securities – quoted	**–**	730	**–**	730
	9,529	7,243	**9,529**	7,243
Non-current				
Financial assets at amortised cost				
– Bonds – quoted in Singapore	**14,718**	24,227	**14,718**	24,227
Financial assets designated as FVTOCI				
– Equity instrument – unquoted	**81,298**	81,698	**4,561**	4,561
	96,016	105,925	**19,279**	28,788

The fair values of quoted securities are based on published price quotations at the end of the reporting period.

17. TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables				
– Subsidiaries	**–**	–	**6,321**	11,647
– Companies related by a substantial shareholder	**1,970**	2,293	**1,970**	2,293
– Non-related parties	**248,528**	262,543	**187,473**	163,432
	250,498	264,836	**195,764**	177,372
Less: Allowance for impairment of receivables – non-related parties	**(1,843)**	(5,714)	**(856)**	(547)
Trade receivables – net	**248,655**	259,122	**194,908**	176,825
Non-trade receivables from subsidiaries	**–**	–	**13,348**	21,567
Loan to associated companies	**4,777**	4,001	**–**	–
Less: Non-current portion (Note 20)	**(3,737)**	(2,984)	**–**	–
	1,040	1,017	**13,348**	21,567
Staff loans (Note 21)	**29**	42	**29**	42
Interest receivable	**412**	878	**395**	864
Grant receivables	**9,424**	–	**8,857**	–
Other receivables	**2,507**	3,630	**855**	1,622
	262,067	264,689	**218,392**	200,920

(i) A loan of S$691,000 (2019: S$749,000) to an associated company is unsecured, repayable in full on 15 June 2021 and bears interest at 1.14% above the 1 month bank bill swap rate per annum.

(ii) A loan of S$3,046,000 (2019: S$2,235,000) to an associated company is unsecured and bears interest at 1.14% above the 1 month bank bill swap rate per annum. S$1,435,000 is repayable on 29 June 2021 while S$1,611,000 is repayable on 5 November 2021.

(iii) A loan of S$688,000 (2019: S$675,000) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.15% per annum.

(iv) Remaining loan of S$352,000 (2019: S$342,000) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.95% per annum.

(v) Non-trade receivables from subsidiaries are unsecured, interest-free and repayable on demand.

18. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount 2020 S$'000	**Fair value assets 2020 S$'000**	Contract notional amount 2019 S$'000	Fair value (liabilities) 2019 S$'000
Group and Company				
Other non-hedging derivatives				
Currency forwards	**207,943**	**1,177**	175,502	(382)
Total derivative financial instruments	**207,943**	**1,177**	175,502	(382)

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18. 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 end of the reporting period. The currency forwards have maturity dates that coincide within the expected occurrence of these transactions. Changes in fair value of the currency forwards not designated as hedging are recognised in profit or loss.

The fair value of derivative financial instruments are shown on the statement of financial position as follows:

	Group and Company	
	2020	2019
	S$'000	S$'000
Assets:		
– Current	**2,109**	58
Liabilities		
– Current	**(932)**	(440)

19. OTHER ASSETS

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Current				
Deposits	**7,266**	9,226	**1,780**	1,887
Prepayments	**11,362**	12,113	**7,133**	4,609
	18,628	21,339	**8,913**	6,496
Non-current				
Deposits	**3,834**	2,807	**–**	–

20. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Loans to subsidiaries	**–**	–	**298,010**	513,017
Less: Allowance for impairment	**–**	–	**(51,442)**	(263,753)
	–	–	**246,568**	249,264
Loan to an associated company (Note 17)	**3,737**	2,984	**–**	–
Loan to a shareholder of a subsidiary	**4,749**	4,625	**–**	–
Staff loans (Note 21)	**155**	188	**155**	188
	8,641	7,797	**246,723**	249,452

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

Loans to subsidiaries of S$36,227,000 (2019: S$36,347,000) are non-trade related, unsecured, interest bearing at SIBOR plus 1.2% per annum and is not expected to be repayable within the next twelve months. The carrying amount of these loans approximate their fair value.

Loan to a subsidiary of S$6,079,000 (2019: S$6,121,000) is non-trade related, unsecured, interest bearing at KLIBOR plus 1.2% per annum and is repayable in full on demand. Settlement of the loan is not foreseeable within the next twelve months. The carrying amount of the loan approximates its fair value.

Loan to a subsidiary of S$1,563,000 (2019: S$672,000) is non-trade related, unsecured, interest bearing at ABS SIBOR plus 1.9% per annum and not expected to be repayable in the next twelve months. The carrying amount of the loan approximates its fair value.

Loans to subsidiaries of S$202,699,000 (2019: S$205,068,000) are non-trade related, unsecured, interest bearing at 2.52% to 4.1% per annum and not expected to be repayable in the next twelve months. The fair value of the loans is S$202,262,000 (2019: S$203,547,000). The fair value of the loans is computed based on cash flows discounted at market borrowing rates of 0.536% to 0.923% (2019: 1.929% to 1.993%). The fair value is within Level 2 of the fair value hierarchy.

In 2019, there was a loan to a subsidiary of S$1,056,000 which was non-trade related, unsecured, interest bearing at ABS SIBOR plus 1.2% per annum. This was fully repaid in 2020.

During the year, the Company wrote off allowance for impairment amounting to S$212.3 million in respect of loans to subsidiaries for which underlying investments have been impaired and the loans receivable are assessed as non-recoverable.

The loan to a shareholder of a subsidiary is unsecured, interest bearing at 2.3% to 2.8% per annum (2019: 2.3% to 2.8% per annum). The carrying amount of the loan approximates its fair value. Refer to Note 23 in respect of the timing and recoverability of this loan.

21. STAFF LOANS

	Group and Company	
	2020	2019
	S$'000	S$'000
Not later than one year (Note 17)	**29**	42
Later than one year (Note 20)	**155**	188
– Between one and five years	**23**	56
– Later than five years	**132**	132
	184	230

As at the end of the reporting period, no loan was made to the key management personnel of the Group.

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22. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Investments in associated companies (Note (a))	**35,334**	39,840	**18,534**	18,534
Investment in a joint venture (Note (b))	**–**	–	**–**	–
	35,334	39,840	**18,534**	18,534

(a) Associated companies

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Equity investment at cost			**18,534**	18,534
Beginning of financial year	**39,840**	114,925		
Additional investment in an associated company	**–**	3,168		
Loss of significant influence from dilution of interest in an associated company (Note (i), 8)	**–**	(33,038)		
Disposal of an associated company	**–**	(32,703)		
Impairment of associated companies (Note (ii), 8)	**(3,882)**	(3,399)		
Share of loss	**(114)**	(7,061)		
Dividends received	**(543)**	(1,315)		
Currency translation differences	**33**	(737)		
End of financial year	**35,334**	39,840		

(i) During the financial year ended 31 March 2019, the Group recognised a gain on dilution of interest in a former associated company, Shenzhen 4PX Information and Technology Co., Ltd ("4PX"), amounting to S$42,662,000 arising from additional capital injection by an external party into the associated company. Following the capital injection amongst other changes, the Group lost its significant influence over the former associated company. Its retained interest is measured at fair value and accounted for as an equity investment measured at FVTOCI (Note 16).

(ii) During the financial year ended 31 March 2020, the Group recognised an impairment loss of S$3,882,000 (2019: S$3,399,000) against the carrying amount of its investments in associated companies, being the difference between the carrying amount of the Group's investments and their recoverable amounts. The recoverable amounts are determined based on value-in-use or quoted market price of the associated companies.

22. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE (continued)

(a) *Associated companies (continued)*

(iii) During the financial year ended 31 March 2020, the Group disposed of its 27% interest in Postea, Inc. which has carrying value of S$Nil. Gain on disposal of S$86,000 (net of associated translation reserve) was recognised.

In the prior year, the Group diluted its interest in 4PX (Note 22 (a)(i)) and disposed all its interest in Indo Trans Logistics Corporation ("ITL"). Gain on dilution and disposal of these associated companies was included in the "Exceptional Items" line item (Note 8) and calculated as follows:

	4PX S$'000	ITL S$'000
Proceeds of disposal	–	39,090
Fair value of investment in associated company	76,119	–
Less: Carrying amount of the investment on the date of disposal	(33,038)	(32,703)
Less: Translation reserve arising from investment on the date of disposal	(419)	(425)
Gain on dilution / disposal of interest in associated companies	42,662	5,962

The Group's investments in associated companies include investments in listed associated companies with a carrying value of S$27,295,000 (2019: S$29,969,000), for which the published price quotations are S$37,392,000 (2019: S$84,393,000) at the end of the reporting period, and classified within Level 1 of the fair value hierarchy.

There are no contingent liabilities relating to the Group's interest in the associated companies.

The Group's investments in joint ventures and associates are not individually material. Details of associated companies are disclosed in Note 43.

Summarised financial information in respect of the Group's associated companies are set out below.

Unrecognised share of losses of an associated company

	2020 S$'000	2019 S$'000
Unrecognised and cumulative share of losses of an associated company for the year [1]	**–**	(1,162)

[1] The Group has disposed all of its interests in the associated company during the financial year.

(b) *Joint venture*

The Group has a joint venture, PT Trio Specommerce Indonesia, which had been fully written off since 2016.

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23. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 S$'000	2019 S$'000
Equity investments at cost		
Beginning of financial year	**367,429**	367,429
Capital injection into a new subsidiary	**1,000**	–
	368,429	367,429
Less: Allowance for impairment	**(49,058)**	(49,058)
End of financial year	**319,371**	318,371

Details of the subsidiaries are included in Note 43. The proportion of ownership interest held by the Group does not differ from the proportion of voting rights held by the Group.

In the financial year ended 31 March 2019, impairment charge amounting to S$22.2 million was recognised largely due to impairment of investment in a subsidiary which holds the U.S. businesses.

Carrying value of non-controlling interests

	2020 S$'000	2019 S$'000
Quantium Solutions International Pte Ltd ("QSI")	**38,639**	42,992
Other subsidiaries with immaterial non-controlling interests	**4,299**	4,400
Total	**42,938**	47,392

<u>Exercise of put option in a subsidiary</u>

A non-controlling shareholder of a subsidiary had exercised his put option in September 2016. As there were differences between the parties on the final valuation of the put option, the non-controlling shareholder commenced arbitration proceedings. The Company, in consultation with its advisors, is of the view that they are without merit.

Apart from the above, the Group has a loan to the non-controlling shareholder amounting to S$4,749,000 (2019: S$4,625,000) (Note 20) as at 31 March 2020. Management is of the view that the loan is recoverable and the settlement of the loan is not foreseeable within the next twelve months.

23. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for a subsidiary that has a non-controlling interest that is material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	QSI	
	2020 S$'000	2019 S$'000
Current		
Assets	**46,780**	53,028
Liabilities	**(30,100)**	(15,083)
Total current net assets	**16,680**	37,945
Non-current		
Assets	**108,036**	88,658
Liabilities	**(11,073)**	(156)
Total non-current net assets	**96,963**	88,502
Net assets	**113,643**	126,447

Summarised income statement

	QSI	
	2020 S$'000	2019 S$'000
Revenue	**105,720**	91,886
(Loss) / profit before income tax	**(11,688)**	20,019
Income tax expense	**(337)**	(95)
Post-tax (loss) / profit from continuing operations	**(12,025)**	19,924
Other comprehensive loss	**(779)**	(475)
Total comprehensive (loss) / income	**(12,804)**	19,449
Total comprehensive (loss) / income allocated to non-controlling interests	**(4,353)**	6,613

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23. INVESTMENTS IN SUBSIDIARIES (continued)

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

Summarised cash flows

	QSI	
	2020 S$'000	2019 S$'000
Cash flows from operating activities		
Cash generated from / (used in) operations	**3,905**	(15,521)
Income tax paid	**(241)**	(170)
Net cash provided by / (used in) operating activities	**3,664**	(15,691)
Net cash used in investing activities	**(1,694)**	(1,488)
Net cash provided by financing activities	**1,468**	15,553
Net increase / (decrease) in cash and cash equivalents	**3,438**	(1,626)
Cash and cash equivalents at beginning of year	**6,963**	8,589
Cash and cash equivalents at end of year	**10,401**	6,963

24. INVESTMENT PROPERTIES

	Group		Company	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Beginning of financial year	**999,349**	1,014,315	**948,253**	970,378
Adoption of SFRS(I) 16 (Note 2.2)	**1,418**	–	**–**	–
Adjusted balance at beginning of the year	**1,000,767**	1,014,315	**948,253**	970,378
Additions	**4,057**	1,727	**3,137**	1,549
Reclassification from/ (to) property, plant and equipment (Note 25)	**4,838**	(28,513)	**300**	(36,537)
Fair value (loss) / gain recognised in profit or loss (Note 8)	**(1,551)**	12,088	**(189)**	12,863
Currency translation differences	**(91)**	(268)	**–**	–
End of financial year	**1,008,020**	999,349	**951,501**	948,253

Certain investment properties of the Group with carrying amounts of S$50.7 million (2019: S$50.5 million) are mortgaged to secure bank borrowings (Note 29).

The right-of-use asset presented as investment properties has carrying amount of S$1.2 million as at 31 March 2020.

24. INVESTMENT PROPERTIES (continued)

The following amounts are recognised in profit or loss:

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Rental and property-related income	**64,278**	63,111	**58,388**	57,907
Direct operating expenses arising from:				
– Investment property that generated income	**(13,200)**	(15,875)	**(11,458)**	(13,479)

Investment properties are leased to non-related parties under operating leases (Note 38(c)).

At the end of the reporting period, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
10 Eunos Road 8, Singapore Post Centre	Building for commercial and retail.	Leasehold of 99 years expiring on 30 August 2081
502 Chai Chee Lane	Building for warehousing and self-storage.	Leasehold of 30 years expiring on 30 April 2041
No. 5, Jalan Penyair U1/44, Off Jalan Glenmarie, Temasya Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia	Warehousing.	Freehold
110 Alexandra Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
10 Choa Chu Kang Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
373 Tanjong Katong Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
1 Killiney Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
396 Pasir Panjang Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
10 Palm Avenue	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
350 Bedok Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
56 Tanglin Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091

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24. INVESTMENT PROPERTIES (continued)

Location	Description/existing use	Tenure
6 Ayer Rajah Crescent	Building for warehousing and self-storage.	Leasehold of 30 years expiring on 1 February 2026
755 Upper Serangoon Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
5 Mandai Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
21 Ghim Moh Road	Building for commercial and retail.	Leasehold of 82 years expiring on 1 April 2076
3B Toh Guan Road East	Building for warehousing.	Leasehold of 30 + 30 years expiring On 31 August 2049

	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**
2020			
– Commercial and retail – Singapore	–	2,484	993,326
– Commercial and retail – Malaysia	–	–	12,210
2019			
– Commercial and retail – Singapore	–	2,484	984,856
– Commercial and retail – Malaysia	–	–	12,009

<u>Valuation techniques used to derive Level 2 fair values</u>

Level 2 fair values of the Group's properties have been derived using the sales comparison approach. Sales proceeds of comparable properties in close proximity are adjusted for differences in key attributes such as property size and timing of sale. The most significant input in this valuation approach is the selling price per square metre.

<u>Valuation techniques used to derive Level 3 fair values</u>

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 comparable sales method is used as a reference.

There were no transfers in or out of fair value hierarchy levels for the financial years ended 31 March 2020 and 2019.

24. INVESTMENT PROPERTIES (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3:

Description	Fair value (S$'000) 2020	Valuation techniques	Unobservable inputs	Range of unobservable inputs 2020	Relationship of unobservable inputs to fair value
Group					
Building for commercial and retail (Singapore Post Centre)	**844,256** (2019: 840,555)	Discounted cash flow approach	Discount rate	**7.00-7.50%** (2019: 6.75-7.50%)	The higher the discount rate, the lower the valuation
		Capitalisation/ income approach	Capitalisation rate	**4.00-6.00%** (2019: 4.25-6.15%)	The higher the capitalisation rate, the lower the valuation
Building for commercial and retail (10 SLA Properties)	**97,099** (2019: 97,718)	Capitalisation/ income approach	Capitalisation rate	**4.25-4.75%** (2019: 4.75-5.00%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	**7.25-7.50%** (2019:Nil)	The higher the discount rate, the lower the valuation
Building for warehousing and self-storage-Singapore	**41,032** (2019: 41,935)	Capitalisation/ income approach	Capitalisation rate	**6.25-7.50%** (2019: 7.00-8.00%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	**7.50%** (2019:Nil)	The higher the discount rate, the lower the valuation
Warehousing – Singapore	**10,939** (2019: 4,648)	Capitalisation/ income approach	Capitalisation rate	**6.50%** (2019: 6.50%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	**7.75%** (2019: Nil)	The higher the discount rate, the lower the valuation

24. INVESTMENT PROPERTIES (continued)

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

Description	Fair value (S$'000) 2020	Valuation techniques	Unobservable inputs	Range of unobservable inputs 2020	Relationship of unobservable inputs to fair value
Group					
Warehousing – Malaysia	**12,210** (2019: 12,009)	Capitalisation/ income approach	Capitalisation rate	**7.50%** (2019: 7.00-7.50%)	The higher the capitalisation rate, the lower the valuation
	1,005,536				
Company					
Building for commercial and retail (Singapore Post Centre)	**851,918** (2019: 848,051)	Discounted cash flow approach	Discount rate	**7.00-7.50%** (2019: 6.75-7.50%)	The higher the discount rate, the lower the valuation
		Capitalisation/ income approach	Capitalisation rate	**4.00-6.00%** (2019: 4.25-6.15%)	The higher the capitalisation rate, the lower the valuation
Building for commercial and retail (10 SLA Properties)	**97,099** (2019: 97,718)	Capitalisation/ income approach	Capitalisation rate	**4.25-4.75%** (2019: 4.75-5.00%)	The higher the capitalisation rate, the lower the valuation
	949,017				

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 2020, the fair values of the Group's investment properties have been determined by Jones Lang LaSalle Property Consultants Pte Ltd (2019: Knight Frank Pte Ltd).

25. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Group						
2020						
Cost						
Beginning of financial year	79,754	382,447	46,657	292,879	18,293	820,030
Additions	–	821	23	12,005	6,440	19,289
Reclassifications (to) / from investment properties						
– At fair value (Note 24)	(349)	(4,489)	–	–	–	(4,838)
– Transfer from valuation reserve (Note 33)	191	110	–	–	–	301
Loss of control of subsidiaries (Notes 12 and 14)	–	(510)	–	(57,845)	–	(58,355)
Disposals	–	(192)	(47)	(45,320)	(283)	(45,842)
Transfers	–	87	414	11,772	(12,273)	–
Currency translation differences	–	–	–	(977)	–	(977)
End of financial year	79,596	378,274	47,047	212,514	12,177	729,608
Accumulated depreciation and accumulated Impairment losses						
Beginning of financial year	23,011	124,959	13,511	191,751	–	353,232
Depreciation charge	1,662	8,854	4,472	23,710	–	38,698
Loss of control of subsidiaries (Notes 12 and 14)	–	–	–	(57,503)	–	(57,503)
Disposals	–	(192)	(47)	(45,388)	–	(45,627)
Currency translation differences	–	–	–	(666)		(666)
End of financial year	24,673	133,621	17,936	111,904	–	288,134
Net book value						
End of financial year	**54,923**	**244,653**	**29,111**	**100,610**	**12,177**	**441,474**

25. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
Group						
2019						
Cost						
Beginning of financial year	79,959	354,016	45,765	279,091	20,854	779,685
Additions	–	562	–	11,439	11,192	23,193
Reclassifications (to) / from investment properties						
– At fair value (Note 24)	(531)	29,044	–	–	–	28,513
– Transfer from valuation reserve (Note 33)	326	(87)	–	–	–	239
Disposals	–	(494)	(100)	(11,684)	(149)	(12,427)
Transfers	–	(611)	992	13,223	(13,604)	–
Currency translation differences	–	17	–	810	–	827
End of financial year	79,754	382,447	46,657	292,879	18,293	820,030
Accumulated depreciation and accumulated Impairment losses						
Beginning of financial year	21,346	117,569	10,550	138,509	–	287,974
Depreciation charge	1,665	9,435	3,061	33,253	–	47,414
Disposals	–	(425)	(100)	(11,045)	–	(11,570)
Currency translation differences	–	10	–	11	–	21
Impairment (written-back) / charge[1]	–	(1,630)	–	31,023	–	29,393
End of financial year	23,011	124,959	13,511	191,751	–	353,232
Net book value						
End of financial year	**56,743**	**257,488**	**33,146**	**101,128**	**18,293**	**466,798**

[1] Included in impairment charge for the financial year ended 31 March 2019 was S$31,023,000 which arose from the U.S. businesses.

25. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
<u>Company</u>						
2020						
Cost						
Beginning of financial year	59,162	222,081	46,657	152,711	14,733	495,344
Additions	–	821	16,559	10,230	4,810	32,420
Reclassifications (to) / from investment properties						
– At fair value (Note 24)	(411)	111	–	–	–	(300)
– Transfer from valuation reserve (Note 33)	240	130	–	–	–	370
Disposals	–	(192)	(47)	(9,461)	–	(9,700)
Transfers	–	84	414	11,775	(12,273)	–
End of financial year	58,991	223,035	63,583	165,255	7,270	518,134
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	19,357	89,214	13,511	102,520	–	224,602
Depreciation charge	831	4,324	4,472	16,065	–	25,692
Impairment written-back	–	–	–	–	–	–
Disposals	–	(192)	(47)	(9,331)	–	(9,570)
End of financial year	20,188	93,346	17,936	109,254	–	240,724
Net book value						
End of financial year	**38,803**	**129,689**	**45,647**	**56,001**	**7,270**	**277,410**

25. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S$'000	Buildings S$'000	Postal equipment S$'000	Plant and machinery S$'000	Capital work-in-progress S$'000	Total S$'000
<u>Company</u>						
2019						
Cost						
Beginning of financial year	59,367	185,330	45,765	141,299	18,279	450,040
Additions	–	45	–	4,440	8,906	13,391
Reclassifications (to) / from investment properties						
– At fair value (Note 24)	(531)	37,068	–	–	–	36,537
– Transfer from valuation reserve	326	63	–	–	–	389
Disposals	–	(494)	(100)	(4,419)	–	(5,013)
Transfers	–	69	992	11,391	(12,452)	–
End of financial year	59,162	222,081	46,657	152,711	14,733	495,344
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	18,523	85,980	10,550	93,524	–	208,577
Depreciation charge	834	5,289	3,061	12,986	–	22,170
Impairment written-back	–	(1,630)	–	–	–	(1,630)
Disposals	–	(425)	(100)	(3,990)	–	(4,515)
End of financial year	19,357	89,214	13,511	102,520	–	224,602
Net book value						
End of financial year	**39,805**	**132,867**	**33,146**	**50,191**	**14,733**	**270,742**

26. RIGHT-OF-USE ASSETS

	Properties S$'000	Motor vehicles S$'000	Equipment S$'000	Total S$'000
<u>Group</u>				
2020				
Cost				
Beginning of financial year	113,503	2,354	1,025	116,882
Additions	18,367	212	285	18,864
Disposals	(3,944)	–	(5)	(3,949)
Currency translation differences	(3,298)	(2)	(40)	(3,340)
End of financial year	124,628	2,564	1,265	128,457
Accumulated depreciation				
Beginning of financial year	30,566	–	–	30,566
Depreciation charge	26,816	1,363	595	28,774
Disposals	(2,733)	–	(5)	(2,738)
Currency translation differences	(1,344)	1	(20)	(1,363)
End of financial year	53,305	1,364	570	55,239
Net book value				
End of financial year	**71,323**	**1,200**	**695**	**73,218**

26. RIGHT-OF-USE ASSETS (continued)

	Properties S$'000	Motor vehicles S$'000	Equipment S$'000	Total S$'000
Company				
2020				
Cost				
Beginning of financial year	22,736	2,043	424	25,203
Additions	8,057	206	–	8,263
End of financial year	30,793	2,249	424	33,466
Accumulated depreciation				
Beginning of financial year	–	–	–	–
Depreciation charge	11,061	1,081	223	12,365
End of financial year	11,061	1,081	223	12,365
Net book value				
End of financial year	**19,732**	**1,168**	**201**	**21,101**

The Group and Company leases several properties, motor vehicles and equipment.

In addition, certain right-of-use assets are secured by the Group and Company with no future payments required and are presented within property, plant and equipment (Note 25). The carrying amounts of such assets are as follows:

	Group		Company	
	Carrying amount as at 31 March 2020 S$'000	**Depreciation during the year ended 31 March 2020 S$'000**	**Carrying amount as at 31 March 2020 S$'000**	**Depreciation during the year ended 31 March 2020 S$'000**
Leasehold land	**54,923**	**1,662**	**38,803**	**831**
Plant and machinery	**4,582**	**194**	**124**	**13**
Total	**59,505**	**1,856**	**38,927**	**844**

There is no additions to the above right-of-use assets for the year ended 31 March 2020.

27. INTANGIBLE ASSETS

	Group	
	2020 S$'000	2019 S$'000
Composition:		
Goodwill on acquisitions (Note (a))	259,502	265,402
Customer relationship (Note (b))	–	–
Preferential rent (Note (c))	3,121	3,577
Acquired software license (Note (d))	–	51
Trademarked brands (Note (e))	34,740	38,408
	297,363	307,438

27. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions

	Group	
	2020 S$'000	2019 S$'000
Cost		
Beginning of financial year	**482,553**	486,047
Loss of control of subsidiaries (Notes 12 and 14)	**(196,551)**	–
Currency translation differences	**(5,900)**	(3,494)
End of financial year	**280,102**	482,553
Accumulated impairment		
Beginning of financial year	**(217,151)**	(186,663)
Loss of control of subsidiaries (Notes 12 and 14)	**196,551**	–
Impairment charge (Note 8)	**–**	(30,488)
End of financial year	**(20,600)**	(217,151)
Net book value	**259,502**	265,402

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	
	2020 S$'000	2019 S$'000
Quantium Solutions International Pte. Ltd.	**77,858**	77,858
General Storage Company Pte. Ltd.	**6,857**	6,857
Famous Holdings Pte. Ltd.	**59,908**	59,908
Couriers Please Holdings Pty Limited	**63,878**	70,622
Tras – Inter Co. Ltd	**2,488**	2,320
F.S. Mackenzie Limited	**5,016**	5,046
Famous Pacific Shipping (NZ) Limited	**4,789**	5,204
The Store House Limited	**11,520**	10,819
Rotterdam Harbour Holding B.V.	**16,542**	16,122
L+S Self Storage Pte Ltd	**10,646**	10,646
	259,502	265,402

The recoverable amount of each CGU was determined based on value-in-use calculations. In the prior financial year, total impairment charge of S$30.5 million is included within "Exceptional items" in the consolidated income statement (Note 8).

This impairment charge consisted of S$21.2 million and S$9.3 million for the Jagged Peak, Inc and TG Acquisition Corporation CGUs respectively which arose as a result of the CGUs not achieving the underlying profit assumptions on the business plans which supported the investments. In the current year, the U.S. businesses filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada, and were deconsolidated effective from 1 September 2019 (Note 12).

27. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions *(continued)*

Cash flow projections used in the value-in-use calculations were based on financial budgets covering a five period (2019: five-year period). Cash flows beyond the periods covered by the financial budgets were extrapolated using the estimated growth rates stated below.

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

	Quantium Solutions International Pte. Ltd.	General Storage Company Pte. Ltd.	Famous Holdings Pte Ltd	Couriers Please Holdings 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	Tras – Inter Co, Ltd
2020										
Terminal growth rate	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**
Discount rate	**8.2%**	**6.3%**	**7.7%**	**7.6%**	**8.4%**	**7.9%**	**6.3%**	**7.9%**	**6.3%**	**8.6%**
2019										
Terminal growth rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Discount rate	9.6%	7.1%	7.9%	8.9%	10.0%	9.3%	7.1%	9.3%	7.1%	10.3%

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

The sensitivity analyses below have been determined based on changes of the these assumptions occurring at the end of the reporting period, while holding all other assumptions constant that would result in the recoverable amounts of the respective CGUs being equal to the carrying amounts.

	Quantium Solutions International Pte. Ltd.	General Storage Company Pte. Ltd.	Famous Holdings Pte Ltd	Couriers Please Holdings 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	Tras – Inter Co, Ltd
2020										
(Decrease)/ increase										
Terminal growth rate	(1.7%)	N.M	(0.3%)	(1.2%)	N.M	N.M	N.M	N.M	N.M	N.M
Discount rate	1.7%	4.9%	0.3%	0.9%	2.7%	2.2%	6.4%	18.6%	3.7%	58.9%
2019										
(Decrease)/ increase										
Terminal growth rate	(0.2%)	N.M	N.M	(0.9%)	N.M	N.M	N.M	N.M	N.M	N.M
Discount rate	0.2%	2.8%	2.8%	0.8%	24.0%	4.2%	11.4%	21.1%	4.6%	62.5%

N.M: Not meaningful as a zero terminal growth will still result in the recoverable amount to be higher than the carrying amount.

27. INTANGIBLE ASSETS (continued)

(b) Customer relationships

	Group 2020 S$'000	Group 2019 S$'000
Cost		
Beginning of financial year	**66,452**	65,422
Loss of control of subsidiaries (Notes 12 and 14)	**(66,452)**	–
Currency translation differences	**–**	1,030
End of financial year	**–**	66,452
Accumulated amortisation and impairment		
Beginning of financial year	**(66,452)**	(36,173)
Loss of control of subsidiaries (Notes 12 and 14)	**66,452**	–
Amortisation charge	**–**	(5,337)
Impairment charge (Note 8)	**–**	(24,942)
End of financial year	**–**	(66,452)
Net book value	**–**	–

In the prior financial year, the Group recognised an impairment charge of S$24.9 million on its customer relationships in relation to the acquisition of TG Acquisition Corporation and Jagged Peak, Inc. This impairment charge arose as a result of the CGUs not achieving the underlying profit assumptions on the business plans which supported the investments.

(c) Preferential rent

	Group 2020 S$'000	Group 2019 S$'000
Cost		
Beginning of financial year	**7,501**	7,502
Currency translation differences	**–**	(1)
End of financial year	**7,501**	7,501
Accumulated amortisation		
Beginning of financial year	**(3,924)**	(3,455)
Amortisation charge	**(456)**	(469)
End of financial year	**(4,380)**	(3,924)
Net book value	**3,121**	3,577

27. INTANGIBLE ASSETS (continued)

(d) Acquired software licence

	Group 2020 S$'000	Group 2019 S$'000
Cost		
Beginning of financial year	**22,974**	18,734
Loss of control of subsidiaries (Notes 12 and 14)	**(22,923)**	–
Additions	**–**	3,801
Currency translation differences	**–**	439
End of financial year	**51**	22,974
Accumulated amortisation and impairment		
Beginning of financial year	**(22,923)**	(6,391)
Loss of control of subsidiaries (Notes 12 and 14)	**22,923**	–
Amortisation charge	**(51)**	(4,653)
Impairment charge (Note 8)	**–**	(11,879)
End of financial year	**(51)**	(22,923)
Net book value	**–**	51

(e) Trademarked brands

	Group 2020 S$'000	Group 2019 S$'000
Cost		
Beginning of financial year	**38,951**	40,854
Loss of control of subsidiaries (Notes 12 and 14)	**(543)**	–
Currency translation differences	**(3,668)**	(1,903)
End of financial year	**34,740**	38,951
Accumulated amortisation and impairment		
Beginning of financial year	**(543)**	(147)
Loss of control of subsidiaries (Notes 12 and 14)	**543**	–
Amortisation charge	**–**	(60)
Impairment charge (Note 8)	**–**	(336)
End of financial year	**–**	(543)
Net book value	**34,740**	38,408

The trademarked brand amounting to S$34,740,000 (2019: S$38,408,000) has an indefinite useful life.

Key assumptions used for value-in-use calculations for the trademarked brand with indefinite useful life:

	Group 2020	Group 2019
Terminal growth rate	**2.5%**	2.5%
Discount rate	**7.6%**	8.9%

28. TRADE AND OTHER PAYABLES

	Group 2020 S$'000	Group 2019 S$'000	Company 2020 S$'000	Company 2019 S$'000
Current				
Trade payables				
– Subsidiaries	**–**	–	**23,281**	40,289
– Companies related by a substantial shareholder	**635**	1,356	**590**	1,356
– Non-related parties	**340,716**	300,135	**308,956**	246,845
	341,351	301,491	**332,827**	288,490
Accrual for other operating expenses	**104,561**	104,672	**78,878**	67,525
Provision for restructuring (Note (a))	**943**	9,885	**–**	–
Provision for reinstatement costs (Note (b))	**1,007**	4,102	**696**	731
Interest payable	**53**	3,510	**53**	3,510
Customers' deposits	**6,484**	6,427	**6,484**	6,427
Collections on behalf of third parties	**8,126**	16,968	**8,126**	16,968
Contingent consideration payable (Note (c))	**1,558**	2,462	**–**	–
Deposits	**17,392**	22,934	**14,142**	14,093
Other creditors	**25,477**	14,539	**16,336**	10,403
	506,952	486,990	**457,542**	408,147
Non-current				
Deferred lease	**–**	2,883	**–**	–
Accrual for the operating expenses	**1,114**	1,328	**–**	–
Provision for reinstatement costs (Note (b))	**10,143**	11,818	**2,042**	1,088
Post-employment benefits (Note 36)	**1,949**	1,728	**–**	–
	13,206	17,757	**2,042**	1,088
	520,158	504,747	**459,584**	409,235

(a) Provision for restructuring

Restructuring provision comprises mainly of lease termination penalties and employee termination payments from overseas subsidiaries.

(b) Provision for reinstatement costs

A provision is recognised for the present value of costs to be incurred for the restoration of the Group's investment properties and property, plant and equipment.

Movement in this provision is as follows:

	Group 2020 S$'000	Group 2019 S$'000	Company 2020 S$'000	Company 2019 S$'000
Beginning of financial year	**15,920**	15,672	**1,819**	1,935
Loss of control of subsidiaries	**(4,569)**	–	**–**	–
Adjustment	**(201)**	248	**919**	(116)
End of financial year	**11,150**	15,920	**2,738**	1,819

28. TRADE AND OTHER PAYABLES (continued)

(c) Contingent consideration payable

(i) Rotterdam Harbour Holding B.V. ("FPS Rotterdam")

The consideration for the acquired 80% interest is dependent on the revenue achieved for the financial years 31 March 2016 and 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 2020, the fair value of contingent consideration amounted to S$1,558,000 (2019: S$1,499,000).

(ii) 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 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.

Subsequent to the filing of Chapter 11 by the U.S. businesses (Note 12), the remaining balance of the contingent consideration payable amounting to S$1.0 million (Note 8) was reversed during the year.

29. LEASE LIABILITIES / BORROWINGS

		Group		Company	
		2020	2019	**2020**	2019
		S$'000	S$'000	**S$'000**	S$'000
(a)	Lease liabilities				
	– Current	**19,346**	–	**9,179**	–
	– Non-current	**66,820**	–	**12,281**	–
		86,166	–	**21,460**	–
(b)	Borrowings [1]				
	– Other borrowings	**364,424**	290,876	**349,750**	200,796
	– Financial guarantee	**–**	–	**–**	67,785
		364,424	290,876	**349,750**	268,581

29. LEASE LIABILITIES / BORROWINGS (continued)

[1] The analysis of the current and non-current borrowings is as follows:

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Current				
– Borrowings (secured)	**1,863**	1,666	**–**	–
– Borrowings (unsecured)	**155,100**	280,176	**149,750**	200,796
– Financial guarantee	**–**	–	**–**	67,785
	156,963	281,842	**149,750**	268,581
Non-current				
– Borrowings (secured)	**7,461**	9,034	**–**	–
– Borrowings (unsecured)	**200,000**	–	**200,000**	–
	207,461	9,034	**200,000**	–
	364,424	290,876	**349,750**	268,581

Secured borrowings comprise external bank loans and are secured over investment properties with carrying amount of S$50.7 million (2019: S$50.5 million) (Note 24) or assets with carrying amount of S$Nil (2019: S$41.9 million) at the end of the reporting period.

As at 31 March 2020, the Group's unsecured borrowings consist of S$200 million 15-month term loan facility and short-term revolving credit facilities of S$155.1 million.

As at 31 March 2019, the Group's unsecured borrowings mainly comprised S$200 million 10-year Fixed Rate Notes (the "Notes") issued in March 2010 which carried a fixed interest rate of 3.5% per annum. During the financial year, the Group has repaid the S$200 million Notes due in March 2020.

Financial guarantee

In the financial year ended 31 March 2019, the Company provided a financial guarantee to a bank in respect of loans borrowed by certain subsidiaries. The financial guarantee liability was recorded at the higher of its fair value or lifetime expected credit losses.

These loans were fully repaid in the current year.

Fair value of non-current borrowings

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Non-current				
– Borrowings (secured)	**7,461**	9,034	**–**	–
– Borrowings (unsecured)	**200,000**	–	**200,000**	–
	207,461	9,034	**200,000**	–

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 39(a)(ii).

29. LEASE LIABILITIES / BORROWINGS (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

					Non-cash changes		
	31 March 2019 S$'000	Adoption of SFRS(I) 16 (Note 2.2) S$'000	1 April 2019 S$'000	Financing cash flows (i) S$'000	Foreign exchange movement S$'000	Other changes (ii) S$'000	31 March 2020 S$'000
Borrowings	**290,876**	**–**	**290,876**	**61,110**	**460**	**11,978**	**364,424**
Lease liabilities	**–**	**97,476**	**97,476**	**(31,089)**	**(550)**	**20,329**	**86,166**
	290,876	**97,476**	**388,352**	**30,021**	**(90)**	**32,307**	**450,590**

			Non-cash changes		
	1 April 2018 S$'000	Financing cash flows (i) S$'000	Foreign exchange movement S$'000	Other changes (ii) S$'000	31 March 2019 S$'000
Borrowings	243,978	37,450	(617)	10,065	290,876

(i) The cash flows consist of interest paid, net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

(ii) Other changes include interest accruals, payments as well as additions and disposals of right-of-use assets.

30. CONTRACT LIABILITIES

	Group		Company	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Advances received for postassurance collaboration (Note (a))	**38,334**	45,444	**38,334**	45,444
Advance billings (Note (b))	**23,547**	31,064	**12,818**	15,931
Others	**788**	40	**–**	–
	62,669	76,548	**51,152**	61,375
Analysed as:				
Current	**31,957**	38,214	**20,190**	23,041
Non-current	**30,712**	38,334	**30,962**	38,334
	62,669	76,548	**51,152**	61,375

(a) Arises from definitive agreements with respect to the postassurance collaboration with AXA Life Insurance Singapore Private Limited ("AXA") which is recognised in profit or loss over the period of 10 years till 19 January 2025.

(b) Mainly relates to advance billings to customers and unearned revenue from paid postage.

The change in contract liabilities during the reporting period is due to recognition of advance billings and advances from AXA to profit or loss.

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31. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority. The amounts, determined after appropriate offsetting, are shown on the statements of financial position as follows:

	Group		Company	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Deferred income tax assets	**2,277**	3,194	**–**	–
Deferred income tax liabilities	**34,437**	41,875	**21,621**	22,896

Movement in the deferred income tax account is as follows:

	Group		Company	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Beginning of financial year	**38,681**	49,195	**22,896**	23,253
Loss of control of subsidiaries (Notes 12 and 14)	**(876)**	–	**–**	–
Currency translation differences	**(509)**	189	**–**	–
Tax credited to profit or loss (Note 11)	**(5,136)**	(10,703)	**(1,275)**	(357)
End of financial year	**32,160**	38,681	**21,621**	22,896

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowance of S$125,501,000 (2019: S$263,563,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry dates.

Deferred income tax liabilities

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation S$'000	Others[(1)] S$'000	Total S$'000
2020			
Beginning of financial year	**32,818**	**17,281**	**50,099**
Loss of control of subsidiaries (Notes 12 and 14)	**(4,331)**	**(4,777)**	**(9,108)**
Currency translation differences	**185**	**(1,410)**	**(1,225)**
Credited to profit or loss	**(3,810)**	**(1,320)**	**(5,130)**
End of financial year	**24,862**	**9,774**	**34,636**
2019			
Beginning of financial year	36,053	24,580	60,633
Currency translation differences	82	(5)	77
Credited to profit or loss	(3,317)	(7,294)	(10,611)
End of financial year	32,818	17,281	50,099

(1) Mainly arises from intangible assets.

31. Deferred income taxes (continued)

Group (continued)

Deferred income tax assets

	Provisions S$'000	Tax losses S$'000	Total S$'000
2020			
Beginning of financial year	**(10,038)**	**(1,380)**	**(11,418)**
Loss of control of subsidiaries (Notes 12 and 14)	**8,232**	**–**	**8,232**
Currency translation difference	**(57)**	**773**	**716**
Credited to profit or loss	**(6)**	**–**	**(6)**
End of financial year	**(1,869)**	**(607)**	**(2,476)**
2019			
Beginning of financial year	(9,958)	(1,480)	(11,438)
Currency translation difference	12	100	112
Credited to profit or loss	(92)	–	(92)
End of financial year	(10,038)	(1,380)	(11,418)

Company

Deferred income tax liabilities

	Accelerated tax depreciation S$'000	Others S$'000	Total S$'000
2020			
Beginning of financial year	**22,380**	**692**	**23,072**
Credited to profit or loss	**(17)**	**(1,232)**	**(1,249)**
End of financial year	**22,363**	**(540)**	**21,823**
2019			
Beginning of financial year	22,938	503	23,441
(Credited) / charged to profit or loss	(558)	189	(369)
End of financial year	22,380	692	23,072

Deferred income tax assets

	Provisions S$'000
2020	
Beginning of financial year	**(176)**
Credited to profit or loss	**(26)**
End of financial year	**(202)**
2019	
Beginning of financial year	(188)
Charged to profit or loss	12
End of financial year	(176)

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32. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S$'000	Treasury shares S$'000
Group and Company				
2020				
Beginning of financial year	**2,275,089**	**(25,858)**	**638,762**	**(30,174)**
Employee share option scheme				
– Treasury shares re-issued	**–**	**346**	**–**	**450**
End of financial year	**2,275,089**	**(25,512)**	**638,762**	**(29,724)**
2019				
Beginning of financial year	2,275,089	(12,327)	638,762	(16,023)
– Treasury shares purchased	–	(14,300)	–	(15,143)
Employee share option scheme				
– Treasury shares re-issued	–	769	–	992
End of financial year	2,275,089	(25,858)	638,762	(30,174)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

(a) Treasury shares

The Company acquired Nil (2019: 14,300,000) of its issued shares in the open market during the financial year. The total amount paid to acquire the shares was Nil (2019: S$15,143,000) and this was presented as a component within shareholders' equity.

The Company re-issued 346,430 (2019: 769,000) treasury shares during the financial year pursuant to the Singapore Post Share Option Scheme at exercise price of S$1.296. The cost of the treasury shares re-issued amounted to S$450,000 (2019: S$992,000).

(b) Share options

The Singapore Post Share Option Scheme was adopted on 21 March 2003, and a new scheme, known as Singapore Post Share Option Scheme 2012 was adopted on 29 June 2012; collectively known as the "Scheme". The Scheme is administered by the Compensation Committee comprising Mr Bob Tan Beng Hai (Chairman), Mr Simon Claude Israel, and Mrs Fang Ai Lian during the financial year ended 31 March 2020.

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.

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) 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 follows:

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

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32. 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's target share price performance.

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

Since the adoption of the Scheme to 31 March 2019, a total of 178,687,936 share options were granted. Particulars of the options were set out in the Directors' Statement for the respective financial years.

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options *(continued)*

During the financial year ended 31 March 2020, no share options were granted. At the end of the financial year, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding are as follows:

			Number of ordinary shares under options outstanding				
Date of Grant	**Exercise Period**	**Exercise Price**	**Balance At 1.4.19 ('000)**	**Granted during financial year ('000)**	**Options exercised ('000)**	**Options forfeited ('000)**	**Balance At 31.3.20 ('000)**
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
29.06.10	30.06.11 to 29.06.20	S$1.140	513	–	–	180	333
26.07.11	27.07.12 to 26.07.21	S$1.100	600	–	–	200	400
11.05.12	19.05.14 to 11.05.22	S$1.030	1,007	–	–	525	482
10.08.12	11.08.13 to 10.08.22	S$1.070	1,204	–	–	320	884
17.01.14	18.01.17 to 17.01.24	S$1.350	2,345	–	–	609	1,736
07.03.14	08.03.17 to 07.03.24	S$1.330	375	–	–	–	375
20.05.14	21.05.15 to 20.05.24	S$1.450	3,002	–	–	340	2,662
07.08.14	08.08.15 to 07.08.24	S$1.760	272	–	–	13	259
13.05.15	14.05.16 to 13.05.25	S$1.910	850	–	–	600	250
19.05.15	20.05.16 to 19.05.25	S$1.890	4,164	–	–	293	3,871
12.06.15	13.06.16 to 12.06.25	S$1.880	40	–	–	40	–
20.05.16	21.05.17 to 20.05.26	S$1.570	3,464	–	–	1,027	2,437
Total Share Options			**17,836**	**–**	**–**	**4,147**	**13,689**

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.

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options *(continued)*

Restricted Share Plan

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

Enhancements to the Plan (the "Enhanced Plan") are designed to reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain staff whose contributions are essential to the well-being of the Group. The Enhanced Plan will continue to 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) prior to FY2017/18 is as follows:

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

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

Since the adoption of the Plan to 31 March 2019, a total of 5,839,118 restricted shares were granted.

During the financial year ended 31 March 2020, no restricted shares were granted under the Plan. Details of the restricted shares granted and cancelled and the number of unvested restricted shares outstanding as at the end of the financial year is as follows:

Date of Grant	**Balance As At 1.4.19 ('000)**	**Share Awards Granted ('000)**	**Share Awards Vested ('000)**	**Share Awards Cancelled ('000)**	**Balance As At 31.3.20 ('000)**
20.05.16	356	–	346	10	–
Total	**356**	**–**	**346**	**10**	**–**

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options *(continued)*

Enhanced Plan

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

a) Performance Share Award; and

b) Restricted Share Award.

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

The performance conditions would incorporate stretched targets aimed at delivering long-term shareholder value. Depending on the extent of the satisfaction of the relevant performance criteria, 0% to 200% of the shares comprised in the awards may vest.

Performance Share Awards

Since the adoption of the Enhanced Plan to 31 March 2019, a total of 2,757,289 restricted shares were granted.

During the financial year ended 31 March 2020, 1,422,805 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 1.4.19 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.20 ('000)
18.01.18	359	–	–	–	359
31.05.18	2,398	–	–	120	2,278
31.05.19	–	1,423	–	131	1,292
Total	**2,757**	**1,423**	**–**	**251**	**3,929**

Restricted Share Awards

Since the adoption of the Enhanced Plan to 31 March 2019, a total of 2,847,605 restricted shares were granted.

During the financial year ended 31 March 2020, 2,863,247 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 1.4.19 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.20 ('000)
18.01.18	1,088	–	–	189	899
31.05.18	1,300	–	–	220	1,080
31.05.19	–	2,863	–	301	2,562
Total	**2,388**	**2,863**	**–**	**710**	**4,541**

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options *(continued)*

Restricted Share Awards (continued)

Of the outstanding options (including Performance Share Option Plan but excluding Restricted Share Plan) for 13,689,000 (2019: 17,836,000) shares, 13,689,000 (2019: 16,816,800) options are exercisable as at 31 March 2020. Options were exercised throughout the year. The weighted average share price during the financial year was S$0.93 (2019: S$1.12).

Following is the details of the significant inputs into the valuation model to determine fair value of the share incentive granted during the financial year.

Type of Share Options	Performance Share Awards (TSR)	Performance Share Awards (ROE)	Restricted Share Awards (UNP)
2020			
Total fair value of options granted during financial year	S$463,834	S$588,330	S$2,367,905
Valuation Model	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation
Weighted average share price at the grant dates	S$0.93	S$0.93	S$0.93
Expected volatility	19.7%	19.7%	19.7%
Expected option life	3 years	3 years	3 years
Expected dividend yield	3.8%	3.8%	3.8%
2019			
Total fair value of options granted during financial year	S$1,206,099	S$1,462,665	S$1,585,722
Valuation Model	Black-Scholes & Monte Carlo Simulation	Discounted Cashflow	Discounted Cashflow
Weighted average share price at the grant dates	S$1.32	S$1.32	S$1.32
Expected volatility	20%	–	–
Expected option life	3 years	3 years	3 years
Expected dividend yield	2.7%	2.7%	2.7%

The volatility assumption is based on the actual volatility of Singapore Post's daily closing share price over the three-year period to the valuation date.

The annual risk free rate is interpolated from the yield on Singapore Government Bonds of appropriate term, as detailed by the Monetary Authority of Singapore.

33. OTHER RESERVES

	Group 2020 S$'000	Group 2019 S$'000	Company 2020 S$'000	Company 2019 S$'000
(a) Composition:				
Share option reserve	**13,182**	10,828	**13,182**	10,828
Fair value reserve	**227**	494	**–**	(8)
Currency translation reserve	**(22,046)**	(13,322)	**–**	–
Other capital reserve	**37,557**	35,935	**–**	–
Asset valuation reserve	**44,390**	44,089	**29,677**	29,307
	73,310	78,024	**42,859**	40,127

Other reserves are non-distributable.

	Group 2020 S$'000	Group 2019 S$'000	Company 2020 S$'000	Company 2019 S$'000
(b) Movements:				
(i) Share option reserve				
Beginning of financial year	**10,828**	9,422	**10,828**	9,422
Employee share option scheme:				
– Value of employee services (Note 5)	**2,804**	2,117	**2,804**	2,117
– Issue of shares	**–**	–	**–**	–
– Re-issuance of treasury shares	**(450)**	(711)	**(450)**	(711)
End of financial year	**13,182**	10,828	**13,182**	10,828
(ii) Fair value reserve				
Beginning of financial year	**494**	(236)	**(8)**	(236)
Fair value gain	**(410)**	989	**8**	228
Less: Non-controlling interests	**143**	(259)	**–**	–
End of financial year	**227**	494	**–**	(8)
(iii) Currency translation reserve				
Beginning of financial year	**(13,322)**	(7,304)	**–**	–
Loss of control of subsidiaries (Notes 12 and 14)	**2,115**	–	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	**(10,878)**	(7,384)	**–**	–
Transfer to profit and loss on dilution / divestment of interests in associated companies	**(75)**	844	**–**	–
Adjusted for non-controlling interest interests	**114**	522	**–**	–
End of financial year	**(22,046)**	(13,322)	**–**	–

33. OTHER RESERVES (continued)

(b) Movements (continued):

	Group 2020 S$'000	Group 2019 S$'000	Company 2020 S$'000	Company 2019 S$'000
iv) Other capital reserve				
Beginning of financial year	**35,935**	35,935	**–**	–
Loss of control of subsidiaries (Notes 12 and 14)	**1,622**	–	**–**	–
End of financial year	**37,557**	35,935	**–**	–

Other capital reserve mainly arises from changes in shareholding in subsidiaries which do not result in a loss of control

	Group 2020 S$'000	Group 2019 S$'000	Company 2020 S$'000	Company 2019 S$'000
(v) Asset valuation reserve				
Beginning of financial year	**44,089**	43,850	**29,307**	28,918
Revaluation gain on property, plant and equipment upon transfer to investment property (Note 25)	**301**	239	**370**	389
End of financial year	**44,390**	44,089	**29,677**	29,307

34. PERPETUAL SECURITIES

On 2 March 2012, the Company issued senior perpetual cumulative securities (the "perpetual securities") with an aggregate principal amount of S$350,000,000. Incremental cost incurred amounting to S$4,397,000 were recognised in equity as a deduction from proceeds.

Such perpetual securities bear distributions at a rate of 4.25% per annum, payable semi-annually. Subject to the relevant terms and conditions in the offering memorandum, the Company may elect to defer making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred.

As a result, the Company is considered to have no contractual obligations to repay its principal or to pay any distributions and the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Presentation.* The whole instrument is presented within equity, and distributions are treated as dividends.

During the financial year, distributions amounting to S$14,915,000 (2019: S$14,875,000) were made to perpetual securities holders.

35. DIVIDENDS

	2020 S$'000	2019 S$'000
Ordinary dividends paid		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 2.0 cents per share (2019: 2.0 cents)	**44,991**	45,270
Interim exempt (one-tier) dividend paid in respect of the first quarter of current financial year of 0.5 cent per share (2019: 0.5 cent)	**11,248**	11,307
Interim exempt (one-tier) dividend paid in respect of the second quarter of current financial year of 0.5 cent per share (2019: 0.5 cent)	**11,248**	11,283
Interim exempt (one-tier) dividend paid in respect of the third quarter of current financial year of 0.5 cent per share (2019: 0.5 cent)	**11,249**	11,259
	78,736	79,119

At the Annual General Meeting on 16 July 2020, a final exempt (one-tier) dividend of 1.2 cents per share amounting to S$27.0 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 2021.

36. POST-EMPLOYMENT BENEFITS

The Group operates one defined benefit pension plan in Japan to provide pensions for employees upon retirement.

	Group	
	2020 S$'000	2019 S$'000
The amount recognised in the statement of financial position is determined as follows:		
Present value of unfunded obligations (Note 28)	**1,949**	1,728
The amounts recognised in profit or loss are as follows:		
Current service cost	**782**	449
Interest cost	**15**	15
	797	464
Beginning of financial year	**1,728**	1,893
Current service cost	**782**	449
Interest cost	**15**	15
Benefits paid	**(705)**	(615)
Currency translation differences	**129**	(14)
End of financial year	**1,949**	1,728
The significant actuarial assumptions used were as follows:		
Discount rate	**0.50%**	0.60%
Retirement age	**60**	60
Salary growth rates	**2.50%**	2.50%
Withdrawal	**0%**	0%
The cumulative actuarial losses recognised for the defined benefit pension plans was as follows:		
Beginning and end of financial year	**(11)**	(11)

37. 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 and there had been no further developments from the regulatory authorities. 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.

38. COMMITMENTS

(a) *Capital commitments*

Capital expenditures contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Company	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Property, plant and equipment	**9,271**	17,822	**8,291**	8,718

(b) *Operating lease arrangements – where the Group is a lessee*

Disclosure required by SFRS(I) 16

The Group and Company lease various post offices, warehouse space and machinery under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

At 31 March 2020, the Group is committed to S$1.5 million for short-term leases.

Disclosure required by SFRS(I) 1-17

At 31 March 2019, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group S$'000	Company S$'000
2019		
Within one year	37,956	8,763
In the second to fifth years inclusive	75,713	14,300
After five years	38,187	1,880
	151,856	24,943

38. COMMITMENTS (continued)

(c) Operating lease commitments – where the Group is a lessor

Disclosure required by SFRS(I) 16

Operating leases, in which the Group is the lessor, relate to investment properties owned by the Group. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they are not material.

Maturity analysis of operating lease income:

	Group **S$'000**	Company **S$'000**
2020		
Maturity analysis:		
Year 1	**50,383**	**47,298**
Year 2	**35,475**	**32,833**
Year 3	**25,858**	**25,184**
Year 4	**16,717**	**16,612**
Year 5	**2,322**	**2,222**
Year 6 onwards	**154**	**154**
	130,909	**124,303**

Disclosure required by SFRS(I) 1-17

The Group and Company lease 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 end of the reporting period but not recognised as receivables, were as follows:

	Group S$'000	Company S$'000
2019		
Within one year	50,935	48,846
In the second to fifth years inclusive	89,883	87,829
After five years	873	873
	141,691	137,548

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39. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board Risk Committee then performs oversight responsibilities to ensure the financial risks are managed in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) Currency risk

The currency transaction risk of the Group arises mainly from the international mail business, which generates inpayments and outpayments denominated in foreign currencies. The currency exposure is primarily in Special Drawing Rights ("SDR"), Euro ("EUR") 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 substantially in EUR and USD. The Group uses foreign currency purchases and currency forwards to manage the currency risk. These instruments are used mainly to hedge underlying exposures and the instruments are not entered into for speculative reasons.

In addition, the Group is exposed to currency translation risk on net assets in foreign subsidiaries, associated companies and joint ventures. Currency exposure to the net assets in foreign subsidiaries and associated companies where a divestment is not foreseeable is not hedged by the Group.

Group Treasury's risk management policy is to hedge planned divestment of overseas investments using currency forwards to manage the currency risk. These instruments are used mainly to hedge underlying exposures and the instruments are not entered into for speculative reasons.

39. FINANCIAL RISK MANAGEMENT (continued)

(a) *Market risk* *(continued)*

(i) *Currency risk* (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	HKD S$'000	AUD S$'000	MYR S$'000	RMB S$'000	Others S$'000	Total S$'000
Group										
2020										
Financial assets										
Cash and cash equivalents	392,290	–	4,394	54,505	4,829	11,644	1,769	700	22,866	492,997
Trade and other receivables	174,729	6,348	8,901	160	5,758	20,503	1,960	35,304	17,045	270,708
Other financial assets	2,607	–	1,509	17	1,311	160	359	–	5,137	11,100
Financial assets	28,605	–	–	–	–	–	–	76,461	276	105,342
Derivative financial instruments	–	–	–	2,078	–	–	–	–	31	2,109
	598,231	6,348	14,804	56,760	11,898	32,307	4,088	112,465	45,355	882,256
Financial liabilities										
Derivative financial instruments	–	–	(553)	–	(14)	–	–	–	(365)	(932)
Borrowings	(360,345)	–	–	–	–	–	(4,079)	–	–	(364,424)
Lease liabilities	(45,170)	–	(302)	–	(7,373)	(25,957)	(1,135)	–	(6,229)	(86,166)
Trade and other payables	(179,326)	(283,937)	(5,431)	(315)	(3,111)	(19,231)	(2,089)	(1,132)	(23,637)	(518,209)
	(584,841)	(283,937)	(6,286)	(315)	(10,498)	(45,188)	(7,303)	(1,132)	(30,231)	(969,731)
Net financial assets/ (liabilities)	**13,390**	**(277,589)**	**8,518**	**56,445**	**1,400**	**(12,881)**	**(3,215)**	**111,333**	**15,124**	
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currencies	13,390	–	6,503	157	1,631	(13,132)	(2,591)	2,975	13,843	
Add/(less): Currency forwards	–	136,835	–	(49,237)	–	–	–	–	–	
Currency exposure	**–**	**(140,754)**	**2,015**	**7,051**	**(231)**	**251**	**(624)**	**108,358**	**1,281**	
2019										
Financial assets										
Cash and cash equivalents	317,872	–	5,705	23,906	5,644	14,201	2,855	1,163	20,874	392,220
Trade and other receivables	174,307	7,040	8,585	32,380	4,948	22,515	1,292	3,426	17,993	272,486
Other financial assets	2,827	–	1,522	1,990	1,264	500	372	–	3,558	12,033
Financial assets	35,882	–	–	–	–	–	–	76,880	257	113,019
Derivative financial instruments	–	–	–	–	–	20	16	–	22	58
	530,888	7,040	15,812	58,276	11,856	37,236	4,535	81,469	42,704	789,816
Financial liabilities										
Derivative financial instruments	–	–	(66)	(272)	–	–	–	–	(102)	(440)
Borrowings	(222,057)	–	–	(64,863)	–	–	(3,956)	–	–	(290,876)
Trade and other payables	(168,364)	(227,924)	(5,351)	(52,933)	(2,282)	(16,896)	(1,661)	(1,138)	(23,587)	(500,136)
	(390,421)	(227,924)	(5,417)	(118,068)	(2,282)	(16,896)	(5,617)	(1,138)	(23,689)	(791,452)
Net financial assets/ (liabilities)	**140,467**	**(220,884)**	**10,395**	**(59,792)**	**9,574**	**20,340**	**(1,082)**	**80,331**	**19,015**	
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currencies	140,467	–	7,380	(80,768)	9,592	19,845	(983)	3,451	17,221	
Add/(less): Currency forwards	–	144,814	–	(13,229)	–	(704)	–	–	–	
Currency exposure	**–**	**(76,070)**	**3,015**	**7,747**	**(18)**	**(209)**	**(99)**	**76,880**	**1,794**	

39. FINANCIAL RISK MANAGEMENT (continued)

(a) *Market risk* *(continued)*

(i) *Currency risk (continued)*

The Company's currency exposure based on the information provided to key management is as follows:

	SGD S$'000	SDR S$'000	EUR S$'000	USD S$'000	HKD S$'000	AUD S$'000	MYR S$'000	RMB S'000	Others S$'000	Total S$'000
Company										
2020										
Financial assets										
Cash and cash equivalents	380,016	–	877	49,943	6	109	–	–	105	431,056
Trade and other receivables	418,242	6,348	–	–	–	1,612	7,016	31,897	–	465,115
Other financial assets	1,780	–	–	–	–	–	–	–	–	1,780
Financial assets	28,605	–	–	–	–	–	–	–	–	28,605
Derivative financial instruments	–	–		2,078	–	–	–	–	31	2,109
	828,643	6,348	877	52,021	6	1,721	7,016	31,897	136	928,665
Financial liabilities										
Derivative financial instruments	–	–	(553)	–	(14)	–	–	–	(365)	(932)
Borrowings	(349,750)	–	–	–	–	–	–	–	–	(349,750)
Lease liabilities	(21,460)	–	–	–	–	–	–	–	–	(21,460)
Trade and other payables	(175,647)	(283,937)	–	–	–	–	–	–	–	(459,584)
	(546,857)	(283,937)	(553)	–	(14)	–	–	–	(365)	(831,726)
Net financial assets/ (liabilities)	**281,786**	**(277,589)**	**324**	**52,021**	**(8)**	**1,721**	**7,016**	**31,897**	**(229)**	
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currencies	281,786	–	–	–	–	–	–	–	–	
Add/(less): Currency forwards	–	136,835	–	(49,237)	–	–	–	–	–	
Currency exposure	**–**	**(140,754)**	**324**	**2,784**	**(8)**	**1,721**	**7,016**	**31,897**	**(229)**	

39. 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								
2019								
Financial assets								
Cash and cash equivalents	310,083	–	1,281	18,846	1	–	55	330,266
Trade and other receivables	435,897	7,040	–	–	683	6,752	–	450,372
Other financial assets	1,887	–	–	–	–	–	–	1,887
Financial assets	35,882	–	–	–	–	–	–	35,882
Derivative financial instruments	–	–	–	–	20	16	22	58
	783,749	7,040	1,281	18,846	704	6,768	77	818,465
Financial liabilities								
Derivative financial instruments	–	–	(66)	(272)	–	–	(102)	(440)
Borrowings	(200,796)	–	–	(67,785)	–	–	–	(268,581)
Trade and other payables	(181,311)	(227,924)	–	–	–	–	–	(409,235)
	(382,107)	(227,924)	(66)	(68,057)	–	–	(102)	(678,256)
Net financial assets/ (liabilities)	**401,642**	**(220,884)**	**1,215**	**(49,211)**	**704**	**6,768**	**(25)**	
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currencies	401,642	–	–	–	–	–	–	
Add/(less): Currency forwards	–	144,814	–	(13,229)	(704)	–	–	
Currency exposure	**–**	**(76,070)**	**1,215**	**(62,440)**	**–**	**6,768**	**(25)**	

39. FINANCIAL RISK MANAGEMENT (continued)

(a) ***Market risk*** *(continued)*

(i) Currency risk (continued)

If the SDR changes against the SGD by 1% (2019: 1%) with all other variables being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit before tax	
	2020 S$'000	2019 S$'000
Group and Company		
SDR against SGD		
– strengthened	**(1,408)**	(761)
– weakened	**1,408**	761

If the EUR changes against the SGD by 2% (2019: 2%) with all other variables being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit before tax	
	2020 S$'000	2019 S$'000
Group		
EUR against SGD		
– strengthened	**40**	60
– weakened	**(40)**	(60)
Company		
EUR against SGD		
– strengthened	**6**	24
– weakened	**(6)**	(24)

If the USD changes against the SGD by 3% (2019: 3%) with all other variables being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit before tax	
	2020 S$'000	2019 S$'000
Group		
USD against SGD		
– strengthened	212	232
– weakened	(212)	(232)
Company		
USD against SGD		
– strengthened	84	(1,873)
– weakened	(84)	1,873

39. FINANCIAL RISK MANAGEMENT (continued)

***(a) Market risk** (continued)*

(i) Currency risk (continued)

The material balance denominated in RMB is arising from financial asset at fair value through other comprehensive income. If the RMB changes against the SGD by 3% (2019: 3%) with all other variables being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Other comprehensive income	
	2020	2019
	S$'000	S$'000
Group		
RMB against SGD		
– strengthened	**2,294**	2,306
– weakened	**(2,294)**	(2,306)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant variable interest-bearing assets, the Group's interest income and operating cash flows are substantially independent of changes in market interest rates.

The Group's policy is to minimise the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuations. A target mix of fixed and floating debt based on the assessment of interest rate trends is used to achieve this objective. The Group was exposed to interest rate risk from its borrowings (Note 29) which bear interest ranging from 1.2% to 3.5% (2019: 1.1% to 3.5%).

For the financial year ended 31 March 2020, if the interest rate had increased / decreased by 1% (2019: 1%) with all other variables, being held constant, profit before tax will decrease / increase by S$3.6 million (2019: S$0.9 million).

(iii) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as at FVTOCI. Equity investments measured at FVTOCI are held for strategic rather than trading purposes. The Group does not actively trade such investments.

Further details of these equity investments can be found in Note 16.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of equity investments at FVTOCI, if the inputs to the valuation model had been 10% higher/lower while all other variables were held constant, the Group's fair value reserve would increase/decrease by S$8.1 million (2019: S$8.2 million).

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39. FINANCIAL RISK MANAGEMENT (continued)

(b) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 March 2020, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Singapore	**66,147**	63,625	**45,311**	51,843
Other countries	**182,508**	195,497	**149,597**	124,982
	248,655	259,122	**194,908**	176,825
By types of customers				
Related parties	**1,970**	2,293	**8,291**	13,940
Non-related parties:				
– Government bodies	**2,406**	2,902	**2,405**	2,901
– Banks	**5,856**	6,117	**5,617**	5,956
– Overseas postal administrations	**6,890**	6,903	**6,890**	6,903
– Other companies	**231,533**	240,907	**171,705**	147,125
	248,655	259,122	**194,908**	176,825

(i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers under each business.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Any recoveries made are recognised in profit or loss. The Group generally considers a financial asset in default if the counterparty fails to make contractual payments within 90 days past due or there is evidence indicating the asset is credit-impaired.

Included in the trade receivables is an amount due from a customer of the Group (the "Customer") amounting to S$106.5 million arising from business transactions between the Group and the Customer. Due to the lockdown in response to COVID-19, S$50.7 million of this amount is now overdue for more than 120 days but not more than 180 days. Management has performed a collectability review on this trade receivable including an assessment of an expected credit loss. A repayment plan has been obtained by management from this Customer, setting out repayments from May 2020 till March 2021. Under this repayment plan, management is expecting payments from this customer of approximately S$40 million by June 2020. Accordingly, the amount has been presented as a current asset as it is expected to be settled within the next 12 months.

39. FINANCIAL RISK MANAGEMENT (continued)

(b) Overview of the Group's exposure to credit risk *(continued)*

(ii) Other financial assets at amortised cost

In determining the expected credit loss, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors / debt instrument and general economic conditions of the industry in which the debtors / debt instrument operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12-month ("12m") or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
2020							
Group							
Trade receivables	17	N.A.	(i)	Lifetime ECL (simplified approach)	250,498	(1,843)	248,655
Other receivables	17,20	N.A.	(ii)	12m ECL	22,053	–	22,053
Other financial assets	19	N.A.	(ii)	12m ECL	11,100	–	11,100
Bonds	16	At least BBB-	N.A.	12m ECL	24,044	–	24,044
						(1,843)	
Company							
Trade receivables	17	N.A.	(i)	Lifetime ECL (simplified approach)	195,764	(856)	194,908
Other receivables	17,20	N.A.	(ii)	12m ECL and lifetime ECL	321,649	(51,442)	270,207
Other financial assets	19	N.A.	(ii)	12m ECL	1,780	–	1,780
Bonds	16	At least BBB-	N.A.	12m ECL	24,044	–	24,044
						(52,298)	

N.A. Not Available

39. Financial risk management (continued)

(b) Overview of the Group's exposure to credit risk *(continued)*

	Note	External credit rating	Internal credit rating	12-month ("12m") or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
2019							
Group							
Trade receivables	17	N.A.	(i)	Lifetime ECL (simplified approach)	264,836	(5,714)	259,122
Other receivables	17,20	N.A.	(ii)	12m ECL	13,364	–	13,364
Other financial assets	19	N.A.	(ii)	12m ECL	12,033	–	12,033
Bonds	16	At least BBB-	N.A.	12m ECL	30,591	–	30,591
						(5,714)	
Company							
Trade receivables	17	N.A.	(i)	Lifetime ECL (simplified approach)	177,372	(547)	176,825
Other receivables	17,20	N.A.	(ii)	12m ECL and lifetime ECL	537,300	(263,753)	273,547
Other financial assets	19	N.A.	(ii)	12m ECL	1,887	–	1,887
Bonds	16	At least BBB-	N.A.	12m ECL	30,591	–	30,591
						(264,300)	

N.A. Not available

39. FINANCIAL RISK MANAGEMENT (continued)

(b) Overview of the Group's exposure to credit risk *(continued)*

(i) For trade receivables, the Group has applied the simplified approach in SFRS (I) 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The credit risk profile is presented based on the trade receivables' past due status in terms of the provision matrix.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix.

Trade receivables 2020	**Expected weighted credit loss rate %**	**Estimated total gross carrying amount at default S$'000**	**Lifetime ECL S$'000**	**Total S$'000**
Group				
Current (not past due)	*****	**119,452**	**–**	**119,452**
1 to 90 days past due	**0.0%**	**56,810**	**(13)**	**56,797**
More than 90 days past due	**2.5%**	**74,236**	**(1,830)**	**72,406**
		250,498	**(1,843)**	**248,655**
Company				
Current (not past due)	*****	**93,842**	**–**	**93,842**
1 to 90 days past due	**0.0%**	**29,299**	**(13)**	**29,286**
More than 90 days past due	**1.2%**	**72,623**	**(843)**	**71,780**
		195,764	**(856)**	**194,908**

Trade receivables 2019	**Expected weighted credit loss rate %**	**Estimated total gross carrying amount at default S$'000**	**Lifetime ECL S$'000**	**Total S$'000**
Group				
Current (not past due)	*	198,868	–	198,868
1 to 90 days past due	0.1%	50,696	(30)	50,666
More than 90 days past due	37.2%	15,272	(5,684)	9,588
		264,836	(5,714)	259,122
Company				
Current (not past due)	*	132,767	–	132,767
1 to 90 days past due	0.1%	34,930	(28)	34,902
More than 90 days past due	5.4%	9,675	(519)	9,156
		177,372	(547)	176,825

* The expected weighted credit loss rate is assessed as negligible.

39. FINANCIAL RISK MANAGEMENT (continued)

(b) Overview of the Group's exposure to credit risk *(continued)*

(ii) Other receivables and other financial assets at amortised cost except for the credit impaired other receivables are considered to be recoverable as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default since initial recognition. The Group assesses that no loss allowance is required in respect of these financial assets. Loss allowance recognised arises from loans to subsidiaries and is determined after taking into account the financial position of the subsidiary adjusted for factors specific to them and general economic conditions of the industries in which the subsidiaries operate.

Movements in loss allowance are as follows:

Group	**Trade receivables S$'000**
Balance as at 1 April 2018	10,053
Amount written off	(6,517)
Loss allowance recognised in profit or loss during the year	2,178
Balance as at 31 March 2019	5,714
Amount written off	(4,883)
Loss allowance recognised in profit or loss during the year	1,012
Balance as at 31 March 2020	**1,843**

Company	**Trade receivables S$'000**	**Loans to subsidiaries S$'000**
Balance as at 1 April 2018	775	194,365
Loss (written-back) / allowance recognised in profit or loss during the year	(228)	69,388
Balance as at 31 March 2019	547	263,753
Loss allowance written off during the year arising from the deconsolidation of U.S. businesses	–	(212,311)
Loss allowance /(written-back) recognised in profit or loss during the year	309	–
Balance as at 31 March 2020	**856**	**51,442**

39. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk management

The major classes of financial assets of the Group and of the Company are bank deposits, trade and other receivables, investments in financial assets and financial instruments used in hedging activities. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to 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. Trade receivables from a customer represented 43% (2019: 45%) and 55% (2019: 66%) of the Group's and Company's trade receivables respectively. Revenues of S$220,974,000 (2019: S$326,927,000) are derived from this company. These revenues are attributable to the Post and Parcel segment.

Bank deposits are placed in banks which are regulated.

(d) Liquidity risk

The Group and Company manage the liquidity risk by maintaining sufficient cash and cash equivalents to enable them to meet their normal operating commitments, having an adequate amount of credit facilities and the ability to close market positions at short notice (Note 3a (iii)).

The table below analyses the maturity profile of the Group's and Company's financial liabilities (excluding derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
2020				
Trade and other payables	**(506,952)**	**(2,366)**	**(1,608)**	**(7,283)**
Lease liabilities	**(23,293)**	**(19,787)**	**(33,268)**	**(26,971)**
Borrowings	**(160,884)**	**(208,551)**	**(365)**	**–**
	(691,129)	**(230,704)**	**(35,241)**	**(34,254)**
2019				
Trade and other payables	(486,990)	(2,101)	(1,096)	(9,949)
Borrowings	(288,842)	(1,561)	–	–
	(775,832)	(3,662)	(1,096)	(9,949)
Company				
2020				
Trade and other payables	**(457,542)**	**(709)**	**(493)**	**(840)**
Lease liabilities	**(9,698)**	**(7,099)**	**(4,960)**	**(820)**
Borrowings	**(153,336)**	**(200,896)**	**–**	**–**
	(620,576)	**(208,704)**	**(5,453)**	**(1,660)**
2019				
Trade and other payables	(408,147)	(347)	(581)	(160)
Borrowings	(275,581)	–	–	–
	(683,728)	(347)	(581)	(160)

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39. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk *(continued)*

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period.

	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				
2020				
Cash and cash equivalents	**492,997**	**–**	**–**	**–**
Trade and other receivables	**262,614**	**8,646**	**20**	**132**
Other financial assets	**7,266**	**8**	**120**	**3,706**
Financial assets	**10,057**	**6,964**	**89,415**	**–**
	772,934	**15,618**	**89,555**	**3,838**
2019				
Cash and cash equivalents	392,220	–	–	–
Trade and other receivables	265,034	7,642	23	132
Other financial assets	9,226	8	73	2,726
Financial assets	8,019	10,078	96,800	–
	674,499	17,728	96,896	2,858
Company				
2020				
Cash and cash equivalents	**431,056**	**–**	**–**	**–**
Trade and other receivables	**229,830**	**253,138**	**20**	**132**
Other financial assets	**1,780**	**–**	**–**	**–**
Financial assets	**10,057**	**6,964**	**12,678**	**–**
	672,723	**260,102**	**12,698**	**132**
2019				
Cash and cash equivalents	330,266	–	–	–
Trade and other receivables	203,267	248,249	1,079	132
Other financial assets	1,887	–	–	–
Financial assets	8,019	10,078	19,663	–
	543,439	258,327	20,742	132

39. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk *(continued)*

The following table details the liquidity analysis for derivative financial liabilities. The table has been drawn up based on the undiscounted net cash inflows and (outflows) on the derivative instruments that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement.

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Less than 1 year				
Gross settled:				
Foreign exchange contracts forward				
– Gross inflow	**206,979**	175,318	**206,979**	175,318
– Gross outflow	**(205,802)**	(175,700)	**(205,802)**	(175,700)
	1,177	(382)	**1,177**	(382)

(e) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the dividend policy, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets.

Management monitors capital based on gearing ratio. In the management of the debt and capital structure, the Group and Company aim to sustain a strong investment-grade credit profile.

The gearing ratio is calculated as net cash with and without perpetual securities divided by total equity. Net cash is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Net cash	**(128,573)**	(101,344)	**(81,306)**	(61,685)
Total equity	**1,642,318**	1,660,463	**1,591,712**	1,581,373
Gearing ratio without perpetual securities	**(7.8%)**	(6.1%)	**(5.1%)**	(3.9%)
Net debt plus perpetual securities	**218,253**	245,482	**265,520**	285,141
Total equity	**1,642,318**	1,660,463	**1,591,712**	1,581,373
Gearing ratio with perpetual securities	**13.3%**	14.8%	**16.7%**	18.0%

The capital structure of the Group and Company consists of equity attributable to owners of the parents comprising issued capital, reserve, retained earnings and borrowings disclosed in Note 29. The Group is in compliance with externally imposed capital requirements for the financial year ended 31 March 2020. There were no externally imposed capital requirements for the financial year ended 31 March 2019.

39. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid price; the appropriate quoted market prices used for financial liabilities are the current asking prices. The instruments are presented within Level 1 of the fair value hierarchy.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and make assumptions based on market conditions existing at the end of each reporting period. Where appropriate, quoted market price or dealer quotes for similar instruments are used.

The fair values of currency forwards are determined using actively quoted forward exchange rates. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

These investments are classified as Level 2 and comprise derivative financial instruments.

The fair 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 28 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).

39. FINANCIAL RISK MANAGEMENT (continued)

(f) 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				
2020				
Assets				
Financial assets designated as at FVTOCI	**–**	**–**	**81,298**	**81,298**
Financial assets at amortised cost – Bonds	**24,044**	**–**	**–**	**24,044**
Derivative financial instruments	**–**	**2,109**	**–**	**2,109**
Liabilities				
Derivative financial instruments	**–**	**932**	**–**	**932**
Contingent consideration payable	**–**	**–**	**1,558**	**1,558**
2019				
Assets				
Financial assets designated as at FVTOCI	730	–	81,698	82,428
Financial assets at amortised cost – Bonds	30,591	–	–	30,591
Derivative financial instruments	–	58	–	58
Liabilities				
Derivative financial instruments	–	440	–	440
Contingent consideration payable	–	–	2,462	2,462
Company				
2020				
Assets				
Financial assets designated as at FVTOCI	**–**	**–**	**4,561**	**4,561**
Financial assets at amortised cost – Bonds	**24,044**	**–**	**–**	**24,044**
Derivative financial instruments	**–**	**2,109**	**–**	**2,109**
Liabilities				
Derivative financial instruments	**–**	**932**	**–**	**932**
2019				
Assets				
Financial assets designated as at FVTOCI	730	–	4,561	5,291
Financial assets at amortised cost – Bonds	30,591	–	–	30,591
Derivative financial instruments	–	58	–	58
Liabilities				
Derivative financial instruments	**–**	440	–	440

39. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair value estimation of financial assets and liabilities *(continued)*

The following table presents the changes in Level 3 instruments:

	Company	Group		
	Financial assets designated as at FVTOCI S$'000	**Financial assets designated as at FVTOCI S$'000**	**Contingent consideration S$'000**	**Total S$'000**
2020				
Beginning of financial year	**4,561**	**81,698**	**2,462**	**84,160**
Reversal of contingent consideration	**–**	**–**	**(971)**	**(971)**
Fair value gains recognised in				
– Profit or loss	**–**	**–**	**20**	**20**
Currency translation differences	**–**	**(410)**	**39**	**(371)**
End of financial year	**4,561**	**81,288**	**1,550**	**82,838**
Total profit for the year included in profit or loss for assets and liabilities held at the end of the financial year	**–**	**–**	**20**	**20**
2019				
Beginning of financial year	4,561	4,820	17,980	22,800
Retained interest in a former associated company	–	76,119	**–**	76,119
Fair value gains/(losses) recognized in				
– Profit or loss	–	**–**	28	28
Partial settlement of contingent consideration	–	–	(15,875)	(15,875)
Currency translation differences	–	759	329	1,088
End of financial year	4,561	81,698	2,462	84,160
Total profit for the year included in profit or loss for assets and liabilities held at the end of the financial year	–	**–**	28	28

There were no transfers between Levels 1, 2 and 3 during the year.

39. FINANCIAL RISK MANAGEMENT (continued)

(g) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and in Notes 16, 18 and 29 to the financial statements, except for the following:

	Group		Company	
	31 March 2020 S$'000	31 March 2019 S$'000	**31 March 2020 S$'000**	31 March 2019 S$'000
Financial assets at amortised cost	**774,805**	676,739	**897,951**	782,525
Financial liabilities at amortised cost	**517,319**	500,136	**458,891**	409,235

(h) Offsetting financial assets and financial liabilities

There were no financial instruments subject to enforceable master netting arrangement as at 31 March 2020 and 2019.

40. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group had the following significant transactions with its related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2020 S$'000	2019 S$'000
Services rendered to an associated company[1]	**–**	145,363
Services received from associated companies	**(766)**	(2,020)
Services rendered to related companies of a substantial shareholder	**19,413**	20,813
Services received from related companies of a substantial shareholder	**(26,203)**	(10,730)
Interest received from loans to associated companies	**133**	105

[1] Pertains to service rendered to a former associated company up to the date of loss of significant influence.

During the financial year ended 31 March 2020, the Company made payments on behalf of subsidiaries totalling S$13.1 million (2019: S$52.4 million) which were subsequently reimbursed.

Outstanding balances at 31 March 2020, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from the end of the reporting period and are disclosed in Notes 17 and 28 respectively.

40. RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation is as follows:

	Group	
	2020 S$'000	2019 S$'000
Salaries and other short-term employee benefits	**6,663**	6,800
Post-employment benefits	**102**	90
Share-based staff costs	**1,682**	1,227
	8,447	8,117

Included in the above is total compensation to non-executive directors of the Company amounting to S$1,180,800 (2019: S$1,148,000).

41. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Group Chief Executive Officer and Group Chief Financial Officer ("Chief Operating Decision Maker" or "CODM") that are used to make strategic decisions.

With effect from 1 April 2019, SingPost Group has reclassified the reporting of certain business units into four key business segments, namely Post and Parcel, Logistics, U.S. Business and Property. During the year, U.S. Business has been re-presented as discontinued operations in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

- ***Post and Parcel*** segment comprises the core postal and parcel delivery business of the Group. This includes Domestic post and parcels, International post and parcels, as well as products and services transacted at the post offices.

- ***Logistics*** segment comprises the logistics businesses of the Group. The services are divided into Freight forwarding and eCommerce logistics, which includes front-end related eCommerce solutions, warehousing, fulfilment, delivery and other value-added services in Asia Pacific.

- ***U.S. Business*** segment comprises the businesses in the U.S. under TradeGlobal and Jagged Peak. Following the announcement of the filing of Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court, the Group deconsolidated the financials for the U.S. business with effect from September 2019.

- ***Property*** segment includes the provision of commercial property rental, as well as the self-storage business.

Others comprise unallocated corporate overhead items and trade-related translation differences, 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 revenues and results for the previous financial year as well segment assets as at 31 March 2019 have been restated to conform to current year's presentation.

41. SEGMENT INFORMATION (continued)

(a) Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments that were provided to the CODM for the financial years ended 31 March 2020 and 2019.

Continuing operations

Group	Post and Parcel S$'000	Logistics S$'000	Property S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
2020						
Revenue:						
– External	**737,239**	**496,845**	**79,699**	**–**	**–**	**1,313,783**
– Inter-segment	**25,840**	**4,378**	**41,396**	**–**	**(71,614)**	**–**
	763,079	**501,223**	**121,095**	**–**	**(71,614)**	**1,313,783**
Profit / (loss) on operating activities	**127,450**	**(5,566)**	**53,677**	**(31,956)**	**–**	**143,605**
2019 (restated)						
Revenue:						
– External	745,704	498,663	78,918	–	–	1,323,285
– Inter-segment	19,047	6,271	42,539	–	(67,857)	–
	764,751	504,934	121,457	–	(67,857)	1,323,285
Profit / (loss) on operating activities	165,864	(7,627)	53,664	(29,422)	–	182,479

Discontinued operations

Group	U.S. Business S$'000
2020	
Revenue:	
– External	**88,885**
Loss on operating activities	**(11,033)**
2019 (restated)	
Revenue:	
– External	233,405
Loss on operating activities	(46,187)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

Reconciliation of Segment profits

The CODM assesses the performance of the operating segments based on a measure of operating profit, which is profit before interest, tax and share of results of associated companies and joint venture. Interest income and finance expenses are not allocated to segments.

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41. SEGMENT INFORMATION (continued)

A reconciliation of profit on operating activities to profit from continuing operations is provided as follows:

Continuing operations	Group 2020 S$'000	Group 2019 S$'000 (restated)
Profit on operating activities for reportable segments	**175,561**	211,901
Other segments loss on operating activities	**(31,956)**	(29,422)
Exceptional items	**(9,122)**	37,942
Finance expenses	**(12,648)**	(8,262)
Interest income and investment income (net)	**6,872**	5,108
Share of loss of associated companies and joint venture	**(114)**	(7,061)
Profit before tax	**128,593**	210,206
Tax expense	**(28,319)**	(36,082)
Profit after tax	**100,274**	174,124

A reconciliation of loss on operating activities to loss from discontinued operations is provided as follows:

Discontinued operations	Group 2020 S$'000	Group 2019 S$'000 (restated)
Loss on operating activities for reportable segments	**(11,033)**	(46,187)
Exceptional items	**–**	(107,255)
Finance expenses	**(860)**	(2,047)
Interest income and investment income (net)	**(29)**	(101)
Loss before tax	**(11,922)**	(155,590)
Tax (expense) / credit	**(72)**	8,319
Loss from discontinued operations	**(11,994)**	(147,271)

41. SEGMENT INFORMATION (continued)

(b) Segment assets

The following is an analysis of the Group's segment assets as at 31 March 2020 and 2019 that were provided to the CODM:

Group	Post and Parcel S$'000	Logistics S$'000	U.S. Business S$'000	Property S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
31 March 2020							
Segment assets	**278,842**	**543,437**	**–**	**1,415,157**	**54,655**	**–**	**2,292,091**
Segment assets include:							
Investment in associated companies	**–**	**7,496**	**–**	**–**	**27,838**	**–**	**35,334**
Intangible assets	**–**	**265,219**	**–**	**32,144**	**–**	**–**	**297,363**
31 March 2019 [1]							
Segment assets	244,199	522,769	39,805	1,392,717	57,723	–	2,257,213
Segment assets include:							
Investment in associated companies	–	9,442	–	–	30,398	–	39,840
Intangible assets	–	275,488	–	31,899	51	–	307,438

Reconciliation of segment assets

Reportable segments' assets are reconciled to total assets as follows:

Segment assets are measured in a manner consistent with that of the financial statements. The CODM does not review statement of financial position items by reportable segments, but rather monitors them at the Group level. All assets are allocated to reportable segments other than derivative financial instruments and financial assets. Cash and cash equivalents are allocated to reportable segments where applicable.

	Group 2020 S$'000	Group 2019 S$'000
Segment assets for reportable segments	**2,237,436**	2,199,489
Other segments assets	**54,655**	57,724
Unallocated:		
Cash and cash equivalents	**428,830**	326,087
Financial assets	**28,605**	35,882
Derivative financial instruments	**2,109**	58
Total assets	**2,751,635**	2,619,240

41. SEGMENT INFORMATION (continued)

(c) Other segment information

Group	Post and Parcel S$'000	Logistics S$'000	U.S. Business S$'000	Property S$'000	All other segments S$'000	Eliminations S$'000	Total S$'000
2020							
Depreciation and amortisation	**16,992**	**23,472**	**–**	**21,577**	**5,938**	**–**	**67,979**
Additions to:							
– Property, plant and equipment	**5,621**	**8,070**	**–**	**6,385**	**(787)**	**–**	**19,289**
– Investment property	**–**	**–**	**–**	**4,057**	**–**	**–**	**4,057**
– Right-of-use assets	**7,441**	**22,703**	**–**	**8,645**	**–**	**(19,925)**	**18,864**
2019 [1]							
Depreciation and amortisation	12,473	5,609	19,375	15,053	5,423	–	57,933
Additions to:							
– Property, plant and equipment	6,623	4,190	5,975	3,659	2,746	–	23,193
– Investment property	–	–	–	1,727	–	–	1,727

[1] The Group initially applied SFRS(I)16 at 1 April 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases. As a result, the Group recognised S$8.6 million of right-of-use assets, S$1.4 million of investment property and S$97.5 million of liabilities from those lease contracts. The assets and liabilities are included in the Post and Parcel, Logistics and Property segments as at 31 March 2020. The Group has applied SFRS(I) 16 using the cumulative catch up approach, under which comparative information is not restated.

In addition to the depreciation and amortisation reported above, impairment losses of S$3.9 million (2019: S$3.4 million), Nil (2019: S$29.4 million), Nil (2019: S$30.5 million) and Nil (2019: S$37.2 million) were recognised in respect of investment in associated company, property, plant and equipment, goodwill and other intangible assets respectively.

These impairment (losses) / gain were attributable to the following reportable segments:

	2020 S$'000	2019 S$'000
Logistics	**(1,542)**	–
Property	**–**	1,630
U.S. Business	**–**	(98,668)
Others	**(2,340)**	(3,399)
	(3,882)	(100,437)

(d) Revenue from major products and services

The Group's revenue from its major products and services are disclosed in Note 4.

41. SEGMENT INFORMATION (continued)

(e) Geographical information

The Group's four business segments operate in four main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore where 65% (2019: 55%) 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 regions – the operations include warehousing and logistics delivery in Japan and Hong Kong, and freight forwarding businesses in Europe and New Zealand.

	Revenue	
	2020	2019
	S$'000	S$'000
Singapore	847,787	861,063
The United States (of which S$88,885 (2019: S$233,405) relates to discontinued operations)	92,040	237,132
Australia	175,977	190,669
Other countries	286,864	267,826
	1,402,668	1,556,690

The geographical information on the Group's non-current assets is not presented as it is not used for segmental reporting purposes.

(f) Information about major customers

Included in revenues arising from Post and Parcel segment of S$737,239,000 (2019: S$745,704,000) are revenues of approximately S$220,974,000 (2019: S$326,927,000) derived from the Group's largest customer.

42. PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) and IFRS pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

Effective for financial year beginning on 1 April 2020

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*
- Amendments to SFRS(I) 9 *Financial Instruments*, SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement* and SFRS(I) 7 *Financial Instruments: Disclosures: Interest Rate Benchmark Reform*
- Amendments to References to the Conceptual Framework in SFRS(I) Standards

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

42. PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (continued)

Effective for financial year beginning on 1 April 2022

- Amendments to IAS 1 *Presentation of Financial Statements*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I)/ IFRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

43. LISTING OF COMPANIES IN THE GROUP

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group **2020** %	by the Group 2019 %	by the NCI **2020** %	by the NCI 2019 %
SUBSIDIARIES						
Held by the Company						
SingPost eCommerce II Pte. Ltd.	Dormant	Singapore	**100**	100	**–**	–
SingPost eCommerce Pte. Ltd.	eCommerce specialising in the provision of online sale of products	Singapore	**100**	100	**–**	–
SingPost Logistics Holdings Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
Singapore Post Enterprise Private Limited	Investment holding	Singapore	**100**	100	**–**	–
SingPost Investments Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
SingPost Logistics Investments Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
SingPost Group Treasury Pte Ltd [(1)]	Provision of financial and treasury services	Singapore	**100**	–	**–**	–
Held by subsidiaries						
SP Jagged Peak LLC [(1)]	Investment holding	United States	**100**	100	**–**	–
Jagged Peak, Inc. [(7)]	eCommerce logistics enabler for high-velocity consumer products	United States	**–**	100	**–**	–
Jagged Peak Canada, Inc. [(7)]	eCommerce logistics enabler for high-velocity consumer products	Canada	**–**	100	**–**	–
Jagged Peak UK Limited [(7)]	End-to-end eCommerce Solutions including software and fulfillment services	United Kingdom	**–**	100	**–**	–
SingPost Distribution Pte. Ltd.	Dormant	Singapore	**100**	100	**–**	–
SP Commerce Holdings, Inc. [(1)]	Investment holding	United States	**100**	100	**–**	–

43. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2020 %	by the Group 2019 %	by the NCI 2020 %	by the NCI 2019 %
SUBSIDIARIES (continued)						
Held by the Subsidiaries (continued)						
SP Commerce, Inc. [1]	Provision of global sale & marketing services	United States	**100**	100	**–**	–
TG Acquisition Corp. [1]	Investment holding	United States	**97.3**	97.3	**2.7**	2.7
TradeGlobal Holdings, Inc. [1]	eCommerce enablement provider	United States	**97.3**	97.3	**2.7**	2.7
TradeGlobal North America Holding, Inc. [7]	eCommerce enablement provider	United States	**–**	97.3	**–**	2.7
TradeGlobal LLC [7]	eCommerce enablement provider	United States	**–**	97.3	**–**	2.7
TradeGlobal Asia Holdings Limited [7]	eCommerce enablement provider	Hong Kong	**–**	97.3	**–**	2.7
Netrada Trading and Consulting (Shanghai) Co, Ltd. [7]	eCommerce enablement provider	China	**–**	97.3	**–**	2.7
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**	66	**34**	34
Quantium Solutions (Singapore) Pte. Ltd.	Provision of delivery services and eCommerce logistics solutions	Singapore	**66**	66	**34**	34
Quantium Mail Logistics Solutions (India) Private Limited	Provision of delivery services and eCommerce logistics solutions	India	**66**	66	**34**	34
Quantium Express Solutions (India) Private Limited	Provision of delivery services and eCommerce logistics solutions	India	**66**	66	**34**	34
Quantium Solutions (Australia) Pty Ltd	Provision of delivery services and eCommerce logistics solutions	Australia	**66**	66	**34**	34
Quantium Solutions (Hong Kong) Limited	Provision of delivery services and eCommerce logistics solutions	Hong Kong	**66**	66	**34**	34

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

43. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2020 %	by the Group 2019 %	by the NCI 2020 %	by the NCI 2019 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Quantium Solutions (Japan) Inc.	Provision of delivery services and eCommerce logistics solutions	Japan	**66**	66	**34**	34
Quantium Solutions International (Malaysia) Sdn. Bhd.	Provision of delivery services and eCommerce logistics solutions	Malaysia	**66**	66	**34**	34
Quantium Solutions (New Zealand) Pty Limited	Provision of delivery services and eCommerce logistics solutions	New Zealand	**66**	66	**34**	34
Quantium Solutions (Philippines) Inc. +	Provision of delivery services and eCommerce logistics solutions	Philippines	**26.4**	26.4	**73.6**	73.6
Quantium Solutions (Taiwan) Co., Ltd.	Provision of delivery services and eCommerce logistics solutions	Taiwan	**66**	66	**34**	34
Quantium Solutions (Thailand) Co., Ltd.	Provision of delivery services and eCommerce logistics solutions	Thailand	**66**	66	**34**	34
PT Quantium Solutions Logistics Indonesia +	Provision of delivery services and eCommerce logistics solutions	Indonesia	**44.22**	44.22	**55.78**	55.78
Couriers Please Holdings Pty Ltd	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
Couriers Please Australia Pty Ltd	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
Couriers Please Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	**100**	100	**–**	–
SingPost Storage Company Ltd	Investment holding	Mauritius	**100**	100	**–**	–
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	**–**	–

43. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2020 %	by the Group 2019 %	by the NCI 2020 %	by the NCI 2019 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
SingPost Investments (Ecommerce Logistics) Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
SingPost Centre (Retail) Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
SingPost eCommerce Logistics Holdings Pte. Ltd.	Investment holding	Singapore	**100**	100	**–**	–
General Storage Company Pte. Ltd.	Investment holding & provision of management services	Singapore	**100**	100	**–**	–
Lock + Store (Chai Chee) Pte. Ltd.	Self storage solutions and warehousing	Singapore	**100**	100	**–**	–
Lock + Store (Tanjong Pagar) Pte. Ltd.	Self storage solutions	Singapore	**100**	100	**–**	–
Lock + Store (Ayer Rajah) Pte. Ltd.	Self storage solutions	Singapore	**100**	100	**–**	–
The Store House Limited	Self storage solutions	Hong Kong	**100**	100	**–**	–
The Store House Operating Company Limited	Self storage management services	Hong Kong	**100**	100	**–**	–
Lock and Store (Glenmarie) Sdn. Bhd.	Self storage solutions and warehousing	Malaysia	**100**	100	**–**	–
L+S Self Storage Pte. Ltd.	Self storage solutions	Singapore	**100**	100	**–**	–
SP Parcels Pte. Ltd.	Dormant (2019: Courier activities other than national post activities)	Singapore	**100**	100	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

43. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2020 %	by the Group 2019 %	by the NCI 2020 %	by the NCI 2019 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Famous Holdings Pte Ltd	Investment holding and provision of management services	Singapore	**100**	100	**–**	–
Famous Air & Sea Services Pte. Ltd.	Freight forwarding	Singapore	**100**	100	**–**	–
FPS Global Logistics Pte. Ltd.	Freight forwarding	Singapore	**100**	100	**–**	–
FPS Famous Pacific Shipping Sdn. Bhd.	Freight forwarding	Malaysia	**100**	100	**–**	–
Famous Pacific Shipping (WA) Pty Ltd	Freight collections transhipments	Australia	**100**	100	**–**	–
F.S. Mackenzie Limited	Freight forwarding	United Kingdom	**100**	100	**–**	–
Famous Pacific Shipping (NZ) Limited	Freight forwarding	New Zealand	**100**	100	**–**	–
Mercury Worldwide (NZ) Limited (1)	Freight forwarding	New Zealand	**100**	100	**–**	–
FPS Logistics (USA) Inc. (1)	Logistics management and services	United States	**100**	100	**–**	–
Sino-Famous Intertrans Co., Ltd (1)	Freight forwarding	China	**100**	100	**–**	–
Famous Container Lines Co Ltd (1)	Freight forwarding	China	**100**	100	**–**	–

43. Listing of companies in the Group (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2020 %	by the Group 2019 %	by the NCI 2020 %	by the NCI 2019 %
SUBSIDIARIES (continued)						
Held by subsidiaries (continued)						
Shinyei Shipping Co Ltd [1]	Freight forwarding	Japan	**89**	89	**11**	11
Tras – Inter Co., Ltd [1]	Customs brokerage and freight forwarding	Japan	**89**	89	**11**	11
Rotterdam Harbour Holding B.V. [2]	Investment holdings	Netherlands	**80**	80	**20**	20
FPS Famous Pacific Shipping B.V. [2]	Logistics services	Netherlands	**80**	80	**20**	20
Trans Ocean Pacific Forwarding B.V. [2]	Logistics services	Netherlands	**80**	80	**20**	20
EWC East Way Commodities B.V. [1]	Trading company and Purchase organisation for oceanfreight services	Netherlands	**80**	80	**20**	20
FPS Famous Pacific Shipping Germany GmbH [1]	Sales company for Logistic services	Germany	**80**	80	**20**	20
SP eCommerce (Thailand) Co Ltd [1]	eCommerce specialising in the provision of online shopping platforms and services	Thailand	**100**	100	**–**	–
SP eCommerce (Korea) Co., Ltd. [1]	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	**–**	–

43. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2020 %	2019 %
ASSOCIATED COMPANIES				
Held by the Company				
GD Express Carrier Bhd *	Provision of express delivery and customised logistics services	Malaysia	**11.61**	11.61
Held by subsidiaries				
Postea, Inc. [7]	Provision of technology and support in postal, courier and other distribution markets	United States	**–**	27
Dash Logistics Company Ltd [3]*	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	**30**	30
Efficient E-Solutions Berhad [4]	Provision of data print, record management, data and document processing	Malaysia	**20.81**	20.81
Hubbed Holdings Pty Ltd [5]	eCommerce and logistics retail network	Australia	**30**	30
Morning Express & Logistics Limited [6]	Provision of courier services and provision of management services to its related company	Hong Kong	**33**	33
E Link Station Limited [6]	Provision of redemption services	Hong Kong	**50**	50
JOINT VENTURE				
Held by subsidiary				
PT Trio SPeCommerce Indonesia [1]	Dormant	Indonesia	**33**	33

Notes

All companies as at 31 March 2020 are audited by member firms of Deloitte Touche Tohmatsu Limited, except for the following:

(1) Not required to be audited for the financial year ended 31 March 2020
(2) Audited by Crowe Peak Audit & Assurance, The Netherlands
(3) Audited by local statutory auditors in the countries of incorporation
(4) Audited by PKF International, Malaysia
(5) Audited by Assura Group
(6) Audited by HKCMCPA Company Limited
(7) Entities disposed during the year

\+ 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

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*

	2020 S$'000	2019 S$'000
Fees on audit services paid / payable to :		
– Auditor of the Company*	**1,274**	1,319
– Other auditor	**92**	92
Fees on non-audit services paid / payable to :		
– Auditor of the Company*	**157**	397
– Other auditor	**4**	4
	1,527	1,812

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

(b) *Appointment of auditors*

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

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

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

(d) *Internal controls*

Please refer to information disclosed under Principle 10 of the Corporate Governance Report.

3. USE OF PROCEEDS

As at 31 March 2020, the use of net proceeds of approximately S$184.0 million (after deducting approximately S$3.2 million professional fees and expenses) from the issuance of 107,553,907 ordinary shares in the capital of the Company to Alibaba Investment Limited on 11 January 2017 at S$1.74 each is as follows:

	Intended Use of Proceeds	**Percentage Allocated/ Amount Allocated**	**Percentage Utilised/ Amount Utilised**
(i)	the Group's business of eCommerce logistics for purposes such as investments, mergers and acquisitions and the upgrade of the Group's operations and information technology systems relating to the eCommerce logistics business	75%/ S$138.0 million	12%/ S$22.0 million
(ii)	the general working capital of the Group was largely used to repay the working capital funding for SingPost Centre Retail Mall construction	25%/ S$46.0 million	25%/ S$46.0 million

SGX LISTING MANUAL REQUIREMENTS
For the Financial Year Ended 31 March 2020

4. INTERESTED PERSON TRANSACTIONS

During the full year ended 31 March 2020, the following interested person transactions were entered into by the Group:

	Nature of Relationship	**Aggregate value of all interested person transactions during the financial period (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**		**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**	
		2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Sales	Each interested person is an associate of Singapore Post Limited's controlling shareholder, Temasek Holdings (Private) Limited				
Singapore Telecommunications Group		**–**	–	**14,679***	1,796*
SP Services Ltd		**–**	–	**1,047**	1,246
Starhub Group		**–**	–	**432**	558
		–	–	**16,158**	3,600
Purchases	Each interested person is an associate of Singapore Post Limited's controlling shareholder, Temasek Holdings (Private) Limited				
Ascendas Real Estate Investment Trust		**–**	–	**–**	1,170*
PSA Corporation		**–**	–	**1,222***	2,256*
Sembcorp Group		**–**	–	**8,200***	150
Singapore Airlines Group		**–**	–	**18,780**	6,659
Singapore Telecommunications Group		**–**	–	**297***	1,231*
Starhub Group		**–**	–	**349***	–
		–	–	**28,848**	11,466
Total interested person transactions		**–**	–	**45,006**	15,066

Note
All the transactions set out in the above table were based on the Group's interested person transactions register. They were either based on contractual values for the duration of the contracts (which vary from 3 months to 3 years) or annual values for open-ended contracts.

* Include contracts of duration exceeding one year.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Lim Cheng Cheng	Paul William Coutts	Steven Robert Leonard	Simon Israel	Fang Ai Lian
Date of Appointment	1 April 2017	1 June 2017	1 June 2017	11 May 2016 (as Director and Chairman)	10 October 2016
Date of last re-appointment (if applicable)	20 July 2017	20 July 2017	20 July 2017	11 July 2018	11 July 2018
Age	48	63	58	67	70
Country of Principal Residence	Singapore	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Ms Lim has continued to discharge her duties well and to positively contribute to the Company.	Mr Coutts has continued to discharge his duties well and to positively contribute to the Company.	Mr Leonard has continued to discharge his duties well and to positively contribute to the Company.	Mr Israel has continued to discharge his duties well and to positively contribute to the Company.	Mrs Fang has continued to discharge her duties well and to positively contribute to the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive. Mr Coutts is the Group Chief Executive Officer of the Company and oversees the business of SingPost Group	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive, Non-Independent Director Member of the Finance and Investment Committee	Group Chief Executive Officer Executive, Non-Independent Director	Non-Executive, Independent Director Chairman of the Board Risk and Technology Committee Member of the Finance and Investment Committee	Chairman of the Board Non-Executive, Non-Independent Director Chairman of the Finance and Investment Committee Member of the Compensation Committee Member of the Nominations and Corporate Governance Committee	Non-Executive, Lead Independent Director Chairman of the Audit Committee Chairman of the Nominations and Corporate Governance Committee Member of the Compensation Committee
Professional qualifications	Chartered Accountant, Institute of Singapore Chartered Accountants Master of Business Administration, University of Chicago Booth School of Business Bachelor of Accountancy, Nanyang Technological University	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	Degree in Business, Southern Methodist University, Dallas, Texas	Diploma in Business Studies, The University of the South Pacific	Fellow, Institute of Chartered Accountants in England and Wales Fellow, Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	Singapore Telecommunications Limited ("**Singtel**") (2015 to present): Group Chief Financial Officer Singtel (2014 to 2015): Deputy Group Chief Financial Officer Singtel (2012 to 2014): Vice President, Group Strategic Investment SMRT Corporation Ltd (2007 to 2012): Executive Vice President and Chief Financial Officer	Toll Global Forwarding (2013 to 2017): Chief Executive Officer Toll Global Forwarding (2009 to 2013): Global Products, Marketing and Sales Director	Singularity University (2020 to present): Chief Executive Officer SGInnovate (2016 to 2020): Founding Chief Executive Officer Info-communications Development Authority (2013 to 2016): Executive Deputy Chairman / Chief Executive Officer EMC Corporation (2006 to 2013): President Asia Pacific / Japan	Singtel (2011 to present): Chairman Singtel (2003 to present): Director Temasek Holdings (Private) Limited (2006 to 2011): Executive Director and President	Various board directorships

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Lim Cheng Cheng	Paul William Coutts	Steven Robert Leonard	Simon Israel	Fang Ai Lian
Shareholding interest in the listed issuer and its subsidiaries?	No	Yes	No	No	No
Shareholding Details	Nil	Please refer to Directors' interests in shares and debentures set out on page 95 of the Annual Report.	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Ms Lim is the Group Chief Financial Officer of Singtel, which is a substantial shareholder of the Company.	Nil	Nil	Mr Israel is the Chairman of the Board of Singtel, which is a substantial shareholder of the Company.	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships					
Past (for the last 5 years)	• Singtel Ventures (Singapore) Pte Ltd (Director) • Hawk Digital Holding Co Pte. Ltd. (Director) • Hawk Digital Pte. Ltd. (Director) • SingCash Pte. Ltd. (Director) • Board of Governors of Raffles Girls' School (Member)	• Toll Global Forwarding (Chief Executive Officer)	• SGInnovate (Founding Chief Executive Officer) • Info-communications Development Authority (Executive Deputy Chairman / Chief Executive Officer)	• Fonterra Co-operative Group Limited (Director) • CapitaLand Limited (Director) • Stewardship Asia Centre Pte. Ltd. (Director)	• Singtel (Director) • Board of Trustees of Singapore University of Technology and Design (Board Member)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Lim Cheng Cheng	Paul William Coutts	Steven Robert Leonard	Simon Israel	Fang Ai Lian
Present	<u>Other principal commitment</u>: • Singtel (Group Chief Financial Officer) <u>Other non-listed companies</u>: • Dataspark Pte. Ltd. (Director) • Group Digital Life (Malaysia) Sdn. Bhd. (Director) • HOOQ Digital Holdings Pte. Ltd. (Director) • HOOQ Digital Mauritius Private Limited (Director) • HOOQ Digital Pte. Ltd. *(In creditors' voluntary liquidation)* (Director) • HOOQ Holdings Pte. Ltd. (Director) • InfoCom Holding Company Pte Ltd (Director) • LYKE @ Singtel Pte. Ltd. (Director) • Magenta Investments Limited (Director) • Optus Australia Investments Pty Limited (Director) • Optus Digital Life Australia Investments Pty Limited (Director) • Singapore Telecom Australia Investments Pty Limited (Director) • DSpark Pty Limited (formerly known as Singapore Telecom Australia Pty Limited) (Director) • SingNet Pte Ltd (Director) • Singtel Australia Investment Ltd. (Director) • Singtel Australia Investment Ltd. (Singapore Branch) (Authorised Representative) • Singtel Enterprise Security (US), Inc. (Director) • Singtel Enterprise Security Pte. Ltd. (Director) • Singtel Group Treasury Pte. Ltd. (Director) • Singtel ICT Pte. Ltd. (Director) • Singtel Mobile Singapore Pte. Ltd. (Director) • Singtel Services Australia Pty. Limited (Director) • Singtel Singapore Pte. Ltd. (Director) • Singtel Ventures (Cayman) Pte Ltd (Director) • Singtel Cyber Security (Asia Pacific) Pte. Ltd. (Director) • Singtel Cyber Security (Singapore) Pte. Ltd. (Director)	<u>Other non-listed companies</u>: • Couriers Please Australia Pty Limited (Director) • Couriers Please Holdings Pty Limited (Director) • Couriers Please Pty Ltd (Director) • F.S. Mackenzie Limited (Director) • Famous Holdings Pte. Ltd. (Director) • Hubbed Holdings Pty Ltd (Director) • Jagged Peak, Inc. *(In voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code)* (Director) • PT Quantium Solutions Logistics Indonesia (Director) • PT Trio SPeCommerce Indonesia (Commissioner) • Quantium Solutions (Australia) Pty Ltd (Director) • Quantium Solutions (New Zealand) Pty Limited (Director) • Quantium Solutions (Singapore) Pte. Ltd. (Director) • Quantium Solutions (Thailand) Co., Limited (Director) • Quantium Solutions International Pte. Ltd. (Director) • Rotterdam Harbour Holding B.V. (Director) • Singapore Post Enterprise Private Limited (Director) • SingPost Centre (Retail) Pte. Ltd. (Director) • SingPost Distribution Pte Ltd (Director) • SingPost eCommerce Pte. Ltd. (Director) • SingPost Logistics Australia Holdings Pty Ltd (Director) • SingPost Logistics Enterprise Pte. Ltd. (Director) • SingPost Logistics Holdings Pte. Ltd. (Director) • SingPost Logistics Investments Pte. Ltd. (Director) • TradeGlobal North America Holding, Inc. *(In voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code)* (Director) • TradeGlobal Holdings, Inc. (Director) • SP Commerce, Inc. (President & Director) • TG Acquisition Corp. (President & Director) • SingPost Group Treasury Pte. Ltd. (Director)	<u>Other principal commitment</u>: • Singularity University (Chief Executive Officer) <u>Other listed company</u>: • Asia Satellite Telecommunications Holdings Limited (Director)	<u>Other listed company</u>: • Singtel (Chairman) <u>Other non-listed company</u>: • Stewardship Asia Centre CLG Limited (Director) <u>Other appointments</u>: • Governing Board of the Lee Kuan Yew School of Public Policy (Member) • Westpac Asia Advisory Board (Member) • Leapfrog Investments (Global Leadership Council Member)	<u>Other principal commitments</u>: • Far East Organization Group (Advisor) • MediShield Life Council (Chairman) • Board of Trustees of the Singapore Business Federation (Chairman) • Tote Board (Board Member) <u>Other listed companies</u>: • Banyan Tree Holdings Limited (Director) • Cromwell EREIT Management Pte. Ltd. (Manager of Cromwell European REIT) (Director) • Metro Holdings Limited (Director) <u>Other non-listed companies</u>: • Honour (Singapore) Ltd (Director) • Jubilant Pharma Limited (Director) • QBE Asia Advisory Board (Director)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Lim Cheng Cheng	Paul William Coutts	Steven Robert Leonard	Simon Israel	Fang Ai Lian
Disclose the following matters concerning an appointment of Directors:–					
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Ms Lim is a director of HOOQ Digital Pte. Ltd. ("**HOOQ**"), a joint venture company in which Singtel has indirect 76.5% effective interest. HOOQ commenced creditors' voluntary liquidation on 27 March 2020.	Mr Coutts is a director of Jagged Peak, Inc. ("**JP**") and TradeGlobal North America Holding, Inc. ("**TGNA**"). On 19 September 2019, the Company announced that the board special committees of JP and TGNA, comprising only independent directors, filed voluntary petitions for relief in respect of JP, TGNA and TradeGlobal LLC (collectively, the "**U.S. Subsidiaries"**) under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada. Please refer to the Company's announcements made on 19 September 2019 and 13 December 2019 respectively for details of the Chapter 11 proceedings concerning the U.S. Subsidiaries.	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director		Lim Cheng Cheng	Paul William Coutts	Steven Robert Leonard	Simon Israel	Fang Ai Lian
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Lim Cheng Cheng	Paul William Coutts	Steven Robert Leonard	Simon Israel	Fang Ai Lian
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—					
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No	No

SHAREHOLDING STATISTICS
As at 22 May 2020

No. of Issued Shares	:	2,275,089,525
No. of Issued Shares excluding Treasury Shares	:	2,249,578,103
No. of Treasury Shares held	:	25,511,422
No. of Subsidiary Holdings held	:	Nil
Percentage of the aggregate no. of Treasury Shares and Subsidiary Holdings held	:	1.13%
Class of Shares	:	Ordinary Shares
No. of Shareholders	:	36,634

VOTING RIGHTS (EXCLUDING TREASURY SHARES)

On show of hands – each member present in person and each proxy shall have one vote.
On poll – every member present in person or by proxy shall have one vote for every share he holds or represents.
(The Company cannot exercise any voting rights in respect of shares held by it as treasury shares or subsidiary holdings[1])

Note
(1) "Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Signapore.

	No. of Shares	
Substantial Shareholders	**Direct Interest**	**Deemed Interest**
Temasek Holdings (Private) Limited	–	497,123,422 [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. 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	68	0.19	2,333	0.00
100 – 1,000	4,471	12.20	4,138,295	0.18
1,001 – 10,000	21,233	57.96	116,127,806	5.16
10,001 – 1,000,000	10,804	29.49	525,872,287	23.38
1,000,001 and above	58	0.16	1,603,437,382	71.28
	36,634	100.00	2,249,578,103	100.00

Note
* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 22 May 2020, excluding any ordinary shares held in treasury as at that date.

SHAREHOLDING STATISTICS
As at 22 May 2020

MAJOR SHAREHOLDERS LIST – TOP 20

No.	Name	No. of Shares Held	% *
1	Singapore Telecommunications Limited	494,000,000	21.96
2	DB Nominees (Singapore) Pte Ltd	333,898,002	14.84
3	DBS Nominees (Private) Limited	244,506,743	10.87
4	Citibank Nominees (Singapore) Pte Ltd	212,617,605	9.45
5	DBSN Services Pte Ltd	39,390,165	1.75
6	Raffles Nominees (Pte) Limited	34,484,809	1.53
7	United Overseas Bank Nominees (Private) Limited	33,739,089	1.50
8	HSBC (Singapore) Nominees Pte Ltd	25,643,616	1.14
9	OCBC Nominees Singapore Private Limited	16,883,800	0.75
10	UOB Kay Hian Pte Ltd	12,058,300	0.54
11	OCBC Securities Private Limited	10,986,769	0.49
12	Phillip Securities Pte Ltd	10,670,791	0.47
13	Toh Capital Pte Ltd	10,181,800	0.45
14	NTUC Fairprice Co-operative Ltd	10,000,000	0.44
15	CGS-CIMB Securities (Singapore) Pte Ltd	9,119,889	0.41
16	Heng Siew Eng	8,759,300	0.39
17	Star Resources Pte Ltd	7,000,000	0.31
18	Sunrise Textile Accessories (Pte) Ltd	6,900,000	0.31
19	Maybank Kim Eng Securities Pte Ltd	5,151,819	0.23
20	BPSS Nominees Singapore (Pte) Ltd	4,926,107	0.22
		1,530,918,604	68.05

Note
* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares as at 22 May 2020, 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 22 May 2020, approximately 63.30% 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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Singapore 408600

Tel: +65 6841 2000
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Web: www.singpost.com

GROUP COMPANY SECRETARY
Linda Hoon Siew Kin (Ms)

SHARE REGISTRAR
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6 Shenton Way
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Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166

AUDIT PARTNER
Shariq Barmaky
Appointed with effect from financial year ended 31 March 2018

SINGAPORE POST LIMITED

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

LETTER TO SHAREHOLDERS DATED 17 JUNE 2020

IN RELATION TO

(1) THE PROPOSED RENEWAL OF THE SHAREHOLDERS MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND

(2) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.

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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 Chu Swee Yeok (*Non-Executive Independent Director*)
Ms Lim Cheng Cheng (*Non-Executive Non-Independent Director*)
Ms Elizabeth Kong Sau Wai (*Non-Executive Independent Director*)
Mr Steven Robert Leonard (*Non-Executive Independent Director*)
Mr Bob Tan Beng Hai (*Non-Executive Independent Director*)

Registered Office:

10 Eunos Road 8
Singapore Post Centre
Singapore 408600

17 June 2020

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 28th Annual General Meeting of the Company dated 17 June 2020 (the "**Notice**") convening the 28th Annual General Meeting of the Company to be held on 16 July 2020 (the "**2020 AGM**");

(b) Ordinary Resolution 12 relating to the proposed renewal of the Shareholders Mandate (as defined in paragraph 2.1 below) for interested person transactions, as proposed in the Notice; and

(c) Ordinary Resolution 13 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 3.1 below), as proposed in the Notice.

1.2 **Letter to Shareholders**. The purpose of this Letter is to provide shareholders of the Company (the "**Shareholders**") with information relating to Ordinary Resolutions. 12 and 13, 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 RENEWAL OF THE SHAREHOLDERS MANDATE

2.1 **Shareholders Mandate**. At the annual general meeting of the Company held on 18 July 2019 (the "**2019 AGM**"), approval of the Shareholders was obtained for the renewal of the mandate to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST (the "**Listing Manual**")) to enter into certain interested person transactions (the "**Shareholders Mandate**") with the classes of interested persons as set out in the Shareholders Mandate. Particulars of the Shareholders Mandate are set out in the Appendix to the Letter to Shareholders dated 26 June 2019 (the "**2019 Letter**").

2.2 **Proposed Renewal of the Shareholders Mandate**. At the 2019 AGM, the Shareholders Mandate was expressed to take effect until the conclusion of the next Annual General Meeting of the Company, being the 2020 AGM. Accordingly, the Directors of the Company (the "**Directors**") propose that the Shareholders Mandate be renewed at the 2020 AGM, to take effect until the 29th Annual General Meeting of the Company. The particulars of the interested person transactions in respect of which the Shareholders Mandate is sought to be renewed remain unchanged.

2.3 **The Appendix**. The Shareholders Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices and other general information relating to Chapter 9 of the Listing Manual, are set out in the Appendix to this Letter. The Appendix has also been updated to take into account amendments to the Listing Manual which took effect on 7 February 2020 (the updates are blacklined in the Appendix for Shareholders' ease of reference).

2.4 **Audit Committee's Statement**. The Audit Committee (currently comprising Mrs Fang Ai Lian, Ms Chu Swee Yeok and Mr Bob Tan Beng Hai) confirms that:

(a) the methods or procedures for determining transaction prices under the Shareholders Mandate have not changed since the 2019 AGM; and

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

2.5 **Abstention from Voting**. Temasek Holdings (Private) Limited ("**Temasek**"), Singapore Telecommunications Limited ("**Singtel**") and their respective associates, being interested persons (as described in paragraph 4.1 of the Appendix to this Letter), will abstain from voting their Shares, if any, in respect of Ordinary Resolution 12, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2020 AGM. The Company will disregard any votes cast by Temasek, Singtel and their respective associates on Ordinary Resolution 12.

The Directors, being interested persons (as described in paragraph 4.1 of the Appendix to this Letter), will abstain, and will procure their associates to abstain, from voting their Shares, if any, in respect of Ordinary Resolution 12, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2020 AGM. The Company will disregard any votes cast by the Directors and their respective associates, in respect of their holdings of Shares (if any) on Ordinary Resolution 12.

The Chairman of the 2020 AGM will accept appointment as proxy for any other Shareholder to vote in respect of Ordinary Resolution 12, where such Shareholder has given specific instructions in a validly completed and submitted Proxy Form as to voting, or abstentions from voting, in respect of Ordinary Resolution 12.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 **Share Purchase Mandate**. Shareholders had approved the renewal of the mandate (the "**Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire ordinary shares of the Company ("**Shares**") at the 2019 AGM. The authority and limitations on the Share Purchase Mandate were set out in the 2019 Letter and Ordinary Resolution 12 set out in the Notice of the 2019 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 12 at the 2019 AGM and will expire on the date of the forthcoming 2020 AGM to be held on 16 July 2020. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2020 AGM.

As at 22 May 2020 (the "**Latest Practicable Date**"), the Company had not undertaken any purchase or acquisition of its Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2019 AGM.

As at the Latest Practicable Date, the Company had 25,511,422 treasury shares and no subsidiary holdings (as defined in the Listing Manual)[1].

[1] "Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore.

3.2 **Rationale for the Share Purchase Mandate**. The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) In managing the business of the Company and its subsidiaries (the "**Group**"), management strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. Share purchases are one of the ways through which the return on equity of the Group may be enhanced.

(b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash which is in excess of the financial and possible investment needs of the Group to Shareholders. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.

(c) Repurchased Shares which are held in treasury may be transferred for the purposes of any share schemes implemented by the Company. The use of treasury shares in lieu of issuing Shares would also mitigate the dilution impact on existing Shareholders.

The approval of the renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in paragraph 3.3.1 below, it should be noted that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised, and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company.

3.3 **Authority and Limits of the Share Purchase Mandate**. The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2020 AGM, are substantially the same as were previously approved by Shareholders at the 2019 AGM, save that the definition of "Average Closing Price" (for determining the maximum purchase price for the purchase or acquisition of Shares pursuant to the Share Purchase Mandate) has been changed to take into account amendments to the Listing Manual which took effect on 7 February 2020. These are summarised below:

3.3.1 ***Maximum Number of Shares***

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the 2020 AGM. Treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 2,275,089,525 Shares in issue as at the Latest Practicable Date (out of which 25,511,422 Shares were held in treasury and no shares were held as subsidiary holdings as at the Latest Practicable Date), and assuming that on or prior to the 2020 AGM, (i) no further Shares are issued, (ii) no further Shares are purchased or acquired, or held by the Company as treasury shares, and (iii) no Shares are held as subsidiary holdings, not more than 224,957,810 Shares (representing 10% of the Shares in issue as at that date and disregarding the 25,511,422 Shares held in treasury) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

3.3.2 ***Duration of Authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2020 AGM at which the renewal of the Share Purchase Mandate is approved, up to:

(a) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or

(c) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

3.3.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases of Shares by the Company effected on the SGX-ST, or on any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose ("**Market Purchases**"); and/or

(b) off-market purchases of Shares by the Company effected otherwise than on a stock exchange, in accordance with an equal access scheme ("**Off-Market Purchases**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will, pursuant to Rule 885 of the Listing Manual, issue an offer document containing at least the following information:

(1) terms and conditions of the offer;

(2) period and procedures for acceptances; and

(3) information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

3.3.4 ***Purchase Price***

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors and must not exceed, in the case of both Market Purchases and Off-Market Purchases, 105% of the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST or, as the case may be, such stock exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs during the relevant five-day period and the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 **Source of Funds**. Under the Companies Act, the Company may purchase or acquire its Shares out of its profits and/or capital so long as the Company is solvent.

The Company intends to use internal and external sources of funds to finance its purchase or acquisition of Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the Group's working capital requirements, current dividend policy for the financial year ending 31 March 2021 or ability to service its debts would be adversely affected.

3.5 **Status of Purchased Shares**. Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

3.6 **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act in force as at the Latest Practicable Date are summarised below:

3.6.1 ***Maximum Holdings***

The number of Shares held as treasury shares[2] cannot at any time exceed 10% of the total number of issued Shares.

[2] For these purposes, "treasury shares" shall be read as including shares held by a subsidiary under Sections 21(4B) or 21(6C) of the Companies Act, Chapter 50 of Singapore.

3.6.2 ***Voting and Other Rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.6.3 ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Singapore Code on Take-overs and Mergers (the "**Takeover Code**"):

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of outstanding shares before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.7 **Financial Effects**. The financial effects on the Group and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The financial effects on the Group and the Company, based on the audited financial statements of the Group and the Company for the financial year ended 31 March 2020, are based on the assumptions set out below:

3.7.1 ***Maximum Price Paid for Shares Acquired or Purchased***

In the case of both Market Purchases and Off-Market Purchases by the Company and assuming that the Company purchases or acquires 224,957,810 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date and disregarding the Shares held in treasury as at such date) at the maximum price of S$0.786 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 224,957,810 Shares is S$176,816,839.

3.7.2 ***Illustrative Financial Effects***

For illustrative purposes only and on the basis of the assumptions set out in paragraph 3.7.1 above, and further assuming that the purchase or acquisition of 10% of the Shares (excluding treasury shares and subsidiary holdings) by the Company pursuant to the Share Purchase Mandate by way of Market Purchases or Off-Market Purchases is made as to 6% out of profits and as to 4% out of capital and cancelled or held in treasury, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 March 2020 are set out below.

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 March 2020 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 2021 or ability to service its debts would be adversely affected.

Scenario A

Market Purchases or Off-Market Purchases of up to 10% made as to 6% out of profits and as to 4% out of capital and cancelled

	Group		Company	
	Before share purchase S$'000	**After share purchase S$'000**	**Before share purchase S$'000**	**After share purchase S$'000**
As at 31 March 2020				
Share capital	638,762	568,035	638,762	568,035
Capital reserves	37,557	37,557	-	-
Other reserves	35,753	35,753	42,859	42,859
Revenue reserves	570,206	464,116	592,989	486,899
	1,282,278	1,105,461	1,274,610	1,097,793
Treasury shares	(29,724)	(29,724)	(29,724)	(29,724)
Ordinary equity	1,252,554	1,075,737	1,244,886	1,068,069
Perpetual securities	346,826	346,826	346,826	346,826
	1,599,380	1,422,563	1,591,712	1,414,895
Net tangible assets (NTA)	1,344,955	1,168,138	1,591,712	1,414,895
Current assets	785,633	608,816	670,007	493,190
Current liabilities	756,681	756,681	665,133	665,133
Total borrowings	364,424	364,424	349,750	349,750
Cash and cash equivalents	492,997	316,180	431,056	254,239
Number of shares ('000)	2,249,578	2,024,620	2,249,578	2,024,620
Financial ratios				
Basic earnings per share (cents)	3.39	3.41	3.82	3.85
NTA per share (cents)	59.8	57.7	70.8	69.9
Gross gearing (%)	29.1	33.9	28.1	32.7
Net debt gearing (%)	n.m.	4.5	n.m.	8.9
Current ratio (%)	103.8	80.5	100.7	74.1

Scenario B

Market Purchases or Off-Market Purchases of up to 10% made as to 6% out of profits and as to 4% out of capital and held in treasury

	Group		Company	
	Before share purchase S$'000	**After share purchase S$'000**	**Before share purchase S$'000**	**After share purchase S$'000**
As at 31 March 2020				
Share capital	638,762	638,762	638,762	638,762
Capital reserves	37,557	37,557	-	-
Other reserves	35,753	35,753	42,859	42,859
Revenue reserves	570,206	570,206	592,989	592,989
	1,282,278	1,282,278	1,274,610	1,274,610
Treasury shares	(29,724)	(188,494)	(29,724)	(188,494)
Ordinary equity	1,252,554	1,093,784	1,244,886	1,086,116
Perpetual securities	346,826	346,826	346,826	346,826
	1,599,380	1,440,610	1,591,712	1,432,942
Net tangible assets (NTA)	1,344,955	1,186,185	1,591,712	1,432,942
Current assets	785,633	626,863	670,007	511,237
Current liabilities	756,681	756,681	665,133	665,133
Total borrowings	364,424	364,424	349,750	349,750
Cash and cash equivalents	492,997	334,227	431,056	272,286
Number of shares ('000)	2,249,578	2,047,580	2,249,578	2,047,580
Financial ratios				
Basic earnings per share (cents)	3.39	3.41	3.82	3.85
NTA per share (cents)	59.8	57.9	70.8	70.0
Gross gearing (%)	29.1	33.3	28.1	32.2
Net debt gearing (%)	n.m.	2.8	n.m.	7.1
Current ratio (%)	103.8	82.8	100.7	76.9

Notes:

The number of Shares which may be held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. As 25,511,422 Shares have been bought back and held as treasury shares as at the Latest Practicable Date, the maximum number of Shares which may be held as treasury shares will be reduced from 227,508,952 Shares to 201,997,530 Shares. The financial effects under Scenario A is computed based on 224,957,810 Shares purchased and cancelled. The financial effects under Scenario B is computed based on 201,997,530 additional Shares purchased and held as treasury shares.

"n.m." means "not meaningful".

3.8 **Listing Status of the Shares**. The Listing Manual requires a listed company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. As at the Latest Practicable Date, Singtel has a direct interest in 494,000,000 Shares representing approximately 21.96% of the issued Shares (excluding the Shares held in treasury) as at that date, Temasek has a deemed interest in 497,123,422 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 14.56% of the issued Shares (excluding the Shares held in treasury) as at that date, and Alibaba Group Holding Limited and SoftBank Group Corp. each has a deemed interest in 327,649,907 Shares held by Alibaba Investment Limited representing approximately 14.56% of the issued Shares (excluding the Shares held in treasury) as at that date. Approximately 63.30% 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 59.22% of the issued Shares (excluding the Shares held in treasury) would have been held by public Shareholders as at that date.

The Company will ensure that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases and/or Off-Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

3.9 **Shareholding Limits**. The Postal Services Act, Chapter 237A (the "**Postal Services Act**") currently provides, *inter alia*, that:

(a) no person shall, whether through a series of transactions over a period of time or otherwise, become a 12% controller or a 30% controller of a designated postal licensee (the "**Prescribed Limits**"); and

(b) no person shall enter into any other transaction that constitutes a consolidation with a designated postal licensee,

without obtaining the prior written approval of the Info-communications Media Development Authority of Singapore (the "**IMDA**"), unless otherwise exempted in accordance with any applicable exemption issued under the Postal Services Act.

For the purposes of this paragraph 3.9:

"**consolidation**" means any transaction that, *inter alia*, results in a party becoming a 30% controller of a designated postal licensee, acquiring the business of a designated postal licensee as a going concern or obtaining effective control over a designated postal licensee;

"**12% controller**", in relation to a designated postal licensee, means a person, not being a 30% controller, who alone or together with his associates, (i) holds 12% or more of the total number of voting shares in the designated postal licensee; or (ii) is in a position to control 12% or more of the voting power in the designated postal licensee;

"**30% controller**", in relation to a designated postal licensee, means a person who alone or together with his associates, (i) holds 30% or more of the total number of voting shares in the designated postal licensee; or (ii) is in a position to control 30% or more of the voting power in the designated postal licensee;

"**designated postal licensee**" means a postal licensee (i) which has been declared by the IMDA, by notification published in the *Gazette*, to be a designated postal licensee; or (ii) which is within a class of postal licensees which has been declared by the IMDA, by notification published in the *Gazette*, to be a designated class of postal licensees, for the purposes of Part IVA of the Postal Services Act. The Company has been gazetted as a designated postal licensee; and

"**effective control**" means the ability to cause a designated postal licensee to take, or prevent a designated postal licensee from taking, a decision regarding the management and major operating decisions of the designated postal licensee.

Pursuant to the Postal Services Act, if the IMDA is satisfied that a Shareholder and/or his associates have reached or exceeded the Prescribed Limits in contravention of the Postal Services Act or that the holding or acquisition of voting shares, or control of voting power in the Company by such Shareholder and/or his associates is likely to substantially lessen competition or is against the public interest, or in other specified circumstances, the IMDA may issue certain directions, including but not limited to requiring such Shareholder and/or his associates to divest all or part of the voting shares which it holds or may have acquired in the Company, or require the Company to restrict the voting rights or dividend rights that the Shareholder holds or has obtained through the acquisition of such voting shares.

As a result of a purchase or acquisition of Shares by the Company, the shareholding percentage of a holder of Shares (whose Shares were not the subject of such purchase or acquisition by the Company) in the Shares of the Company immediately following any purchase or acquisition of Shares by the Company will increase correspondingly.

The Company wishes to draw the attention of Shareholders to the following consequences of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate, if the renewal of the Share Purchase Mandate is approved by Shareholders:

A purchase or acquisition of Shares by the Company may inadvertently cause a person to reach or exceed the Prescribed Limits (in particular, a person who is currently close to any of the Prescribed Limits). Shareholders who are close to any of the Prescribed Limits and who may exceed any such limits by reason of a purchase or acquisition of Shares by the Company are advised to inform the Company and seek the prior approval of the IMDA to reach or exceed the Prescribed Limits, on such terms as may be imposed by the IMDA, as a consequence of any purchase or acquisition of Shares by the Company. Shareholders who are in any doubt as to the action that they should take should consult their professional advisers.

In addition to the above, Section 8 of the Postal Competition Code 2017, which was issued by the IMDA on 29 May 2017 and which came into effect on 9 June 2017 (the "**Postal Competition Code**") provides some additional guidance on the purchase or acquisition of Shares by the Company. Section 8 states that before entering into any such purchase or acquisition of Shares by the Company, the Company must calculate the percentage of voting shares held by each Shareholder following such purchase or acquisition. If, as a result of such purchase or acquisition:

(i) any Shareholder who previously held less than 5% of the total number of voting shares in the Company, or had control of less than 5% of the voting power in the Company would, after the transaction, hold 5% or more, but less than 12% of the voting shares in the Company, or control 5% or more but less than 12% of the voting power in the Company, the Company may proceed with such purchase or acquisition and shall file the appropriate notification pursuant to the Postal Competition Code; and

(ii) any Shareholder will become a 12% controller of, or will enter into a consolidation with the Company, the Company and that Shareholder must seek the approval of the IMDA before the Company proceeds with such purchase or acquisition.

3.10 **Take-over Implications.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

3.10.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

3.10.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of any of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:

(i) an individual;

(ii) the close relatives of (i);

(iii) the related trusts of (i);

(iv) any person who is accustomed to act in accordance with the instructions of (i);

(v) companies controlled by any of (i), (ii), (iii) or (iv); and

(vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

3.10.3 ***Effect of Rule 14 and Appendix 2***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Based on the interests of Substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date as set out in paragraph 4.2 below, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

3.11 **Reporting Requirements**. Rule 886(1) of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares, and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings after the purchase, the number of treasury shares held and the number of subsidiary holdings after the purchase.

3.12 **No Purchases During Price or Trade Sensitive Developments**. While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price or trade sensitive development has occurred or has been the subject of a decision until the price or trade sensitive information has been publicly announced. In particular, 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 financial statements for each of the first three quarters of the financial year and the period of one month immediately preceding the announcement of the Company's financial statements for the full year (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise), or during the period of one month immediately preceding the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements).

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 **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	–	–	–	–
Chu Swee Yeok	–	–	–	–
Lim Cheng Cheng	–	–	–	–
Elizabeth Kong Sau Wai	–	–	–	–
Steven Robert Leonard	–	–	–	–
Bob Tan Beng Hai	–	–	–	–

Note:

(1) The percentage of issued Shares is calculated based on the number of issued Shares as at the Latest Practicable Date, excluding any Shares held in treasury as at that date.

4.2 **Substantial Shareholders' Interests**. The interests of the Substantial Shareholders in the Shares, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date, are set out below:

	Number of Shares			
	Direct Interest	**Deemed Interest**	**Total Interest**	**% of Issued Shares[1]**
Temasek Holdings (Private) Limited	–	497,123,422[2]	497,123,422	22.10
Singapore Telecommunications Limited	494,000,000	–	494,000,000	21.96
Alibaba Investment Limited	327,649,907	–	327,649,907	14.56
Alibaba Group Holding Limited	–	327,649,907[3]	327,649,907	14.56
SoftBank Group Corp.	–	327,649,907[4]	327,649,907	14.56

Notes:

(1) The percentage of issued Shares is calculated based on the number of issued Shares as at the Latest Practicable Date, excluding any Shares held in treasury as at that date.

(2) Deemed through its subsidiaries, Singapore Telecommunications Limited, ST Asset Management 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.

5. DIRECTORS' RECOMMENDATIONS

5.1 **The Proposed Renewal of the Shareholders Mandate**. All the Directors are interested persons (as described in paragraph 4.1 of the Appendix to this Letter). Accordingly, they have refrained from making any voting recommendation to Shareholders in respect of Ordinary Resolution 12, being the Ordinary Resolution relating to the proposed renewal of the Shareholders Mandate to be proposed at the 2020 AGM.

5.2 **The Proposed Renewal of the Share Purchase Mandate**. The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 13, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2020 AGM.

6. INSPECTION OF DOCUMENTS

6.1 The Annual Report of the Company for the financial year ended 31 March 2020 and the 2019 Letter may be accessed at the URLs https://www.singpost.com/about-us/investor-relations/annual-reports and https://www.singpost.com/about-us/investor-relations/shareholder-meetings respectively.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposals, and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

Yours faithfully
for and on behalf of
the Board of Directors of
SINGAPORE POST LIMITED

Simon Israel
Chairman

THE SHAREHOLDERS MANDATE

1. Chapter 9 of the Listing Manual

1.1 Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:

(a) 5% of the listed company's latest audited consolidated NTA; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

1.3 Based on the latest audited consolidated financial statements of Singapore Post Limited ("**SingPost**") and its subsidiaries (the "**SingPost Group**") for the financial year ended 31 March 2020, the consolidated NTA of the SingPost Group was S$1,344,955,000. 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 2021 are published, 5% of the latest audited consolidated NTA of the SingPost Group would be S$67,247,750.

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. <u>The SGX-ST may also deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into (i) a transaction with an entity at risk, and (ii) an agreement or arrangement with an interested person in connection with that transaction</u>;

(c) a "**controlling shareholder**" means a person who:

(i) holds directly or indirectly 15% or more of the total voting rights in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or

(ii) in fact exercises control over a company;

(d) (in the case of a company) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder means an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, means its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(e) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9; and

(f) an "**interested person transaction**" means a transaction between an entity at risk and an interested person and a "**transaction**" includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

2. Rationale for the Shareholders Mandate and Benefits to Shareholders

2.1 It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and SingPost's interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to SingPost's interested persons or the obtaining of goods and services from them.

2.2 In view of the time-sensitive nature of commercial transactions, the renewal of the Shareholders Mandate pursuant to Chapter 9 of the Listing Manual will enable:

(a) SingPost;

(b) subsidiaries of SingPost (other than a subsidiary that is listed on the SGX-ST or an approved exchange, if any); and

(c) associated companies of SingPost (other than an associated company that is listed on the SGX-ST or an approved exchange, if any) over which the SingPost Group, or the SingPost Group and interested person(s) of SingPost has or have control,

(together, the "**EAR Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions ("**Interested Person Transactions**") set out in paragraph 5 below with the specified classes of SingPost's interested persons (the "**Interested Persons**") set out in paragraph 4.1 below, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

2.3 The Shareholders Mandate, and its subsequent renewal thereafter on an annual basis, will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for SingPost to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

2.4 The Shareholders Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the specified classes of Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

2.5 The EAR Group will benefit from having access to competitive quotes from the different companies in the different industries within the Temasek Group (as defined in paragraph 4.1(a) below) and the Singtel Group (as defined in paragraph 4.1(b) below) in addition to obtaining quotes from, or transacting with, non-Interested Persons.

3. The Shareholders Mandate and Validity Period

3.1 The Shareholders Mandate covers a wide range of activities undertaken by the SingPost Group. These activities are set out in detail in paragraph 5 below.

3.2 The Shareholders Mandate does not cover an Interested Person Transaction which has a value of below S$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such an Interested Person Transaction. <u>The IPT Mandate would, however, cover Interested Person Transactions with values below S$100,000 entered into during the same financial year and which are aggregated by the SGX-ST under Chapter 9 of the Listing Manual and treated as if they were one Interested Person Transaction which has a value of S$100,000 or more.</u>

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 16 July 2020 until the next Annual General Meeting of the Company. Thereafter, it is intended that approval from Shareholders for a subsequent renewal of the Shareholders Mandate will be sought at each subsequent Annual General Meeting of the Company.

4. Classes of Interested Persons

4.1 The Shareholders Mandate applies to Interested Person Transactions which are carried out with the following classes of Interested Persons:

(a) Temasek Holdings (Private) Limited and its associates (excluding Singapore Telecommunications Limited ("**Singtel**") and its associates) (the "**Temasek Group**");

(b) Singtel and its associates (the "**Singtel Group**"); and

(c) Directors, Chief Executive Officer(s) and controlling shareholders of the Company (other than the controlling shareholders described in sub-paragraphs (a) and (b) above) and their respective associates.

4.2 Transactions with Interested Persons which do not fall within the ambit of the Shareholders Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

5. Interested Person Transactions

The Interested Person Transactions with the Interested Persons which are covered by the Shareholders Mandate, and the benefits to be derived therefrom, relate to general transactions ("**General Transactions**") in connection with the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group (but not in respect of the purchase or sale of assets, undertakings or businesses) comprising the following:

(a) provision of postal services;

(b) provision of fulfilment, warehousing and logistics services;

(c) provision of agency services;

(d) provision and distribution of financial services;

(e) provision of electronic printing and despatching services;

(f) provision of data, document and mail management services;

(g) leasing or rental of premises as lessor and/or lessee;

(h) provision or procurement of software and licensing services, information services, engineering, repair, servicing and technical services;

(i) selling of advertisement space;

(j) provision or procurement of transportation, despatching and conveyance services (including air, sea and land) and freight services;

(k) procurement of communication and all other forms of utility services and products;

(l) procurement, lease or rental of vehicles, equipment, parts, components, repair and maintenance services;

(m) procurement of services for the production of stamps, philatelic products and stationeries;

(n) procurement of security services;

(o) procurement of insurance;

(p) procurement of management and consultancy services;

(q) provision or obtaining of property management, property security, building maintenance services and consultancy services; and

(r) provision or obtaining of such products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services referred to in sub-paragraphs (a) to (q) above.

6. Review Procedures for Interested Person Transactions

6.1 In general, there are procedures established by the EAR Group to ensure that transactions with Interested Persons are undertaken on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been implemented:

(a) *Provision of services or the sale of products*

The review procedures are:

(i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and

(ii) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

(b) *Obtaining of services or the purchasing of products*

The review procedures are:

(i) all contracts entered into or transactions with Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to the entry into of the contract or transaction with the Interested Person, as a basis for comparison to determine whether the prices and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the prices and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and

(ii) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff of the relevant company in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the prices and terms offered by the Interested Person are fair and reasonable.

(c) *Threshold limits*

In addition to the review procedures described above, the EAR Group will also ensure that the Interested Person Transactions are undertaken with Interested Persons on normal commercial terms and are not prejudicial to the Company and its minority Shareholders by categorising the transactions as follows:

(i) a Category 1 General Transaction is one where the value thereof is equal to or more than 5% of the latest audited consolidated NTA of the SingPost Group; and

(ii) a Category 2 General Transaction is one where the value is less than 5% of the latest audited consolidated NTA of the SingPost Group.

Category 1 General Transactions must be reviewed and endorsed by the Audit Committee and approved by the Board or other Board Committees, in accordance with the Company's approval limits, prior to their entry with an Interested Person.

Category 2 General Transactions need not be reviewed and endorsed by the Audit Committee prior to their entry with an Interested Person, but shall be reviewed on a quarterly basis by the Audit Committee.

6.2 SingPost will maintain and update the list of companies within the EAR Group and the list of Interested Persons and inform the heads of departments and/or companies within the EAR Group for the purposes of identification of Interested Persons and the recording of all Interested Person Transactions.

6.3 SingPost will review the procedures set out above from time to time to ensure that these remain adequate and appropriate.

6.4 A register will be maintained by SingPost to record all Interested Person Transactions (and the basis on which they are entered into) which are entered into pursuant to the Shareholders Mandate. The annual internal audit plan of SingPost shall incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the Shareholders Mandate.

6.5 The internal auditors of SingPost shall, on a quarterly basis, report to the Audit Committee on Interested Person Transactions, and the basis of such transactions, entered into by the EAR Group.

6.6 The Audit Committee shall review the internal audit reports on Interested Person Transactions to ascertain that the Interested Person Transactions are entered into with Interested Persons on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders and that the established review procedures for the Interested Person Transactions have been complied with.

6.7 In the event that a member of the Audit Committee, Board or other Board Committees (where applicable) is interested in any Interested Person Transaction, he will abstain from any decision-making in respect of that transaction and the review, endorsement and approval of that transaction will be undertaken by the remaining members of the Audit Committee, Board and/or other Board Committees.

7. Audit Committee's Statements

7.1 The Audit Committee (currently comprising Mrs Fang Ai Lian, Ms Chu Swee Yeok and Mr Bob Tan Beng Hai) has reviewed the terms of the Shareholders Mandate, as proposed to be renewed, and is satisfied that the review procedures for Interested Person Transactions, as well as the reviews to be made periodically by the Audit Committee (with internal audit assistance) in relation thereto, are sufficient to ensure that Interested Person Transactions will be made with the relevant class of Interested Persons on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

7.2 If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established guidelines and procedures are not sufficient to ensure that the Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, SingPost will revert to Shareholders for a fresh mandate based on new procedures for transactions with Interested Persons.

8. Disclosure

8.1 SingPost will announce the aggregate value of transactions conducted with Interested Persons pursuant to the Shareholders Mandate for the ~~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.