

**SINGAPORE POST LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No.: 199201623M)

**28<sup>TH</sup> ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY, 16 JULY 2020**  
**RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

Singapore Post Limited (the “**Company**” or “**SingPost**”) would like to thank shareholders for submitting their questions in advance of the 28<sup>th</sup> Annual General Meeting (“**AGM**”) to be held by way of electronic means on Thursday, 16 July 2020 at 2.30 p.m..

The Appendix annexed herein sets out the Company’s responses to the substantial questions received from shareholders that are relevant to the AGM resolutions and the business of the Company.

Questions relating to service level matters of SingPost will be addressed separately.

Issued by Singapore Post Limited on 15 July 2020.

Category	No.	Question	Response
COVID-19 Pandemic	1.	What are the measures that Singapore Post uses to mitigate the current health condition, which may affect its operation?	<p>A multi-divisional SingPost COVID-19 Task Force was formed in March 2020 to manage the impact of the pandemic. Immediate measures were put in place to safeguard the well-being of all employees, customers, tenants and shoppers across all our properties. 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.</p> <p>One of our biggest challenges 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 had mitigated a massive impact to postal operations should our Malaysian staff be unable to travel back into Singapore to work.</p>
Strategy	2.	Is Singapore Post promoting greater e-commerce by joining forces with other global players? Please explain what are the risks and rewards entail in this venture.	<p>SingPost is focused on capturing e-commerce boom opportunities and has always been working with partners locally and around the world. The Group will continue to focus on the e-commerce space, following the expansion of the warehouse fulfilment 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.</p> <p>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 e-commerce 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, B2B2C, is a relatively untapped space that presents much potential.</p> <p>The value proposition is further amplified by the Asia-Pacific e-commerce 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.</p>

Category	No.	Question	Response
Strategy	3.	Is there any ongoing or new collaboration with Alibaba?	Alibaba is a major shareholder and we continue to work closely with them, to tap on their resources and expertise. Through their stake in Quantum Solutions International, Quantum Solutions will continue to reengineer processes to further improve customer experience, efficiency, and scalability. For example, 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 Quantum Solutions to realise its full potential as a leader in the Asia-Pacific e-commerce logistics market.
Strategy	4.	What is the strategy to take on Ninja Van, Grab, ComfortDelGro in the local e-commerce delivery market?	SingPost recognises 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. Our core focus is on mail and parcel delivery, unveiled in September 2019 through our prototype of a Smart Letterbox and Smart Stamp. 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 e-commerce 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.
Financials	5.	Please update on logistics business, and does management expect it to turn profitable this year?	<p>Logistics delivered a resilient performance in FY2019/20 despite headwinds from COVID-19, driven by growth in Quantum Solutions, which continued its strong operational momentum. Consequently, Logistics segment loss from operating activities narrowed.</p> <p>Management continually strives to improve the performance of the businesses in the Logistics segment and to turn it into a profit position. However, the Group is unable to provide guidance on the specific timeframe.</p> <p>Moving forward, the Group will continue to focus on the e-commerce space, to ride the emerging boom across Asia-Pacific. With the rising popularity of e-commerce in Asia-Pacific, a growing trend of customers demanding both B2B and B2C capabilities from a single provider has increased.</p> <p>This convergence between the two, dubbed B2B2C, is a relatively untapped space that presents much potential. 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, so as to further improve the Logistics segment performance.</p>

Category	No.	Question	Response
Dividends	6.	<p><u>Dividend Policy</u></p> <p>(a) Will the interim dividends be based on a percentage of each quarter's profit or will remain at 1/2 cent for first 3 quarters and then adjust at 4<sup>th</sup> Quarter?</p> <p>(b) Any change to the quarterly dividend payment even though reporting is half-yearly?</p>	<p>SingPost's dividend policy is to pay out between 60-80% of its underlying net profit for the financial year. For interim dividends, the Board always carefully considers whether it is appropriate to pay any interim dividends and, if yes, the quantum of dividends, after taking into account, among other things, the performance of the Company and the market condition in which the Company operates in.</p> <p>As announced on 8 May 2020, following the discontinuation of quarterly results announcements, the Company will only consider paying out dividends on a half-yearly basis.</p>
Strategy / Financials	7.	<p>I appreciate that the new Board and management have been working hard to improve operations and like many other companies is faced with other external challenges, including COVID-19. The Company's share price is nevertheless less than half of what it was in December 2015. Can the Board share its thinking on what needs to be done to improve the performance of the Company?</p>	<p>In 2015, the share price was supported by a dividend and yield which was not sustainable. This was addressed through a change in the Company's dividend policy.</p> <p>Sentiment was also set-back by questions on corporate governance and the non-performance of significant acquisitions. The Company is investing in a transformation while concurrently dealing with its declining mail business, and future performance hinges on the successful execution of the transformation.</p> <p>Looking ahead, SingPost has instituted a new Group strategy that plays to its strengths by refocusing efforts on Asia-Pacific.</p> <p>For Post and Parcel, SingPost has embarked on a Future of Post initiative that will create a smart postal ecosystem for both mail and parcels, reengineer the country's postal infrastructure and strengthen SingPost's position as a market leader.</p> <p>On the Logistics front, SingPost is expanding into the B2B2C space to tap on growing demand from Domestic and International customers for all services in Asia-Pacific.</p> <p>Concurrently, as the Group is looking to combine back-end processing facilities as part of the Future of Post initiative, this will also create new opportunities to further enhance returns from SingPost's Property portfolio.</p>

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Financials / Investment	8.	<p>Between 2011 and 2015, the previous Board and management made more than 20 acquisitions and several other investments, and entered into several joint ventures. Two of them in particular – TradeGlobal and Jagged Peak, have since been written off. Can the Board explain how other major investments made during the period have performed, such as Couriers Please in Australia?</p>	<p>Major investments made during the period include:</p> <ul style="list-style-type: none"> <li>• Couriers Please: parcel delivery business in Australia</li> <li>• Famous Holdings: freight forwarding business</li> <li>• General Storage Company: self-storage business</li> </ul> <p>All of the above entities are profitable, and continue to contribute positively to the Group.</p> <p>Couriers Please is one of the top five players in the CEP (couriers, express and parcels) space in Australia, with nationwide coverage. In FY2019/20, Couriers Please continued to grow parcel delivery volumes and revenue, on the back of strong growth in e-commerce deliveries.</p> <p>Famous Holdings is a major contributor to profit on operating activities in the Logistics segment. While revenue declined in FY2019/20 due to the slowdown in global trade, the business is expected to remain a key profit contributor to the Group moving forward.</p> <p>General Storage Company continues to generate good profit margins and earnings for the Group. In FY2019/20, General Storage Company delivered a resilient performance with revenue and earnings remaining largely stable despite headwinds in the market.</p> <p><u>Impairment testing</u></p> <p>Under prevailing accounting standards, the Group is required to test the carrying value of these investments annually, which had to be independently verified by auditors.</p> <p>The test measures the value of the respective investments against their annual stated business plans.</p> <p>Should this value be lower than the carrying value of these investments, the Group will need to impair the carrying value of these investments, which is what happened with TradeGlobal and Jagged Peak.</p> <p>It is worthwhile to note that none of the three investments above has recorded any impairment since their acquisitions.</p>

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Investment	9.	A number of acquisitions and investments during that period (between 2011 and 2015), and just before that, are companies in which certain directors at that time had an interest. These include Famous Holdings, Famous Pacific Shipping NZ, F.S. Mackenzie, Postea and Indo Trans Logistics. Were there other acquisitions or investments made where directors at that time had an interest?	Other than the stated acquisitions and investments in which all conflicts of interests were disclosed in the SGX announcements, the Company is not aware of any other acquisitions or investments made where directors at that time had an interest.
Investment	10.	It is my understanding that Postea has since been written off. Can the Board provide some background on this investment, how it was entered into, how the founder/CEO Michael Murphy then joined the Board, and why the investment under-performed?	<p>According to the Company's available records:</p> <p>(a) The investment was part of SingPost's strategy at that time to expand its traditional mail business to include its e-commerce and logistics businesses. Postea, Inc. ("<b>Postea</b>") was a company that developed and operated companies which provided technology and support to the postal, courier and logistics markets, and it was intended that the collaboration between SingPost and Postea would include the potential for future business development and synergies to jointly develop and market postal as well as logistics technologies.</p> <p>(b) Due diligence was performed by external advisors and the investment proposal was deliberated upon and approved by the Executive Committee, and subsequently approved by the Board. SingPost completed its investment in Postea on 29 May 2009. We are unable to comment on the substantive discussions by the Executive Committee and the Board on the investment during that time.</p> <p>(c) Subsequent to the investment by the Company, Mr. Michael Murphy was invited to join the Board. Mr. Murphy's conflicts of interest was declared and noted at the time of his appointment to the Board on 7 August 2009. The minutes provided that Mr. Murphy abstained from any decisions in respect of the investment in Postea at relevant Board meetings.</p> <p>(d) Being a technology company, the gestation period for it to turn profitable was expected to take several years. The investment appeared to underperform projections mainly due to increased competition from new solutions developed by competitors.</p>

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Investment	11.	Can the Board explain how the other acquisitions/investments mentioned above have performed?	<b>See response to Question 8 above.</b>
Investment	12.	The Company recently provided an update on the arbitration relating to Famous Holdings. Can the Board provide more information about the background to this and is there any further update?	<p>SingPost had disclosed in its announcement date 18 January 2013 on its initial acquisition of 62.5% of the shares in Famous Holdings Pte Ltd (“<b>FHPL</b>”) from Mr. Tan Ho Sung @ Taufiq Tan (“<b>Mr. Tan</b>”), with the consideration for the remaining 37.5% of the shares in FHPL from Mr. Tan to be determined based on the final valuation of the FHPL group. Mr. Tan had exercised his put option in respect of those shares upon SingPost. SingPost had further disclosed in its Annual Reports 2017/18 and 2018/19 that as there were differences between the parties on the final valuation, Mr. Tan had commenced arbitration proceedings but that SingPost, in consultation with its advisers, was of the view that they were without merit.</p> <p>As disclosed in SingPost’s announcement dated 8 June 2020, the Arbitral Tribunal (the “<b>Tribunal</b>”) issued its partial award on 3 June 2020 and had ruled, <i>inter alia</i>, in SingPost’s favour on material accounting and computational issues in relation to the 37.5% of the shares in FHPL to be transferred by Mr. Tan to SingPost.</p> <p>The Tribunal has, based on its findings, directed the parties to see if they can agree on the final amount payable for the transfer of Mr. Tan’s 37.5% of the shares in FHPL to SingPost, failing which the Tribunal will make a final determination. SingPost is presently in consultation with its external counsel and accounting experts to compute the sums SingPost understands as being due from Mr. Tan to SingPost following the Tribunal’s findings, and will engage with Mr. Tan’s counsel and the Tribunal to finalise these sums.</p> <p>SingPost will make further announcement(s) following upon any further partial or final determination by the Tribunal.</p>
Board and Management	13.	Does the Board believe that the current composition of the Board and management team are appropriate or are there still gaps that it believes need to be filled?	<p>SingPost has a board composition matrix which assesses the core competencies, skills and experiences of the Board composition. Taking into consideration SingPost’s strategic priorities, the Board recently updated the matrix to further strengthen competencies in e-commerce logistics and is looking at strengthening the Board’s composition with the sourcing and appointment of Director with relevant e-commerce logistics experiences. As regards Management, given the key appointments in the last 12 months, the Board believes that the current composition of Management is now appropriate.</p>

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Operations	14.	Did the lockdown in Singapore as well as other parts of the world improve the volume of e-commerce & mail delivery? Please give statistics.	<p>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 volumes. This resulted in International Post and Parcel revenue staying flat in Q4 (quarter ended March 2020), compared to growth for the past few years.</p> <p>For Domestic Post and Parcel, letter mail volumes had been declining in the past few years, but accelerated to double digit percentage in FY2019/20. In Q4, admail volumes declined by around 50% due to a drop in business activities such as sale and promotional events.</p> <p>Domestic e-commerce volumes remained resilient, and continued to rise in Q4. However, this was insufficient to offset the financial impact from a decline in letter volumes.</p>
Staff Welfare	15.	As a shareholder, the financial performance and share price of the Company are obviously important to me. However, it is also important to me that the Company pays attention to the welfare of its employees, including ensuring that they are fairly remunerated with good working conditions. Can the Board share whether there are any initiatives that the Company is undertaking in this regard?	<p>SingPost improved salaries and implemented new incentive schemes for its postal workforce, to encourage and recognise service excellence. 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.</p> <p>An internal campaign, "Every Delivery Counts", was also launched, emphasising the values of responsibility and professionalism to postal staff.</p> <p>In May 2019, SingPost also became one of the first companies to establish the Company Training Committee (CTC) in the Trade &amp; 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 our 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 we serve.</p>