# IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

**Confirmation of Your Representation:** In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be (i) a U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**")) or (ii) located within the United States ("**U.S.**"). The attached information memorandum is being sent at your request and by accepting this e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the U.S. nor a U.S. person, as defined in Regulation S under the Securities Act, nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or a person to whom an offer is being made pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 and (B) agree to be bound by the limitations and restrictions described therein. Any reference to the "SFA" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of SingPost Group Treasury Pte. Ltd., Singapore Post Limited, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

**Restrictions:** The attached information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the subscription for or purchase of the securities described therein.

***NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.***

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of SingPost Group Treasury Pte. Ltd., Singapore Post Limited or The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering of securities do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of securities be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering of securities shall be deemed to be made by the dealers or such affiliate on behalf of SingPost Group Treasury Pte. Ltd. or Singapore Post Limited in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession the attached information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to subscribe for or purchase any of the securities described therein.**

**Actions that You May Not Take:** If you receive the attached information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

**YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**You are responsible for protecting against viruses and other destructive items.** If you receive the attached information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

# SINGPOST GROUP TREASURY PTE. LTD.

*(Incorporated with limited liability in the Republic of Singapore on 25 February 2020)*
*(UEN/Company Registration No. 202006302M)*

## S$1,000,000,000
## Multicurrency Debt Issuance Programme
## (the "Programme")
## Unconditionally and irrevocably guaranteed by
## SINGAPORE POST LIMITED

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") and perpetual securities (the "**Perpetual Securities**" and, together with the Notes, the "**Securities**") to be issued from time to time by SingPost Group Treasury Pte. Ltd. (the "**Issuer**") and unconditionally and irrevocably guaranteed by Singapore Post Limited (the "**Guarantor**") pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person (as defined in Section 275(2) of the SFA), or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the "**SFA**" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Unless otherwise stated in a relevant Pricing Supplement, Tranches of Securities to be issued under the Programme will not be rated. As at the date of this Information Memorandum, the Guarantor has been rated BBB+ with a stable outlook by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**Standard & Poor's**"). A rating is not a recommendation to buy, sell or hold the Securities and may be subject to revision, suspension or withdrawal at any time. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for the listing and quotation of any Securities which are agreed at or prior to the time of issue thereof to be so listed on the Official List of the SGX-ST. In addition, at the relevant time of issue of the Securities which are agreed at or prior to the time of issue to be listed on the Official List of the SGX-ST, a separate application will be made to the SGX-ST for the listing and quotation of such Securities on the Official List of the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST for the listing and quotation of any Securities of any Series (as defined herein) will be approved The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. The approval in-principle from, and admission to the Official List of, the SGX-ST and quotation of any Securities on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries, their respective associated companies (if any), their respective joint venture companies (if any), the Programme or such Securities. Unlisted Securities may also be issued under the Programme. The relevant Pricing Supplement (as defined below) in respect of any Series will specify whether or not such Securities will be listed, and if so, which exchange(s) the Securities are to be listed on.

Investing in the Securities issued under the Programme involves certain risks. Prospective investors should have regard to the risks described in "Risk Factors" beginning on page 110 of this Information Memorandum.

This Information Memorandum is an advertisement and is not a prospectus for the purposes of Regulation (EU) 2017/1129.

The Securities and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Securities may include Bearer Securities (as defined herein) that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold, or, in the case of Bearer Securities, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) unless an exemption from the registration requirement of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See "Subscription, Purchase and Distribution".

**Arranger**

HSBC

# TABLE OF CONTENTS

# NOTICE

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (the "**Arranger**") has been authorised by SingPost Group Treasury Pte. Ltd. (the "**Issuer**") to arrange the S$1,000,000,000 Multicurrency Debt Issuance Programme (the "**Programme**") described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "**Notes**") and perpetual securities (the "**Perpetual Securities**", and together with the Notes, the "**Securities**") denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Securities will be unconditionally and irrevocably guaranteed by Singapore Post Limited (the "**Guarantor**").

This Information Memorandum contains information with regard to the Issuer, the Guarantor, their respective subsidiaries, their respective associated companies (if any), their respective joint venture companies (if any), the Programme and the Securities. Each of the Issuer and the Guarantor accepts responsibility for this Information Memorandum and, having made all reasonable enquiries, confirms that this Information Memorandum contains all information which is material in the context of the Programme and the issue and offering of the Securities, that the information contained herein is true and accurate in all material respects, the opinions, intentions and expectations expressed in this Information Memorandum have been carefully considered and have been reached after considering all relevant circumstances and are based on reasonable assumptions and there are no other facts the omission of which would, in the context of the Programme and the issue and offering of the Securities or the giving of the Guarantee, make any statement in this Information Memorandum misleading in any material respect.

Notes may be issued in Series (as defined herein) having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than Variable Rate Notes (as described under the section "Summary of the Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of Variable Rate Notes) for the issue prices and rates of interest. Each Series may be issued in one or more Tranches (as defined herein) on the same issue date or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by a Temporary Global Security (as defined herein) in bearer form, a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each Series or Tranche of Notes. Details applicable to each Series or Tranche of Notes will be specified in the applicable Pricing Supplement (as defined herein) which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in Series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each Series may be issued in one or more Tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by a Temporary Global Security in bearer form, a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the Issuer and the relevant Dealer(s). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each Series or Tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to herein) shall be S$1,000,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased pursuant to the terms and upon the conditions set out in the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor, the Arranger, any of the Dealers, the Trustee (as defined herein) or any of the Agents (as defined herein). Nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, the Guarantor or any of their respective subsidiaries, their respective associated companies (if any) or their respective joint venture companies (if any). The delivery of this Information Memorandum at any time does not imply that the information contained in it is correct as at any time subsequent to its date. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme and the issue of the Securities may be used for the purpose of and does not constitute an offer of, or a solicitation or an invitation by or on behalf of the Issuer, the Guarantor, the Arranger, any of the Dealers, the Trustee or any of the Agents to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum (or any part thereof) or any such other document or information (or any part thereof) and the offer of the Securities in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Information Memorandum (or any part thereof) or any such other document or information (or any part thereof) or into whose possession this Information Memorandum (or any part thereof) or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such prohibitions and restrictions and all applicable laws, orders, rules and regulations.

The Securities and the Guarantee have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Securities may include Bearer Securities (as defined herein) that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold or, in the case of Bearer Securities, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder). For a description of certain restrictions on offers and sales of Securities and on distribution of this Information Memorandum, see "Subscription, Purchase and Distribution".

Neither this Information Memorandum nor any other document or information (or any part hereof or thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Arranger or any of the Dealers to subscribe for or purchase any of the Securities.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale or placement by the relevant Dealer(s) of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the

Securities are sold or with whom they are placed by the relevant Dealer(s) on such basis as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery or dissemination of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, the Guarantor or any of their respective subsidiaries, their respective associated companies (if any) or their respective joint venture companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger, the Dealers, the Trustee and the Agents have not separately verified the information contained in this Information Memorandum. None of the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee, the Agents or any of their respective officers, employees or agents is making any representation, warranty or undertaking, express or implied, as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, the Guarantor, their respective subsidiaries, their respective associated companies (if any) or their respective joint venture companies (if any). Further, none of the Arranger, the Dealers, the Trustee or the Agents makes any representation or warranty, and no responsibility or liability is accepted by the Arranger, the Dealers, the Trustee or the Agents as to the Issuer, the Guarantor or their respective subsidiaries, their respective associated companies (if any) or their respective joint venture companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part hereof or thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee or any of the Agents that any recipient of this Information Memorandum or such other document or information (or such part hereof or thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the affairs, business, financial condition, prospects, results of operations and the creditworthiness of the Issuer, the Guarantor and their respective subsidiaries, their respective associated companies (if any) and their respective joint venture companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the affairs, business, financial condition, prospects, results of operations and its appraisal of the creditworthiness of the Issuer, the Guarantor and their respective subsidiaries, their respective associated companies (if any) or their respective joint venture companies (if any). Accordingly, notwithstanding anything herein, none of the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee, the Agents and their respective officers, employees and agents shall be held responsible or liable as to the accuracy or completeness of the information contained in this Information Memorandum or any other information provided by the Issuer, the Guarantor or any of their respective officers, employees or agents in connection with the Programme, the Securities or their distribution. Save as aforesaid, none of the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee, the Agents or any of their respective officers, employees or agents shall be held responsible or liable for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part hereof or thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part hereof or thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part hereof or thereof).

To the fullest extent permitted by law, none of the Arranger, the Dealers, the Trustee and the Agents accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by either the Arranger, any of the Dealers, the Trustee or the Agents or on its behalf in connection with the Issuer, the Guarantor, the Group (as defined herein), the Programme or the issue and offering of the Securities. Each of the Arranger, the Dealers, the Trustee and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum:

a) any annual reports of the Guarantor;

b) any audited consolidated financial statements of the Guarantor;

c) any unaudited consolidated financial statements of the Guarantor and its subsidiaries which are made available on the SGXNET by the Guarantor;

d) any supplement or amendment to this Information Memorandum issued by the Issuer; and

e) any announcement of the Guarantor made on the SGXNET.

Copies of the most recent annual reports of the Guarantor, audited consolidated financial statements of the Guarantor, unaudited consolidated financial statements of the Guarantor and its subsidiaries and announcements of the Guarantor deemed incorporated by reference in this Information Memorandum are available on the website of the SGX-ST at https://www.sgx.com/.

This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any Series or Tranche of Securities, any Pricing Supplement in respect of such Series or Tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Copies of all documents deemed incorporated by reference herein (save for the announcements of the Guarantor made on the SGXNET) are available for inspection during normal business hours with prior notice at the specified office of the CDP Issuing and Paying Agent (as defined herein) or as the case may be, the Non-CDP Issuing and Paying Agent (as defined herein).

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Guarantor, the Arranger, any of the Dealers, the Trustee or any of the Agents) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Issuer pursuant to the Programme Agreement.

All trademarks appearing in this Information Memorandum are the property of their respective owners. Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. All S$ amounts herein have been rounded to the nearest 100,000 except for amounts less than S$50,000 which have been rounded to the nearest 10,000.

The distribution of this Information Memorandum and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Guarantor, the Arranger and the Dealer to inform themselves about and to observe any such restrictions. The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities and the distribution of this Information Memorandum set out under the section "Subscription, Purchase and Distribution" on pages 197 to 203 of this Information Memorandum.

**Any person(s) who is/are invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.**

**It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.**

**Prospective investors should pay attention to the risk factors set out in the section "Risk Factors".**

**Prospective investors of the Securities are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Securities.**

**Notification under Section 309B of the SFA**

Unless otherwise stated in the Pricing Supplement in respect of any Securities, all Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**Markets in Financial Instruments Directive II**

The Pricing Supplement in respect of any Securities may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration such target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Securities and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**Packaged Retail Investment and Insurance Products — Prohibition of Sales to Retail Investors**

If the Pricing Supplement in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended or superseded, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

# FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical facts constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer, the Guarantor and/or the Group (including the statements as to the Issuer's, the Guarantor's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including any financial forecasts, profit projections, statements as to the expansion plans of the Issuer, the Guarantor and/or the Group, expected growth of the Issuer, the Guarantor and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, the Guarantor and/or the Group or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's, the Guarantor's and the Group's present and future business strategies and the environment in which the Issuer, the Guarantor or the Group will operate in the future. Among the important factors that could cause the Issuer, the Guarantor or the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the condition of and changes in the local, regional or global economy that result in a reduction of the requirement for postal, express delivery or logistics services in Singapore and elsewhere, changes in government regulation and licensing of the Issuer, the Guarantor or the Group's businesses in Singapore and competition in the postal services, express delivery or logistics industries. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" and "Business". These forward-looking statements speak only as of the date of this Information Memorandum. Although the Issuer and the Guarantor believe that the expectations reflected in the forward-looking statements are reasonable, neither the Issuer nor the Guarantor can guarantee future results, levels of activity, performance or achievements. The Issuer and the Guarantor do not intend to update any of the forward-looking statements after the date of this Information Memorandum to conform those statements to actual results, subject to compliance with all applicable laws and/or rules of the SGX-ST, including the SFA.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, the Guarantor or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements (if any) in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Guarantor, the Arranger, the Dealers, the Trustee and the Agents do not represent or warrant that the actual future results, levels of activity, performance or achievements of the Issuer, the Guarantor or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue of any Securities by the Issuer shall under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, the Guarantor or the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee and the Agents disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

## DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

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| "**Agency Agreement**" | : | The Agency Agreement dated 11 November 2020 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) The Bank of New York Mellon, Singapore Branch, as CDP issuing and paying agent, CDP transfer agent, CDP registrar and (where appointed as contemplated therein) CDP calculation agent, (4) The Bank of New York Mellon, London Branch, as non-CDP issuing and paying agent and (where appointed as contemplated therein) non-CDP calculation agent, (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as non-CDP registrar and non-CDP transfer agent, and (6) The Bank of New York Mellon, Singapore Branch, as trustee, as amended, restated or supplemented from time to time |
| "**Agents**" | : | The CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar, the CDP Calculation Agent, the Non-CDP Calculation Agent, the other paying agents, the other transfer agents or any of them and shall include such other agent or agents as may be appointed from time to time under the Agency Agreement |
| "**Arranger**" | : | The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch |
| "**Bearer Securities**" | : | Securities in bearer form |
| "**Board**" | : | The board of directors of the Issuer or, as the case may be, the Guarantor as at the date of this Information Memorandum |
| "**business day**" | : | In respect of each Security, a day (other than a Saturday, Sunday or gazetted public holiday) on which (a) Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) banks and foreign exchange markets are open for general business in the country in which the CDP Issuing and Paying Agent's and (in the case of Non-CDP Securities) the Non-CDP Issuing and Paying Agent's specified office is situated and (c) (if a payment is to be made on that day) (i) (in the case of Securities denominated in Singapore dollars) banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Securities denominated in Euro) the TARGET System is open for settlement in Euro and (iii) (in the case of Securities denominated in a currency other than Singapore dollars and Euro) banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency |
| "**CDP**" or the "**Depository**" | : | The Central Depository (Pte) Limited |
| "**CDP Calculation Agent**" | : | The Bank of New York Mellon, Singapore Branch |
| "**CDP Issuing and Paying Agent**" | : | The Bank of New York Mellon, Singapore Branch |

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| "**CDP Registrar**" | : | The Bank of New York Mellon, Singapore Branch |
| "**CDP System**" | : | The computerised system operated by the Depository whereby securities accounts are maintained by Depositors with the Depository and, *inter alia*, transfers of the Securities are effected electronically between securities accounts |
| "**CDP Transfer Agent**" | : | The Bank of New York Mellon, Singapore Branch |
| "**Certificate**" | : | A registered certificate representing one or more Registered Securities of the same Series, being substantially in the form set out in Part II of Schedule 1 or, as the case may be, Part II of Schedule 5 to the Trust Deed and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series |
| "**Common Depositary**" | : | In relation to a Series of the Securities, a depositary common to Euroclear and Clearstream, Luxembourg |
| "**Companies Act**" | : | The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time |
| "**Conditions**" | : | (i) in relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and<br><br>(ii) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Perpetual Securities" as set out in Part III of Schedule 5 to the Trust Deed, and any |

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| | | reference to a particularly numbered Condition shall be construed accordingly |
| "**Constitution**" | : | The Constitution of the Issuer or, as the case may be, the Guarantor |
| "**Couponholders**" | : | The holders of the Coupons |
| "**Coupons**" | : | The bearer coupon appertaining to an interest or distribution bearing Bearer Security |
| "**Dealer**" | : | Person appointed as dealer under the Programme |
| "**Definitive Security**" | : | A definitive Bearer Security, being substantially in the form set out in Part I of Schedule 1 or, as the case may be, Part I of Schedule 5 to the Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue |
| "**Directors**" | : | The directors (including alternate directors, if any) of the Issuer or, as the case may be, the Guarantor as at the date of this Information Memorandum |
| "**Euro**" | : | The currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time |
| "**FY**" or "**financial year**" | : | Financial year ended or ending 31 March |
| "**Global Certificate**" | : | A global Certificate representing Registered Securities of one or more Tranches of the same Series that is registered in the name of, or in the name of a nominee of (a) the Common Depositary, (b) the Depository and/or (c) any other clearing system, being substantially in the form set out in Schedule 4 or, as the case may be, Schedule 8 to the Trust Deed |
| "**Global Security**" | : | A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon |
| "**Group**" | : | The Guarantor and its subsidiaries taken as a whole |
| "**Guarantee**" | : | The guarantee and indemnity of the Guarantor set out in the Trust Deed |
| "**Guarantor**" or "**SingPost**" | : | Singapore Post Limited |
| "**IMDA**" | : | Infocomm Media Development Authority of Singapore |
| "**IRAS**" | : | Inland Revenue Authority of Singapore |
| "**Issuer**" | | SingPost Group Treasury Pte. Ltd. |
| "**ITA**" | : | The Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time |
| "**Latest Practicable Date**" | : | 2 November 2020 |
| "**MAS**" | : | The Monetary Authority of Singapore |

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| "**Non-CDP Calculation Agent**" | : | The Bank of New York Mellon, London Branch |
| "**Non-CDP Issuing and Paying Agent**" | : | The Bank of New York Mellon, London Branch |
| "**Non-CDP Registrar**" | : | The Bank of New York Mellon SA/NV, Luxembourg Branch |
| "**Non-CDP Securities**" | : | Each Series of Securities other than Securities cleared or to be cleared through the CDP System |
| "**Non-CDP Transfer Agent**" | : | The Bank of New York Mellon SA/NV, Luxembourg Branch |
| "**Noteholders**" | : | The bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) |
| "**Notes**" | : | The notes issued or to be issued by the Issuer under the Programme |
| "**Paying Agents**" | : | The CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent and their respective successors in such capacities and such further or other paying agent or paying agents as may be appointed from time to time under the Agency Agreement |
| "**Permanent Global Security**" | : | A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security, being substantially in the form set out in Schedule 3 or, as the case may be, Schedule 7 to the Trust Deed |
| "**Perpetual Securities**" | : | The perpetual securities issued or to be issued by the Issuer under the Programme |
| "**Perpetual Securityholders**" | : | The holders of the Perpetual Securities |
| "**Postal Licence**" | : | The postal licence issued to the Guarantor by IMDA (formerly known as Info-communications Development Authority of Singapore) |
| "**Postal Services Act**" | : | Postal Services Act, Chapter 237A of Singapore |
| "**Pricing Supplement**" | : | In relation to any Tranche or Series, a pricing supplement supplemental to the Information Memorandum, issued by the Issuer specifying the relevant issue details in relation to such Tranche or Series substantially in the form of Appendix II or, as the case may be, Appendix III to the Programme Agreement |
| "**Programme**" | : | Multicurrency debt issuance programme established by the Issuer pursuant to the Programme Agreement |
| "**Programme Agreement**" | : | The Programme Agreement dated 11 November 2020 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) the Arranger, as arranger, and (4) the Dealer, as dealer, as amended, restated or supplemented from time to time |
| "**Registered Securities**" | : | Securities in registered form |
| "**Securities**" | : | The Notes and the Perpetual Securities |

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| "**Securities Act**" | : | Securities Act of 1933 of the United States, as amended or modified from time to time |
| "**Securityholders**" | : | The Noteholders and the Perpetual Securityholders |
| "**Senior Perpetual Securities**" | : | Perpetual Securities which are expressed to rank as senior obligations of the Issuer |
| "**Series**" | : | (a) (in relation to Securities other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than Variable Rate Notes) interest or (in the case of Perpetual Securities) distribution and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest |
| "**SFA**" | : | The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time |
| "**SFRS**" | : | Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time |
| "**SGX-ST**" | : | Singapore Exchange Securities Trading Limited |
| "**Shares**" | : | Ordinary shares in the capital of the Guarantor |
| "**SPC**" | : | Singapore Post Centre |
| "**Subordinated Perpetual Securities**" | : | Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer |
| "**subsidiary**" | : | Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act, Chapter 50 of Singapore) |
| "**Talons**" | : | Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the Conditions |
| "**TARGET System**" | : | The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto |
| "**Temporary Global Security**" | : | A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 or, as the case may be, Schedule 6 of the Trust Deed |
| "**Tranche**" | : | Securities which are identical in all respects (including as to listing) |
| "**Trust Deed**" | : | The Trust Deed dated 11 November 2020 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, as amended, restated or supplemented from time to time |

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| "**Trustee**" | : | The Bank of New York Mellon, Singapore Branch |
| "**United States**" or "**U.S.**" | : | United States of America |
| "**UPU**" | : | Universal Postal Union |
| "**Winding-up**" | : | Bankruptcy, winding-up, liquidation, receivership or similar proceedings |
| "**S$**" or "**$**" or "**Singapore dollars**" and "**cents**" | : | Singapore dollars and cents respectively, being the lawful currency of Singapore |
| "**US$**" or "**US dollars**" | : | United States dollars |
| "**%**" or "**per cent.**" | : | Per centum or percentage |

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or the SFA, as the case may be.

# CORPORATE INFORMATION

**SingPost Group Treasury Pte. Ltd., as the Issuer**

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| Board of Directors | : | Mr Paul William Coutts<br>Mr Lai Tak Loi Richard<br>Ms Linda Hoon Siew Kin |
| Company Secretary | : | Ms Linda Hoon Siew Kin |
| Registered Office and Principal Place of Business | : | 10 Eunos Road 8<br>Singapore Post Centre<br>Singapore 408600 |
| Auditors to the Issuer | : | Deloitte & Touche LLP<br>6 Shenton Way<br>OUE Downtown 2<br>#33-00<br>Singapore 068809 |

**Singapore Post Limited, as the Guarantor**

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| Board of Directors | : | Mr Simon Israel<br>Mr Paul William Coutts<br>Mrs Fang Ai Lian<br>Mr Chen Jun<br>Ms Chu Swee Yeok<br>Ms Elizabeth Kong Sau Wai<br>Mr Steven Robert Leonard<br>Ms Lim Cheng Cheng<br>Mr Bob Tan Beng Hai |
| Company Secretary | : | Ms Linda Hoon Siew Kin |
| Registered Office and Principal Place of Business | : | 10 Eunos Road 8<br>Singapore Post Centre<br>Singapore 408600 |
| Auditors to the Guarantor | : | Deloitte & Touche LLP<br>6 Shenton Way<br>OUE Downtown 2<br>#33-00<br>Singapore 068809 |
| Arranger of the Programme | : | The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch<br>10 Marina Boulevard<br>#45-01 Marina Bay Financial Centre Tower 2<br>Singapore 018983 |
| Legal Advisers to the Arranger | : | WongPartnership LLP<br>12 Marina Boulevard Level 28<br>Marina Bay Financial Centre Tower 3<br>Singapore 018982 |
| Legal Advisers to the Issuer and Guarantor | : | Allen & Gledhill LLP<br>One Marina Boulevard #28-00<br>Singapore 018989 |

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| Legal Advisers to the Trustee, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Registrar, the Non-CDP Registrar, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Calculation Agent and the Non-CDP Calculation Agent | : | WongPartnership LLP<br>12 Marina Boulevard Level 28<br>Marina Bay Financial Centre Tower 3<br>Singapore 018982 |
| CDP Issuing and Paying Agent, CDP Registrar, CDP Transfer Agent and CDP Calculation Agent | : | The Bank of New York Mellon, Singapore Branch<br>One Temasek Avenue<br>#02-01 Millenia Tower<br>Singapore 039192 |
| Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent | : | The Bank of New York Mellon, London Branch<br>One Canada Square,<br>London E14 5AL,<br>United Kingdom |
| Non-CDP Registrar and Non-CDP Transfer Agent | : | The Bank of New York Mellon SA/NV, Luxembourg Branch<br>Vertigo Building – Polaris<br>2-4 rue Eugène Ruppert<br>L-2453 Luxembourg |
| Trustee for the Securityholders | : | The Bank of New York Mellon, Singapore Branch<br>One Temasek Avenue<br>#02-01 Millenia Tower<br>Singapore 039192 |

## SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

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| Issuer | : | SingPost Group Treasury Pte. Ltd. |
| Guarantor | : | Singapore Post Limited. |
| Arranger | : | The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch. |
| Dealer | : | The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement. |
| Trustee | : | The Bank of New York Mellon, Singapore Branch. |
| CDP Issuing and Paying Agent, the CDP Registrar, the CDP Transfer Agent and CDP Calculation Agent | : | The Bank of New York Mellon, Singapore Branch. |
| Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent | : | The Bank of New York Mellon, London Branch. |
| Non-CDP Registrar and the Non-CDP Transfer Agent | : | The Bank of New York Mellon SA/NV, Luxembourg Branch. |
| Description | : | S$1,000,000,000 Multicurrency Debt Issuance Programme. |
| Programme Size | : | The maximum aggregate principal amount of the Securities outstanding at any time shall be S$1,000,000,000 (or its equivalent in other currencies) or such increased amount in accordance with the terms of the Programme Agreement. |
| Guarantee | : | The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Securities and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. |
| Currency | : | Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s). |
| Method of Issue | : | Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement. |
| Issue Price | : | Securities may be issued at par or at a discount, or premium, to par. |

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| Form and Denomination of Securities | : | The Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Bearer Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or Definitive Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Securities upon the terms therein. Each Tranche or Series of Registered Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, a Common Depositary, CDP and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. A Certificate shall be issued in respect of each Securityholder's entire holding of Registered Securities of one Series. |
| Custody of the Securities | : | Securities which are to be listed on the SGX-ST may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg. Securities which are to be cleared through CDP are required to be kept with CDP as the authorised depository. Securities which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a Common Depositary. |
| Taxation | : | All payments in respect of the Securities and the Coupons by or on behalf of the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Taxation – A. Singapore Taxation" herein. |
| Listing | : | Each Series of the Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the |

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| | | SGX-ST to list a particular Series of Securities is approved, for so long as such Securities are listed on the SGX-ST and rules of the SGX-ST so require, such Securities will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies). |
| Selling Restrictions | : | For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of offering material relating to the Securities, see the section on "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities. |
| Governing Law | : | The Programme and any Securities issued under the Programme will be governed by, and shall be construed in accordance with, the laws of Singapore. |

**NOTES**

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| Maturities | : | Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s). |
| Mandatory Redemption | : | Unless previously redeemed or purchased and cancelled in accordance with the Conditions, each Note will be redeemed at its redemption amount on the maturity date shown in the relevant Pricing Supplement (if it is shown in the relevant Pricing Supplement to be a Fixed Rate Note, Hybrid Note (during the fixed rate period) or Zero-Coupon Note) or on the interest payment date falling in the redemption month shown in the relevant Pricing Supplement (if it is shown in the relevant Pricing Supplement to be a Floating Rate Note, Variable Rate Note or a Hybrid Note (during the floating rate period)). |
| Interest Basis | : | Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest. |
| Fixed Rate Notes | : | Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity. |
| Floating Rate Notes | : | Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.<br><br>Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s). |
| Variable Rate Notes | : | Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. |

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| | | Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. |
| Hybrid Notes | : | Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s). |
| Zero Coupon Notes | : | Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment. |
| Status of the Notes and the Guarantee | : | The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 of the Notes) unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.<br><br>The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. Under the Guarantee, the Trustee may only make a demand on the Guarantor if the moneys payable under or pursuant to the Trust Deed, the Notes or the Coupons remain unpaid for at least four (4) business days after its due date (in the case of principal) or at least seven (7) business days after its due date (in the case of interest). For the avoidance of doubt, an Event of Default (as defined in the Trust Deed) will be deemed to have occurred under Condition 10(a) of the Notes if the principal of or any interest on any of the Notes is not paid (whether by the Issuer or the Guarantor) when due and such failure continues for a period of more than seven (7) business days in the case of principal or more than ten (10) business days in the case of interest, whether or not a demand was made on the Guarantor. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and (subject to the provisions |

of Condition 4 of the Notes) unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

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| Optional Redemption and Purchase | : | If so provided in the relevant Pricing Supplement, the Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders. Further, if so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders. |
| Redemption for Taxation Reasons | : | If so provided in the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6.9 of the Notes) (together with interest accrued to (but excluding) the date fixed for redemption), if (a) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Notes, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of Notes or any other date specified in the Pricing Supplement, and (b) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. |
| Redemption in the case of Minimal Outstanding Amount | : | If so provided in the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of |

the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Negative Pledge : Each of the Issuer and the Guarantor have covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, each of the Issuer and the Guarantor will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertakings, assets, property or revenues, present or future, to secure any Relevant Debt or any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the obligations of the Issuer under the Notes, the Coupons and the Trust Deed or, as the case may be, the Guarantor's obligations under the Guarantee and the Trust Deed (i) are secured equally and rateably therewith or (ii) have the benefit of such other Security or other arrangement as shall be approved by an Extraordinary Resolution of the Noteholders.

For the purpose of the above:

"**Relevant Debt**" means any present or future indebtedness of the Issuer or, as the case may be, the Guarantor in the form of, or represented by, bonds, notes, debentures, loan stocks or other securities which for the time being are, or are capable of being, quoted, listed, or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, having an original maturity of more than 365 days from their date of issue.

Events of Default : See Condition 10 of the Notes.

**PERPETUAL SECURITIES**

No Fixed Maturity : The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9 of the Perpetual Securities) only have the right to redeem or purchase them in accordance with the provisions of the Conditions of the Perpetual Securities.

Distribution Basis : Perpetual Securities may confer a right to receive distribution at fixed or floating rates.

Fixed Rate Perpetual Securities : Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided in the relevant Pricing Supplement, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.

Floating Rate Perpetual Securities : Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).

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| Distribution Discretion | : | If Optional Payment is set out in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than five business days (or such other notice period as may be specified in the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date. |

If Dividend Pusher is set out in the relevant Pricing Supplement, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred:

(i) a dividend, distribution or other payment has been declared or paid by the Issuer, the Guarantor or any of their respective subsidiaries on or in respect of any of the Issuer's Junior Obligations (as defined in the Conditions of the Perpetual Securities) or the Guarantor's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations (as defined in the Conditions of the Perpetual Securities) or any of the Guarantor's Specified Parity Obligations; or

(ii) any of the Issuer's Junior Obligations or any of the Guarantor's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration by the Issuer, the Guarantor or any of their respective subsidiaries or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations or any of the Guarantor's Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired by the Issuer, the Guarantor or any of their respective subsidiaries for any consideration,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group or (2) as a result of the exchange or conversion of the Specified Parity Obligations of the Issuer or, as the case may be, the Guarantor for the Junior Obligations of the Issuer or, as the case may be, the Guarantor and/or (3) as otherwise specified in the applicable Pricing Supplement.

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| Non-Cumulative Deferral and Cumulative Deferral | : | If Non-Cumulative Deferral is set out in the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4.4 of the Perpetual Security is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4.4(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Condition 4.4 of the Perpetual Securities. Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis. |

If Cumulative Deferral is set out in the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4.4 of the Perpetual Securities shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4.4(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4.4 of the Perpetual Securities except that Condition 4.4(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

If Additional Distribution is set out in the relevant Pricing Supplement, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to Condition 4 of the Perpetual Securities and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of Condition 4 of the Perpetual Securities. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such

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| | | Distribution Payment Date so that it will itself become Arrears of Distribution. |
| Restrictions in the case of Deferral | : | If Dividend Stopper is set out in the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4.4 of the Perpetual Securities, the Issuer and the Guarantor shall not and shall procure that none of the subsidiaries of the Issuer or the Guarantor shall:<br><br>(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's or the Guarantor's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's or the Guarantor's Specified Parity Obligations; or<br><br>(ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer's or the Guarantor's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's or the Guarantor's Specified Parity Obligations,<br><br>in each case other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group or (2) as a result of the exchange or conversion of the Specified Parity Obligations of the Issuer or, as the case may be, the Guarantor for the Junior Obligations or the Issuer or, as the case may be, the Guarantor and/or (3) as otherwise specified in the applicable Pricing Supplement unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amount, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer or, as the case may be, the Guarantor is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement. |
| Status of the Senior Perpetual Securities and Guarantee | : | The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or |

priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

The payment of all sums expressed to be payable by the Issuer under the Trust Deed (save in respect of the Subordinated Perpetual Securities and the Coupons relating to them), the Senior Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Senior Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. Under the Senior Guarantee, the Trustee may only make a demand on the Guarantor if the moneys payable under or pursuant to the Trust Deed, the Senior Perpetual Securities or the Coupons remain unpaid for at least four (4) business days after its due date (in the case of principal) or at least seven (7) business days after its due date (in the case of distribution or any other amounts (other than principal) payable by it under any of the Senior Perpetual Securities). For the avoidance of doubt, an Enforcement Event (as defined in the Trust Deed) will be deemed to have occurred under Condition 9.2 of the Perpetual Securities if the Issuer or the Guarantor fails to make payment in respect of the Senior Perpetual Securities at the place at and in the currency in which it is expressed to be payable when due and such failure continues for a period of seven (7) business days (in the case of principal) or ten (10) business days (in the case of distribution or any other amounts (other than principal) payable by it under any of the Senior Perpetual Securities) (in the case of a failure to pay by the Issuer, whether or not a demand was made on the Guarantor). The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed (save in respect of the Subordinated Perpetual Securities and the Coupons relating to them) constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Status of the Subordinated Perpetual Securities and Guarantee : The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with any Parity Obligations (as defined in the Conditions of the Perpetual Securities) of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in Condition 3.2 of the Perpetual Securities.

The payment of all sums expressed to be payable by the Issuer to or for the benefit of the holders of Subordinated

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| | | Perpetual Securities and the Coupons relating to them under the Trust Deed in respect of the Subordinated Perpetual Securities and the Coupons relating to them, the Subordinated Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor. The obligations of the Guarantor to or for the benefit of the holders of Subordinated Perpetual Securities and the Coupons relating to them under the Subordinated Guarantee (as defined in the Trust Deed) and the Trust Deed are contained in the Trust Deed. Under the Subordinated Guarantee, the Trustee may only make a demand on the Guarantor if the moneys payable under or pursuant to the Trust Deed, the Subordinated Perpetual Securities or the Coupons remain unpaid for at least four (4) business days after its due date (in the case of principal) or at least seven (7) business days after its due date (in the case of distribution or any other amounts (other than principal) payable by it under any of the Subordinated Perpetual Securities). For the avoidance of doubt, an Enforcement Event (as defined in the Trust Deed) will be deemed to have occurred under Condition 9.2 of the Perpetual Securities if the Issuer or the Guarantor fails to make payment in respect of the Subordinated Perpetual Securities at the place at and in the currency in which it is expressed to be payable when due and such failure continues for a period of seven (7) business days (in the case of principal) or ten (10) business days (in the case of distribution or any other amounts (other than principal) payable by it under any of the Subordinated Perpetual Securities) (in the case of a failure to pay by the Issuer, whether or not a demand was made on the Guarantor). The payment obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed in respect of the Subordinated Perpetual Securities and the Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with any Parity Obligations of the Guarantor. The rights and claims of the Perpetual Securityholders in respect of the Subordinated Guarantee are subordinated as provided in Condition 3.2 of the Perpetual Securities. |
| Subordination of the Subordinated Perpetual Securities and Guarantee | : | Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-up (as defined in Condition 9.1 of the Perpetual Securities) of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the claims of the Perpetual Securityholders and in priority to (i) the other |

subordinated obligations of the Issuer that are expressed by their terms to rank junior to the claims of the Perpetual Securityholders and (ii) the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-up of the Guarantor, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment under the Subordinated Guarantee are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Guarantor but at least *pari passu* with all other subordinated obligations of the Guarantor that are not expressed by their terms to rank junior to the Subordinated Guarantee and in priority to (i) the other subordinated obligations of the Guarantor that are expressed by their terms to rank junior to the Subordinated Guarantee and (ii) the claims of shareholders of the Guarantor and/or as otherwise specified in the applicable Pricing Supplement.

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| Set-off in relation to the Subordinated Perpetual Securities | : | Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place. |

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with the Subordinated Guarantee, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Guarantor in respect of, or arising under or in connection with the Subordinated Guarantee is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Guarantor (or, in the event of its Winding-Up or administration, the liquidator or, as appropriate, administrator of the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Guarantor (or the liquidator or, as appropriate, administrator of the Guarantor) and accordingly any such discharge shall be deemed not to have taken place.

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| Redemption at the Option of the Issuer | : | If so provided in the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown in the relevant pricing Supplement, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption. |
| Redemption for Taxation Reasons | : | If so provided in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption), if: |

(a) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

(i) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

(ii) the distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

(b)

(i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first tranche of the Perpetual Securities or any other date specified in the Pricing Supplement, and

(ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Redemption for Accounting Reasons : If so provided in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS**") or, as the case may be, the Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS(I)**") or any other accounting standards that may replace SFRS or, as the case may be, SFRS(I) for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

Redemption for Tax Deductibility : If so provided in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption), if:

(a) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;

(ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or

(iii) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is issued or announced before the Issue Date,

the distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) would not be regarded as such sums; or

(b) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any

Arrears of Distribution and Additional Distribution Amounts) (if any) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA.

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| Redemption in the case of Minimal Outstanding Amount | : | If so provided in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued. |
| Redemption upon a Ratings Event | : | If so provided in the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, at any time, at their Redemption Amount together with the distribution including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), if as of the date fixed for redemption, an amendment, clarification or change has occurred or will in the Distribution Period immediately following the date fixed for redemption occur in the equity credit criteria, guidelines or methodology of Standard & Poor's or any other rating agency of equivalent recognised standing requested from time to time by the Issuer to grant an equity classification to the Perpetual Securities and in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results in a lower equity credit for the Perpetual Securities than the equity credit assigned on the Issue Date or, if equity credit is not assigned on the Issue Date, at the date when equity credit is assigned for the first time. |
| Limited right to institute proceedings in relation to Perpetual Securities | : | Notwithstanding any of the provisions in Condition 9 of the Perpetual Securities, the right to institute proceedings for Winding-up in respect of the Issuer and/or the Guarantor is limited to circumstances where payment under the Perpetual Securities has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4.4 of the Perpetual Securities. In addition, nothing in Condition 9 of the Perpetual Securities, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer and/or the |

Guarantor in respect of any liabilities incurred or any costs, charges, fees or expenses properly incurred with prior notification to the Issuer and/or the Guarantor, where reasonably practicable (except that, after an Enforcement Event has occurred, no prior notification is required), by such party pursuant to or in connection with the Perpetual Securities, the Guarantee or the Trust Deed.

For the purpose of the above:

"**Winding-up**" means bankruptcy, winding-up, liquidation, receivership or similar proceedings.

Proceedings for Winding-up : If (i) an order is made or an effective resolution is passed for Winding-up of the Issuer and/or the Guarantor or (ii) the Issuer or the Guarantor fails to make payment in respect of the Perpetual Securities at the place at and in the currency in which it is expressed to be payable when due and such failure continues for a period of seven (7) business days (in the case of principal) or ten (10) business days (in the case of distribution or any other amounts (other than principal) payable by it under any of the Perpetual Securities) (in the case of a failure to pay by the Issuer, whether or not a demand was made on the Guarantor) (together, the "**Enforcement Events**"), the Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Condition 9.4 of the Perpetual Securities, institute proceedings for the Winding-up of the Issuer and/or the Guarantor and/or prove in the Winding-up of the Issuer and/or the Guarantor and/or claim in the liquidation of the Issuer and/or the Guarantor for such payment.

# TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form (if any) issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to "Notes" are to the Notes of one Series only, and not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.*

The Notes are constituted by a Trust Deed (as amended, restated or supplemented from time to time, the "**Trust Deed**") dated 11 November 2020 made between (1) SingPost Group Treasury Pte. Ltd. (the "**Issuer**"), as issuer, (2) Singapore Post Limited (the "**Guarantor**"), as guarantor, and (3) The Bank of New York Mellon, Singapore Branch (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, restated or supplemented from time to time, the "**Deed of Covenant**") dated 11 November 2020 executed by the Issuer, relating to Notes ("**CDP Notes**") cleared or to be cleared through the CDP System (as defined in the Trust Deed). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer and the Guarantor have entered into an agency agreement (as amended, restated or supplemented from time to time, the "**Agency Agreement**") dated 11 November 2020 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent in respect of CDP Notes (in such capacity, the "**CDP Issuing and Paying Agent**"), transfer agent in respect of CDP Notes (in such capacity, the "**CDP Transfer Agent**"), registrar in respect of CDP Notes (in such capacity, the "**CDP Registrar**") and calculation agent in respect of CDP Notes (in such capacity, the "**CDP Calculation Agent**"), (4) The Bank of New York Mellon, London Branch, as issuing and paying agent in respect of Notes cleared or to be cleared through a clearing system other than the CDP System ("**Non-CDP Notes**") (in such capacity, the "**Non-CDP Issuing and Paying Agent**" and, together with the CDP Issuing and Paying Agent and any other paying agents that may be appointed, the "**Paying Agents**") and calculation agent in respect of Non-CDP Notes (in such capacity, the "**Non-CDP Calculation Agent**" and, together with the CDP Calculation Agent and any other calculation agents that may be appointed, the "**Calculation Agents**"), (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent in respect of Non-CDP Notes (in such capacity, the "**Non-CDP Transfer Agent**" and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the "**Transfer Agents**") and registrar in respect of Non-CDP Notes (in such capacity, the "**Non-CDP Registrar**", and together with the CDP Registrar, the "**Registrars**"), and (6) the Trustee. The Noteholders and the holders (the "**Couponholders**") of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Issuing and Paying Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Issuing and Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Registrar, (c) the Transfer Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of

Non-CDP Notes, be deemed to be a reference to the Non-CDP Transfer Agent, and (d) the Calculation Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Calculation Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Calculation Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection during usual business hours with a prior appointment at the principal office of the Trustee for the time being and at the respective specified offices of the Issuing and Paying Agent for the time being.

## 1. FORM, DENOMINATION AND TITLE

### 1.1 Form and Denomination

(a) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"), in each case in the Denomination Amount shown in the relevant Pricing Supplement. Subject to applicable laws, in the case of Registered Notes, such Notes are in the Denomination Amount shown in the relevant Pricing Supplement, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.

(b) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Note that does not bear interest (a "**Zero Coupon Note**"), a combination of any of the foregoing or any other type of Note (depending upon the Interest and Redemption/Payment Basis shown in the relevant Pricing Supplement).

(c) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of a Zero Coupon Note in which case references to interest (other than in relation to default interest referred to in Condition 7.8) in these Conditions are not applicable.

(d) Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2.3, each Certificate shall represent the entire holding of Registered Notes by the same holder.

### 1.2 Title

(a) Subject as set out below, title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(b) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, trust or any interest in it, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(c) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below), and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), The Central Depository (Pte) Limited (the "**Depository**") and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Notes standing to the credit of the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents, all other agents of the Issuer and/or the Guarantor and the Trustee as the holder of such principal amount of Notes standing to the credit of the account of such person other than with respect to the payment of principal, premium (if any), interest, redemption or purchase amount (if any) and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate and held by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, Global Certificate is held by the Depository, the payment of principal, premium (if any), interest, redemption or purchase amount (if any) and any other amounts in respect of the Notes shall be made by the Depository to the persons shown in the records of the Depository as the holder of Notes in accordance with the rules and procedures for the time being of the Depository and the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Notes shall, unless otherwise specified by the Issuer, be the date falling five (5) business days prior to the relevant payment date (or such other date as may be prescribed by the Depository).

For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, Global Security is held by a common depositary for Euroclear and/or Clearstream, Luxembourg, the record date for purposes of determining entitlements to any payment of principal, premium (if any), interest, redemption or purchase amount (if any) and any other amounts in respect of the Note shall be the close of business on the Clearing System Business Day immediately prior to the relevant payment date, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January (or such other date as may be prescribed by Euroclear and/or Clearstream, Luxembourg).

(d) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (i) a common depositary for Euroclear and/or Clearstream, Luxembourg, (ii) the Depository and/or (iii) any other clearing system, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), "**Series**" means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(e) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## 2. NO EXCHANGE OF NOTES AND TRANSFERS OF REGISTERED NOTES

2.1 No Exchange of Notes: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

2.2 Transfer of Registered Notes: Subject to Conditions 2.5 and 2.6 below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Notes scheduled to the Agency Agreement. The regulations may be changed (in the case of any regulation proposed by the Issuer) with the written approval of the Trustee, the Transfer Agents and the Registrar and (in the case of any regulation proposed by the Registrar) with the written approval of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar, at the cost and expense of the Issuer or, failing whom, the Guarantor to any Noteholder upon request. For the avoidance of doubt, a Registered Note may be registered only in the name of and transferred only to, a named person or person. No transfer of a Registered Note will be valid unless and until entered on the Register.

2.3 Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

2.4 Delivery of New Certificates: Each new Certificate to be issued pursuant to Condition 2.2 or 2.3 shall be available for delivery within five (5) business days of receipt of the form of transfer or

Exercise Notice (as defined in Condition 6.5) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2.4, "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the relevant Registrar or the relevant Transfer Agent (as the case may be).

2.5 Transfers Free of Charge: Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the Issuer, the Guarantor, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the relevant Registrar or the relevant Transfer Agent may require) in respect of such tax or governmental charges.

2.6 Closed Periods: No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6.4, (ii) after any such Note has been called for redemption or (iii) during the period of seven (7) days ending on (and including) any Record Date (as defined in Condition 7.2(b)).

## 3. STATUS AND GUARANTEE

### 3.1 Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

### 3.2 Guarantee

The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

## 4. NEGATIVE PLEDGE

The Issuer and the Guarantor have covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding (as defined in the Trust Deed), each of the Issuer and the Guarantor will not create or permit to subsist any mortgage, charge, lien, pledge or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertakings, assets, property or revenues, present or future, to secure any Relevant Debt or any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the obligations of the Issuer under the Notes, the Coupons and the Trust Deed or, as the case may be, the Guarantor's obligations under the Guarantee and the Trust Deed (a) are secured equally and rateably therewith or (b) have the benefit of such other Security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Conditions, "**Relevant Debt**" means any present or future indebtedness of the Issuer or, as the case may be, the Guarantor in the form of, or represented by, bonds, notes, debentures, loan stocks or other securities which for the time being are, or are capable of being, quoted, listed, or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, having an original maturity of more than 365 days from their date of issue.

## 5. INTEREST AND OTHER CALCULATIONS

### 5.1 Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown in the relevant Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Interest Rate shown in the relevant Pricing Supplement payable in arrear on each Interest Payment Date or Interest Payment Dates shown in the relevant Pricing Supplement in each year and on the Maturity Date shown in the relevant Pricing Supplement if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, the first payment will amount to the Initial Broken Amount shown in the relevant Pricing Supplement), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown in the relevant Pricing Supplement.

Interest will cease to accrue on each Fixed Rate Note from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown in the relevant Pricing Supplement is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5.1 and the Agency Agreement to (but excluding) the Relevant Date (as defined in Condition 8).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one (1) year will be calculated on the Day Count Fraction shown in the relevant Pricing Supplement and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

### 5.2 Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown in the relevant Pricing Supplement, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown in the relevant Pricing Supplement as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown in the relevant Pricing Supplement, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period in the relevant Pricing Supplement (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5.2(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding business day and (B) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5.2 and the Agency Agreement to (but excluding) the Relevant Date.

(b) Rate of Interest — Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated in the relevant Pricing Supplement, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out in the relevant Pricing Supplement.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated in the relevant Pricing Supplement. The "**Spread**" is the percentage rate per annum specified in the relevant Pricing Supplement as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5.5(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX — SIBOR AND SWAP OFFER RATES — RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Issuer (or an independent adviser appointed by it) will request the principal Singapore offices of each of the Reference Banks to provide the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes and notify the Calculation Agent of such rates obtained from the Reference Banks. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of such offered quotations as notified by the Issuer (or an independent adviser appointed by it) to the Calculation Agent and as adjusted by the Spread (if any), as determined by the Calculation Agent;

(C) if on any Interest Determination Date, two but not all the Reference Banks provide the Issuer (or an independent adviser appointed by it) with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Issuer (or an independent adviser appointed by it) with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the rates quoted by the Reference Banks or those of them (being at least two (2) in number) at or about the Relevant Time on such Interest Determination Date and notified by the Issuer (or an independent adviser appointed by it) to the Calculation Agent as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be the most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date, one (1) only or none of the Reference Banks provides the Issuer (or an independent adviser appointed by it) with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and notified by the Issuer (or an independent adviser appointed by it) to the Calculation Agent, as adjusted by the Spread (if any); and

(E) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with paragraphs (b)(ii)(1)(A) to (b)(ii)(1)(D) above for any reason, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (b)(ii)(1)(A), (b)(ii)(1)(B), (b)(ii)(1)(C) or (b)(ii)(1)(D) above shall have applied;

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four (4) decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used, which is selected by the Issuer (or an independent adviser appointed by it) and notified to the Calculation Agent after taking into account the industry practice at that time, or which is published by such other relevant authority as the Issuer (or an independent adviser appointed by it) may select and notify to the Calculation Agent and as adjusted by the Spread (if any); and

(C) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two (2) in number) to the Issuer (or an independent adviser appointed by it) and notified to the Calculation Agent at or about the Relevant Time as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant

Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Issuer (or an independent adviser appointed by it) with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and notified by the Issuer (or an independent adviser appointed by it) to the Calculation Agent, as adjusted by the Spread (if any); and

(D) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with paragraphs (b)(ii)(2)(A) to (b)(ii)(2)(C) above for any reason, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (b)(ii)(2)(A), (b)(ii)(2)(B) or (b)(ii)(2)(C) above shall have applied; and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page, subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and notified by the Issuer (or an independent adviser appointed by it) to the Calculation Agent, as adjusted by the Spread (if any);

(C) if paragraph (b)(ii)(3)(B) applies and fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date; and

(D) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with paragraphs (b)(ii)(3)(A) to (b)(ii)(3)(C) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (b)(ii)(3)(A), (b)(ii)(3)(B) or (b)(ii)(3)(C) above shall have applied.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero (subject to any applicable Minimum Rate of Interest), the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) Rate of Interest — Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Rate of Interest for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken in the Agency Agreement that it will:

(1) as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined, but not later than 10.30 a.m. (Singapore time) on the next following business day, notify the Issuing and Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated in the relevant Pricing Supplement, being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out in the relevant Pricing Supplement.

Such rate may be adjusted by adding or subtracting the Spread (if any) stated in the relevant Pricing Supplement. The "Spread" is the percentage rate per annum specified in the relevant Pricing Supplement as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5.5(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5.2(b)(ii) above *(mutatis mutandis)* and references therein to "Rate of Interest" shall mean "Fall Back Rate".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero (subject to any applicable Minimum Rate of Interest), the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Minimum/Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest and/or a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with Condition 5.2(b) or Condition 5.2(c) above is less than such Minimum Rate of Interest, or more than such Maximum Rate of Interest, as the case may be, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest, or such Maximum Rate of Interest, as the case may be.

(e) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Note, a day (other than a Saturday, Sunday or gazetted public holiday) on which (i) Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) banks and foreign exchange markets are open for general business in the country in which the Issuing and Paying Agent's specified office is situated and (iii) (if a payment is to be made on that day) (A) (in the case of Notes denominated in Singapore dollars) banks and foreign exchange markets are open for general business in Singapore, (B) (in the case of Notes denominated in Euro) the TARGET System is open for settlement in Euro and (C) (in the case of Notes denominated in a currency other than Singapore dollars and Euro) banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such in the relevant Pricing Supplement or, if no such amount is so specified, the Denomination Amount of such Note as shown in the relevant Pricing Supplement;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with Condition 5:

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360; and

(iii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement;

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Issue Date**" means the date specified as such in the applicable Pricing Supplement;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Calculation Agent;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three reputable top-tier banks selected by the Issuer in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement specified in the relevant Pricing Supplement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified in the relevant Pricing Supplement for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

5.3 Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown in the relevant Pricing Supplement.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown in the relevant Pricing Supplement, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown in the relevant Pricing Supplement payable in arrear on each Interest Payment Date or Interest Payment Dates shown in the relevant Pricing Supplement in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown in the relevant Pricing Supplement), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown in the relevant Pricing Supplement.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5.3 and the Agency Agreement to (but excluding) the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one (1) year will be calculated on the Day Count Fraction shown in the relevant Pricing Supplement during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown in the relevant Pricing Supplement, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown in the relevant Pricing Supplement as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown in the relevant Pricing Supplement, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period in the relevant Pricing Supplement (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from (and including) the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5.3 and the Agency Agreement to (but excluding) the Relevant Date.

(iii) The provisions of Condition 5.2(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

5.4 Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6.9). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6.9).

5.5 Calculations

(a) Determination of Rate of Interest, Calculation of Interest Amounts and Make-Whole Amount

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

If a Make-Whole Amount is provided in the relevant Pricing Supplement, the Calculation Agent will, as soon as practicable prior to the date fixed for redemption pursuant to Condition 6.4 (the "**Make-Whole Amount Determination Date**"), calculate the Make-Whole Amount. The making of each calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and the Guarantor as soon as practicable after their determination but in no event later than the fourth business day thereafter. In the case of Variable Rate Notes and Floating Rate Notes, the Issuer will, or will request the Calculation Agent (having given reasonable notice in writing to the Calculation Agent and at the expense of the Issuer or, failing whom, the Guarantor) to, also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as practicable after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

The Calculation Agent will cause the Make-Whole Amount (if required to be calculated) to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and the Guarantor as soon as practicable.

(c) Failure to determine Rate of Interest or calculate Interest Amount or Make-Whole Amount

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and use commercially reasonable endeavours to appoint an alternative Calculation Agent. In doing so, the alternative Calculation Agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances. If the Issuer fails to so appoint, the Notes will, for the relevant Interest Period, bear interest at the rate in effect for the last preceding Interest Period to which Condition 5.2 and 5.3 above shall have applied and the Issuing and Paying Agent will determine the relevant Interest Amount.

If the Calculation Agent does not at any material time determine or calculate the Make-Whole Amount, the Issuer shall use commercially reasonable endeavours to appoint a replacement Calculation Agent to do so. In doing so, the replacement Calculation Agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances. If the Issuer is unable to appoint a replacement Calculation Agent after using commercially reasonable endeavours, or the replacement Calculation Agent appointed by it fails to calculate the Make-Whole Amount at any material time, the Issuer may (acting in good faith and in a commercially reasonable manner) do so or otherwise procure the calculation of the Make-Whole Amount. In doing so, the Issuer shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts or the Make-Whole Amount, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

5.6 Benchmark Discontinuation and Replacement

(a) Independent Adviser

Notwithstanding the provisions above in this Condition 5, if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use commercially reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.6(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5.6(c)) and any Benchmark Amendments (in accordance with Condition 5.6(d)). An Independent Adviser appointed pursuant to this Condition 5.6 as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Issuing and Paying Agent, the Calculation Agent, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5.6.

If the Issuer is unable to appoint an Independent Adviser after using commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Rate prior to the relevant Interest Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.6(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5.6(c)) and any Benchmark Amendments (in accordance with Condition 5.6(d)) provided that if the Issuer is unable to or does not determine a Successor Rate or an Alternative Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest (if any)) (subject, where applicable, to substituting the Spread that was applied to such preceding Interest Period for the Spread that is to be applied to the relevant Interest Period). For the avoidance of doubt, the proviso in this paragraph shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.6.

(b) Successor Rate or Alternative Rate

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines that:

(i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5.6(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (or the relevant component part thereof) (subject to the operation of this Condition 5.6); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5.6(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (or the relevant component part thereof) (subject to the operation of this Condition 5.6).

(c) Adjustment Spread

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(d) Benchmark Adjustments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.6 and the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5.6(e), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent of a certificate in English signed by a director or a duly authorised signatory of the Issuer pursuant to Condition 5.6(e), the Trustee, (if applicable) the Issuing and Paying Agent and (if applicable) the Calculation Agent shall (at the expense of the Issuer or, failing whom, the Guarantor), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or agreement supplemental to or amending the Trust Deed, the Agency Agreement and these Conditions), provided that none of the Trustee, the Issuing and Paying Agent or the Calculation Agent or other Agents shall be obliged so to concur if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee, (if applicable) the Issuing and Paying Agent and (if applicable) the Calculation Agent and (if applicable) the other Agents shall, at the direction of the Issuer and expense of the Issuer or, failing whom, the Guarantor, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5.6. Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Issuing and Paying Agent, the Registrars, the Transfer Agents or other Agents (if required).

In connection with any such variation in accordance with Condition 5.6(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5.6 will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Issuing and Paying Agent and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date for such Successor Rate, such Alternative Rate (as the case may be), any related Adjustment Spread and the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee, (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent a certificate in English addressed to the Trustee, (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent and signed by a director or a duly authorised signatory of the Issuer:

(i) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5.6; and

(ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's, (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent's and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Guarantor, the Trustee, the Calculation Agent, the Issuing and Paying Agent and the Noteholders.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 5.6(a), 5.6(b), 5.6(c) and 5.6(d), the Original Reference Rate and the fallback provisions provided for in Condition 5 will continue to apply unless and until the Trustee, the Issuing and Paying Agent and the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 5.6(e).

(g) Definitions

As used in this Condition 5.6:

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the

Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;

(2) in the case of a Successor Rate for which no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines is recognised or acknowledged as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in local or international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

(3) if no such customary application in local or international debt capital markets transactions is recognised or acknowledged, the Independent Adviser or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(4) if no such industry standard is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines to be appropriate;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines in accordance with Condition 5.6(b) has replaced the Original Reference Rate in customary market usage in the local or international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Notes;

"**Benchmark Amendments**" has the meaning given to it in Condition 5.6(d);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist;

(ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) unless such specified date is set to take place after the Maturity Date;

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued unless such specified date is set to take place after the Maturity Date;

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months unless such prohibition is specified by the supervisor to take place after the Maturity Date;

(v) it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or

(vi) a public statement or publication of information by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative,

provided that the Benchmark Event shall be deemed to occur:

(1) in the case of paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be;

(2) in the case of paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate; and

(3) in the case of paragraph (vi) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement,

and, in each case, not the date of the relevant public statement;

"**Independent Adviser**" means an independent financial institution of good repute or an independent financial adviser with appropriate expertise or with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 5.6(a);

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes provided that if a Benchmark Event has occurred with respect to the originally specified or the then-current Original Reference Rate, then "Original Reference Rate" means the applicable Successor Rate or Alternative Rate (as the case may be);

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines is a successor to or replacement of the Original Reference Rate which is formally published, endorsed, approved, recognised or recommended by any Relevant Nominating Body.

## 6. REDEMPTION AND PURCHASE

### 6.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown in the relevant Pricing Supplement (if this Note is shown in the relevant Pricing Supplement to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown in the relevant Pricing Supplement (if this Note is shown in the relevant Pricing Supplement to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)). The Notes may not be redeemed, in whole or in part, prior to that date other than in accordance with this Condition (but without prejudice to Condition 10).

### 6.2 Purchase at the Option of Issuer

If so provided in the relevant Pricing Supplement, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown in the relevant Pricing Supplement. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent or, as the case may be, the Registrar for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

All Notes in respect of which any such notice is given shall be purchased on the date specified in such notice in accordance with this Condition 6.2.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

### 6.3 Purchase at the Option of Noteholders

(a) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown in the relevant Pricing Supplement. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(b) If so provided in the relevant Pricing Supplement, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown in the relevant Pricing Supplement. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

6.4 Redemption at the Option of the Issuer

If so provided in the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown in the relevant Pricing Supplement, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6.4.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any notice of redemption of such Notes.

6.5 Redemption at the Option of Noteholders

If so provided in the relevant Pricing Supplement, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown in the relevant Pricing Supplement. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

All Notes in respect of which any such Exercise Notice is given shall be redeemed on the date specified in such Exercise Notice in accordance with this Condition 6.5.

6.6 Redemption for Taxation Reasons

If so provided in the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as determined in Condition 6.9 below) (together with interest accrued to (but excluding) the date fixed for redemption), if (a) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of Notes or any other date specified in the Pricing Supplement, and (b) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6.6, the Issuer or, as the case may be, the Guarantor shall deliver to the Trustee and the Issuing and Paying Agent:

(i) a certificate signed by two duly authorised officers of the Issuer or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(ii) an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion (whether it is addressed to the Trustee or the Issuing and Paying Agent or neither of them) as sufficient evidence that the satisfaction of the conditions precedent to the right of the Issuer so to redeem has occurred, and shall not be responsible for determining or verifying the circumstances set out in such certificate, in which event it shall be conclusive and binding on the Noteholders.

All Notes in respect of which any such notice of redemption is given in accordance with this Condition 6.6 shall be redeemed on the date specified in such notice.

6.7 Redemption in the case of Minimal Outstanding Amount

If so provided in the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

All Notes in respect of which any such notice of redemption is given in accordance with this Condition 6.7 shall be redeemed on the date specified in such notice.

6.8 Purchases

The Issuer, the Guarantor and/or any of their respective subsidiaries may at any time and from time to time purchase Notes at any price (provided that, in the case of Bearer Notes, they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer, the Guarantor and/or any such subsidiaries may be surrendered by the purchaser through the Issuer to, in the case of Bearer Notes, the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Issuer, the Guarantor or the relevant subsidiary be held, resold or otherwise dealt with at its discretion. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor and/or any such subsidiary shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

6.9 Early Redemption of Zero Coupon Notes

(a) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6.6 or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Pricing Supplement.

(b) Subject to the provisions of sub-paragraph (c) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(c) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6.6 or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (b) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the

Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5.4.

Where such calculation is to be made for a period of less than one (1) year, it shall be made on the basis of the Day Count Fraction shown in the relevant Pricing Supplement.

6.10 Cancellation

All Notes purchased by or on behalf of the Issuer, the Guarantor and/or any of their respective subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

## 7. PAYMENTS

7.1 Principal and Interest in respect of Bearer Notes

Payments of principal (which shall include the Redemption Amount and the Early Redemption Amount) and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent or any other Paying Agent by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

7.2 Principal and Interest in respect of Registered Notes

(a) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7.2(b).

(b) Interest on Registered Notes shall be paid to the person shown on the Register as the holder thereof at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

7.3 Payments subject to Law etc.

Without prejudice to the provisions of Condition 8, all payments are subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

7.4 Appointment of Agents

The CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar, the CDP Calculation Agent and the Non-CDP Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed hereon. The Issuer and the Guarantor reserve the right at any time to appoint additional Agents and/or terminate the appointment of any Agent; provided that they will at all times maintain (a) an Issuing and Paying Agent, (b) a Transfer Agent in relation to Registered Notes, (c) a Registrar in relation to Registered Notes and (d) a Calculation Agent where the Conditions so require.

Notice of any such termination or change in appointment and of any change of any specified office will be given to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Issuer, the Guarantor, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar, the CDP Calculation Agent, the Non-CDP Calculation Agent and the Trustee, without the consent or sanction of any holder of any Note or Coupon, in respect of any modification which is of a formal, minor or technical nature or which is to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held or otherwise subject to the prior written consent of the Trustee, provided that, in the opinion of the Trustee, such modification is not materially prejudicial to the interests of the holders of the Notes or the Coupons. Any such amendment shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer shall cause such amendment to be notified to the Noteholders as soon as practicable in accordance with Condition 16.

7.5 Unmatured Coupons and Unexchanged Talons

(a) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons and unexchanged Talons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within the prescription period relating thereto under Condition 9 from the Relevant Date for the payment of such principal.

(b) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(c) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(d) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(e) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

7.6 Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

7.7 Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

7.8 Default Interest

If on or after the due date for payment of any sum in respect of the Notes or, as the case may be, the Coupons, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to one (1) per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown in the relevant Pricing Supplement and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

## 8. TAXATION

All payments in respect of the Notes and the Coupons by or on behalf of the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(a) by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

(c) by or on behalf of a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven (7) days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

Notwithstanding any other provision of these Conditions, in no event will the Issuer, the Guarantor or any other person be required to pay any additional amounts in respect of the Notes and Coupons for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

## 9. PRESCRIPTION

Claims against the Issuer or, as the case may be, the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within three (3) years from the appropriate Relevant Date for payment.

## 10. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may (but is not obliged to), and if so requested in writing by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, give notice to the Issuer and the Guarantor that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to (but excluding) the date of payment shall become immediately due and payable:

(a) **Non-Payment**: the Issuer or the Guarantor fails to pay the principal of or any interest on any of the Notes when due and such failure continues for a period of more than seven

(7) business days in the case of principal or more than ten (10) business days in the case of interest (in the case of a failure to pay by the Issuer, whether or not a demand was made on the Guarantor);

(b) **Breach of Other Obligations**: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Trust Deed or any of the Notes which default is incapable of remedy or, if that default is capable of remedy, is not remedied within 60 days after notice of such default shall have been given to the Issuer or, as the case may be, the Guarantor by the Trustee;

(c) **Cross-Default**: (i) any other present or future indebtedness of the Issuer or the Guarantor for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or the Guarantor fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds five (5) per cent. of the net assets value of the Guarantor (for the avoidance of doubt, "**net assets value**" is the difference between the total assets and the total liabilities of the Guarantor) as shown in the then latest announced consolidated financial statements of the Guarantor;

(d) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or the Guarantor and is not discharged or stayed within 60 days;

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor on or over all or any material part of its property, assets or revenues becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, judicial manager or other similar person);

(f) **Insolvency**: the Issuer or the Guarantor is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, applies for a moratorium in respect of or affecting all or a material part of (or of a particular type of) its debts, or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or a material part of (or of a particular type of) its debts, or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) its debts or (pursuant to an order of court that is issued in connection with a compromise or an arrangement proposed or intended to be proposed between the Issuer or the Guarantor and their respective creditors or any class of those creditors) property of the Issuer or the Guarantor;

(g) **Winding-up**:

(i) an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or the Guarantor, or

(ii) the Issuer or the Guarantor ceases or threatens to cease to carry on all or a material part of its business or operations, where such event would materially and adversely affect the ability of the Issuer or the Guarantor to perform or comply with its obligations under the Trust Deed or the Notes,

in each case, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Noteholders;

(h) **Nationalisation**: any governmental authority or agency seizes, compulsorily acquires, expropriates or nationalises all or a material part of the assets of the Issuer or the Guarantor;

(i) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (A) to enable the Issuer or the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Trust Deed and Notes, (B) to ensure that those obligations are legally binding and enforceable, and (C) to make the Trust Deed, the Notes and Coupons admissible in evidence in the courts of Singapore, is not taken, fulfilled or done, or any such consent or condition ceases to be in full force and effect (unless that consent or condition is no longer required or applicable);

(j) **Illegality**: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under the Trust Deed or any of the Notes

(k) **Guarantee**: the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; and

(l) **Analogous Events**: any event occurs which, under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

## 11. ENFORCEMENT OF RIGHTS

At any time after the Notes shall have become due and payable, the Trustee may, but shall not be obliged to, without further notice to the Issuer, the Guarantor or the Noteholders or the Couponholders, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce repayment of the Notes and payment of accrued interest and/or to enforce the provisions of the Trust Deed but it shall not be bound to take any such steps (including, without limitation, giving notice that the Notes are due and payable in accordance with Condition 10 of the Notes) to enforce the performance by the Issuer and/or the Guarantor of any of the provisions of the Trust Deed or of the Securities or the Coupons unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Notes of the relevant Series outstanding or so directed by an Extraordinary Resolution and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all actions, proceedings, claims, demands and liabilities to which it may thereby become liable and all costs, charges, damages and expenses which may be incurred by it in connection therewith. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect is continuing.

## 12. MEETING OF NOTEHOLDERS AND MODIFICATIONS

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

Such a meeting may be convened by Noteholders holding not less than 10 per cent. of the principal amount of the Notes of any Series for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes of any Series for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that at any meeting, the business of which includes consideration of proposals, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of principal, (where applicable) interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes or the interest (including default interest under Condition 7.8, if applicable) payable on the Notes, (c) to reduce or cancel the rate or rates of interest (including default interest under Condition 7.8, if applicable) in respect of the Notes, or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any amount of interest in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes or the Coupons, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (h) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes of any Series for the time being outstanding. Any resolution duly passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting at which such resolution was passed, and on all Couponholders.

The Trustee may, at any time or times without any consent or sanction of the Noteholders or Couponholders, concur with the Issuer and the Guarantor in (a) making any modification to the Trust Deed (other than any provision of the Trust Deed referred to in the proviso to paragraph 2 of Schedule 12 of the Trust Deed) or any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the other Issue Documents, which in the opinion of the Trustee it may be expedient to make, provided the Trustee is of the opinion that such modification, waiver or authorisation will not be materially prejudicial to the interests of the Noteholders or the Couponholders or (b) making any modification to the Trust Deed (including any provision of the Trust Deed referred to in the proviso to paragraph 2 of Schedule 12 of the Trust Deed) or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, or which is to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer and the Guarantor shall cause such modification, authorisation or waiver to be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

In connection with the exercise of its functions, powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, authorisation or waiver of any breach or proposed breach of any of the Conditions or any of the provisions of the Issue Documents), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to any interest arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or otherwise to the tax consequences thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders except to the extent provided for in Condition 8.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

For the purpose of ascertaining the right to attend and vote at any meeting of the Noteholders convened for the purpose of and in relation to Conditions 10, 11 and 12 and Clauses 10.5 and 25 of, and Schedule 12 to, the Trust Deed, those Notes (if any) which are beneficially held by, or are held on behalf of the Issuer, the Guarantor or any of their respective subsidiaries shall (unless and until resold (other than to the Issuer, the Guarantor or any of their respective subsidiaries) or ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Notes shall be disregarded and be null and void.

## 13. REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange requirements or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia,* that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

## 14. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

## 15. PROVISIONS RELATING TO THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into contracts, banking, financial or business or any other transactions or arrangements with the Issuer, the Guarantor or any company of which the Issuer or the Guarantor is an associate or subsidiary or any associate or subsidiary of any such company without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder and Couponholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and/or the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Noteholder and Couponholder shall not rely on the Trustee in respect thereof.

## 16. NOTICES

16.1 Notices to the holders of Notes shall be valid if:

(a) (in the case of Registered Notes) mailed to them at their respective addresses in the Register;

(b) for so long as the Notes are listed on the SGX, published on the website of the SGX-ST at http://www.sgx.com; or

(c) published in a daily newspaper of general circulation in Singapore (it is expected that such publication will be made in The Business Times),

and such notices shall be deemed to have been given:

(i) in respect of mailed notices, on the fourth weekday (being a day other than a Saturday, Sunday or gazetted public holiday) after the date of mailing;

(ii) in respect of notices published on the website of the SGX-ST, on the date of such publication or, if published more than once, on the first date on which publication is made; and

(iii) in respect of notices published in such newspaper, on the date of such publication or, published more than once or on different dates, on the date of the first publication in such newspaper.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

16.2 So long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, there may be substituted for such delivery under the preceding paragraph the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with sub-paragraph (b) of Condition 16.1 above. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system. In the event that notice is published in accordance with sub-paragraph (b) of Condition 16.1 above, such notice shall be deemed to have been given to the Noteholders on the date of such publication.

16.3 Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

16.4 Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given on the fourth weekday (being a day other than a Saturday, Sunday or gazetted public holiday) after the date of the mailing.

## 17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore).

## 18. GOVERNING LAW AND JURISDICTION

### 18.1 Governing Law

The Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

### 18.2 Jurisdiction

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes, Coupons or Talons ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that Proceedings have been brought in an inconvenient forum. This submission is for the benefit of each of the Trustee, the Noteholders and the Couponholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

**CDP Issuing and Paying Agent, CDP Registrar, CDP Transfer Agent and CDP Calculation Agent**

The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

**Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent**

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

**Non-CDP Transfer Agent and Non-CDP Registrar**

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building - Polaris – 2-4
rue Eugène Ruppert - L-2453
Luxembourg

## TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form (if any) issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to "Perpetual Securities" are to the Perpetual Securities of one Series only, and not to all Perpetual Securities that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.

The Perpetual Securities are constituted by a Trust Deed (as amended, restated or supplemented from time to time, the "**Trust Deed**") dated 11 November 2020 made between (1) SingPost Group Treasury Pte. Ltd., as issuer (the "**Issuer**"), (2) Singapore Post Limited (the "**Guarantor**"), as guarantor, and (3) The Bank of New York Mellon, Singapore Branch (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended, restated or supplemented from time to time, the "**Deed of Covenant**") dated 11 November 2020 executed by the Issuer, relating to the Perpetual Securities ("**CDP Perpetual Securities**") cleared or to be cleared through the CDP System (as defined in the Trust Deed). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer and the Guarantor have entered into an agency agreement (as amended, restated or supplemented from time to time, the "**Agency Agreement**") dated 11 November 2020 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent in respect of CDP Perpetual Securities (in such capacity, the "**CDP Issuing and Paying Agent**"), transfer agent in respect of CDP Perpetual Securities (in such capacity, the "**CDP Transfer Agent**"), registrar in respect of CDP Perpetual Securities (in such capacity, the "**CDP Registrar**") and calculation agent in respect of CDP Perpetual Securities (in such capacity, the "**CDP Calculation Agent**"), (4) The Bank of New York Mellon, London Branch, as issuing and paying agent in respect of Perpetual Securities cleared or to be cleared through a clearing system other than the CDP System ("**Non-CDP Perpetual Securities**") (in such capacity, the "**Non-CDP Issuing and Paying Agent**" and, together with the CDP Issuing and Paying Agent and any other paying agents that may be appointed, the "**Paying Agents**") and calculation agent in respect of Non-CDP Perpetual Securities (in such capacity, the "**Non-CDP Calculation Agent**") and, together with the CDP Calculation Agent and any other calculation agents that may be appointed, the "**Calculation Agents**"), (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent in respect of Non-CDP Perpetual Securities (in such capacity, the "**Non-CDP Transfer Agent**") and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the "**Transfer Agents**"), and registrar in respect of Non-CDP Perpetual Securities (in such capacity, the "**Non-CDP Registrar**", and together with the CDP Registrar, the "**Registrars**"), and (6) the Trustee. The Perpetual Securityholders and the holders (the "**Couponholders**") of the distribution coupons (the "**Coupons**") appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Issuing and Paying Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Issuing and Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Registrar, (c) the Transfer Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Transfer Agent, and (d) the Calculation Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Calculation Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Calculation Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection during usual business hours with a prior appointment at the principal office of the Trustee for the time being and at the respective specified offices of the Issuing and Paying Agent for the time being.

## 1. FORM, DENOMINATION AND TITLE

### 1.1 Form and Denomination

(a) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the "**Perpetual Securities**") are issued in bearer form ("**Bearer Perpetual Securities**") or in registered form ("**Registered Perpetual Securities**"), in each case in the Denomination Amount shown in the relevant Pricing Supplement. Subject to applicable laws, in the case of Registered Perpetual Securities, such Perpetual Securities are in the Denomination Amount shown in the relevant Pricing Supplement, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.

(b) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown in the relevant Pricing Supplement).

(c) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.

(d) Registered Perpetual Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2.3, each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

### 1.2 Title

(a) Subject as set out below, title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(b) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, trust or any interest in it, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(c) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such

Global Security or Global Certificate is held by a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), The Central Depository (Pte) Limited (the "**Depository**") and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Perpetual Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents, all other agents of the Issuer and/or the Guarantor and the Trustee as the holder of such principal amount of Perpetual Securities standing to the credit of the account of such person other than with respect to the payment of principal, premium (if any), distribution, redemption or purchase amount (if any) and/or any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Perpetual Securities**" and related expressions, where the context requires, shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate and held by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, Global Certificate is held by the Depository, the payment of principal, premium (if any), distribution, redemption or purchase amount (if any) and any other amounts in respect of the Perpetual Securities shall be made by the Depository to the persons shown in the records of the Depository as the holder of Perpetual Securities in accordance with the rules and procedures for the time being of the Depository and the record date for the purposes of determining entitlements to any payment of principal, distribution and any other amounts in respect of the Perpetual Securities shall, unless otherwise specified by the Issuer, be the date falling five (5) business days prior to the relevant payment date (or such other date as may be prescribed by the Depository from time to time).

For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, Global Security is held by a common depositary for Euroclear and/or Clearstream, Luxembourg, the record date for purposes of determining entitlements to any payment of principal, premium (if any), distribution, redemption or purchase amount (if any) and any other amounts in respect of the Perpetual Security shall be the close of business on the Clearing System Business Day immediately prior to the relevant payment date, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January (or such other date as may be prescribed by Euroclear and/or Clearstream, Luxembourg).

(d) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (i) a common depositary for Euroclear and/or Clearstream, Luxembourg, (ii) the Depository and/or (iii) any other clearing system, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), "**Series**" means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and "**Tranche**" means Perpetual Securities which are identical in all respects (including as to listing).

(e) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## 2. NO EXCHANGE OF PERPETUAL SECURITIES AND TRANSFERS OF REGISTERED PERPETUAL SECURITIES

2.1 No Exchange of Perpetual Securities: Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

2.2 Transfer of Registered Perpetual Securities: Subject to Conditions 2.5 and 2.6 below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed (in the case of any regulation proposed by the Issuer) with the written approval of the Trustee, the Transfer Agents and the Registrar and (in the case of any regulation proposed by the Registrar) with the written approval of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar, at the cost and expense of the Issuer or, failing whom, the Guarantor to any Perpetual Securityholder upon request. For the avoidance of doubt, a Registered Perpetual Security may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Registered Perpetual Security will be valid unless and until entered on the Register.

2.3 Exercise of Options or Partial Redemption or Purchase in Respect of Registered Perpetual Securities: In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

2.4 Delivery of New Certificates: Each new Certificate to be issued pursuant to Condition 2.2 or 2.3 shall be available for delivery within five (5) business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2.4, "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the relevant Registrar or the relevant Transfer Agent (as the case may be).

2.5 Transfers Free of Charge: Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the Issuer, the Guarantor, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the relevant Registrar or the relevant Transfer Agent may require) in respect of such tax or governmental charges.

2.6 Closed Periods: No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (a) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5.2, (b) after any such Perpetual Security has been called for redemption or (c) during the period of seven (7) days ending on (and including) any Record Date (as defined in Condition 6.2(b)).

## 3. STATUS AND GUARANTEE

3.1 Senior Perpetual Securities

This Condition 3.1 applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement).

(a) Status of Senior Perpetual Securities

The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) Guarantee of Senior Perpetual Securities

The payment of all sums expressed to be payable by the Issuer under the Trust Deed (save in respect of the Subordinated Perpetual Securities and the Coupons relating to them), the Senior Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Senior Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed (save in respect of the Subordinated Perpetual Securities and the Coupons relating to them) constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

3.2 Subordinated Perpetual Securities

This Condition 3.2 applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(a) Status of Subordinated Perpetual Securities

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3.2.

In these Conditions, "**Parity Obligation**" means, in relation to the Issuer or the Guarantor, any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer or, as the case may be, the Guarantor (i) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with (in the case of the Issuer) the Subordinated Perpetual Securities or (in the case of the Guarantor) the Subordinated Guarantee (as defined in the Trust Deed) and (ii) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer or, as the case may be, the Guarantor and/or, in the case of an instrument or security guaranteed by the Issuer or the Guarantor, the issuer thereof.

(b) Ranking of claims on Winding-up — Issuer

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-up (as defined in Condition 9.1) of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the claims of the Perpetual Securityholders and in priority to (i) the other subordinated obligations of the Issuer that are expressed by their terms to rank junior to the claims of the Perpetual Securityholders and (ii) the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

(c) No set-off — Issuer

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual

Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

(d) Guarantee of Subordinated Perpetual Securities

The payment of all sums expressed to be payable by the Issuer to or for the benefit of the holders of Subordinated Perpetual Securities and the Coupons relating to them under the Trust Deed in respect of the Subordinated Perpetual Securities and the Coupons relating to them, the Subordinated Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor. The obligations of the Guarantor to or for the benefit of the holders of Subordinated Perpetual Securities and the Coupons relating to them under the Subordinated Guarantee (as defined in the Trust Deed) and the Trust Deed are contained in the Trust Deed. The payment obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed in respect of the Subordinated Perpetual Securities and the Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with any Parity Obligations of the Guarantor. The rights and claims of the Perpetual Securityholders in respect of the Subordinated Guarantee are subordinated as provided in this Condition 3.2.

(e) Ranking of claims on Winding-up — Guarantor

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-up of the Guarantor, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment under the Subordinated Guarantee are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Guarantor but at least *pari passu* with all other subordinated obligations of the Guarantor that are not expressed by their terms to rank junior to the Subordinated Guarantee and in priority to (i) the other subordinated obligations of the Guarantor that are expressed by their terms to rank junior to the Subordinated Guarantee and (ii) the claims of shareholders of the Guarantor and/or as otherwise specified in the applicable Pricing Supplement.

(f) No set-off — Guarantor

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with the Subordinated Guarantee, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Guarantor in respect of, or arising under or in connection with the Subordinated Guarantee is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Guarantor (or, in the event of its Winding-up or administration, the liquidator or, as appropriate, administrator of the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Guarantor (or the liquidator or, as appropriate, administrator of the Guarantor) and accordingly any such discharge shall be deemed not to have taken place.

## 4. DISTRIBUTION AND OTHER CALCULATIONS

### 4.1 Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate and Accrual

Each Fixed Rate Perpetual Security confers a right to receive distribution on its outstanding principal amount from the Distribution Commencement Date in respect thereof and as shown in the relevant Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Distribution Rate shown in the relevant Pricing Supplement payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown in the relevant Pricing Supplement in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, the first payment will amount to the Initial Broken Amount shown in the relevant Pricing Supplement).

Distribution will cease to accrue on each Fixed Rate Perpetual Security from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown in the relevant Pricing Supplement is improperly withheld or refused, in which event distribution at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4.1 and the Agency Agreement to (but excluding) the Relevant Date (as defined in Condition 7).

(b) Distribution Rate

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

(i) (if no Reset Date is specified in the applicable Pricing Supplement),

(A) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown in the relevant Pricing Supplement; or

(B) if a Step-Up Margin is specified in the applicable Pricing Supplement, (1) for the period from (and including) the Distribution Commencement Date to (but excluding) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown in the relevant Pricing Supplement and (2) for the period from (and including) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown in the relevant Pricing Supplement plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and

(ii) (if a Reset Date is specified in the applicable Pricing Supplement),

(A) for the period from (and including) the Distribution Commencement Date to (but excluding) the First Reset Date specified in the applicable Pricing Supplement, the rate shown in the relevant Pricing Supplement; and

(B) for the period from (and including) the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to (but excluding) the immediately following Reset Date, the Reset Distribution Rate.

For the purposes of these Conditions:

"**Reset Distribution Rate**" means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement) and

"**Swap Offer Rate**" means:

(1) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the "**Reset Determination Date**");

(2) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon — Rates — Interest Rate Swaps — Asia Pac — SGD" and the column headed "Ask" (or if such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Issuer (or an independent adviser appointed by it) and notified to the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five (5) consecutive business days prior to and ending on the Reset Determination Date);

(3) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon — Rates — Interest Rate Swaps — Asia Pac — SGD" and the column headed "Ask" (or if such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Issuer (or an independent adviser appointed by it) and notified to the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five (5) consecutive business days, the swap offer rate will be the rate per annum notified by the Calculation Agent to the Issuer equal to the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate;

(4) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon — Rates — Interest Rate Swaps — Asia Pac — SGD" and the column headed "Ask" (or if such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Issuer (or an independent adviser appointed by it) and notified to the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Issuer (or an independent adviser appointed by it) will request the principal Singapore offices of the Reference Banks to provide the quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date and notify the Calculation Agent of such rates obtained from the Reference Banks. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of such offered quotations, as notified by the Issuer (or an independent adviser appointed by it) to the Calculation Agent or, if only one of the

Reference Banks provides the Issuer (or an independent adviser appointed by it) with such quotation, such rate quoted by that Reference Bank; and

(5) in the event that the swap offer rate is unable to be determined in accordance with paragraphs (1) to (4) above for any reason, the swap offer rate for such Reset Period shall be the same rate as that in the preceding Distribution Period,

provided that, in each case, in the event the Swap Offer Rate as determined in accordance with the foregoing is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum.

(c) Calculation of Reset Distribution Rate

The Calculation Agent will, on the second business day prior to each Reset Date (the "**Reset Distribution Determination Date**"), determine the applicable Reset Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(d) Notification of Relevant Reset Distribution Rate

The Calculation Agent will cause the applicable Reset Distribution Rate to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and the Guarantor as soon as practicable after its determination but in no event later than the fourth business day thereafter. The Issuer will, or will request the Calculation Agent (having given reasonable notice in writing to the Calculation Agent and at the expense of the Issuer or, failing whom, the Guarantor) to, cause notice of the then applicable Reset Distribution Rate or applicable Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as practicable after determination thereof.

(e) Failure to determine or calculate Reset Distribution Rate

If the Calculation Agent does not at any material time determine or calculate the applicable Reset Distribution Rate, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and use commercially reasonable endeavours to appoint an alternative Calculation Agent. In doing so, the alternative Calculation Agent shall apply the provisions of this Condition 4.1, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances. If the Issuer fails to so appoint, the Perpetual Securities will, for the relevant Reset Period, bear distribution at the rate in effect for the last preceding Reset Period to which Condition 4.1(b) above shall have applied and the Issuing and Paying Agent will determine the relevant Distribution Amount.

(f) Calculations

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction shown in the relevant Pricing Supplement. The amount of distribution payable per Calculation Amount (as defined in Condition 4.2(c)) for any Fixed Rate Distribution Period in respect of any Perpetual Security shall be calculated by multiplying the product of the then applicable Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the face of the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

In these Conditions, "**Fixed Rate Distribution Period**" means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date.

4.2 Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

Each Floating Rate Perpetual Security confers a right to receive distribution on its outstanding principal amount from the Distribution Commencement Date in respect thereof and as shown in the relevant Pricing Supplement, and such distribution will be payable in arrear on each distribution payment date ("**Distribution Payment Date**"). Such Distribution Payment Date(s) is/are either shown in the relevant Pricing Supplement as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown in the relevant Pricing Supplement, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period (as defined below) in the relevant Pricing Supplement (the "**Specified Number of Months**") after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding business day and (B) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date is herein called a "**Distribution Period**".

Distribution will cease to accrue on each Floating Rate Perpetual Security from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4.2 to (but excluding) the Relevant Date.

(b) Rate of Distribution — Floating Rate Perpetual Securities

(i) Each Floating Rate Perpetual Security confers a right to receive distribution on its outstanding principal amount at a floating rate determined by reference to a Benchmark as stated in the relevant Pricing Supplement, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out in the relevant Pricing Supplement.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) and the Step-Up Spread (if any) stated in the relevant Pricing Supplement. The "**Spread**" and the "**Step-Up Spread**" are the percentage rate per annum specified in the relevant Pricing Supplement as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4.3(a) below.

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the "**Rate of Distribution**".

(ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Calculation Agent on the basis of the following provisions:

(A) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:

(1) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX — SIBOR AND SWAP OFFER RATES — RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

(2) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "**SGD SIBOR**" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Issuer (or an independent adviser appointed by it) will request the principal Singapore offices of each of the Reference Banks to provide the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities and notify the Calculation Agent of such rates obtained from the Reference Banks. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of such offered quotations as notified by the Issuer (or an independent adviser appointed by it) to the Calculation Agent and as adjusted by the Spread (if any) and the Step-Up Spread (if any), as determined by the Calculation Agent;

(3) if on any Distribution Determination Date, two (2) but not all the Reference Banks provide the Issuer (or an independent adviser appointed by it) with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with paragraph (2) above on the basis of the quotations of those Reference Banks providing such quotations;

(4) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Issuer (or an independent adviser appointed by it) with

such quotations, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the rates quoted by the Reference Banks or those of them (being at least two (2) in number) at or about the Relevant Time on such Distribution Determination Date and notified by the Issuer (or an independent adviser appointed by it) to the Calculation Agent as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be the most appropriate and as adjusted by the Spread (if any) or if on such Distribution Determination Date, one (1) only or none of the Reference Banks provides the Issuer (or an independent adviser appointed by it) with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and notified by the Issuer (or an independent adviser appointed by it) to the Calculation Agent and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and

(5) if the Calculation Agent is unable to determine the Rate of Distribution for a Distribution Period in accordance with paragraphs (b)(ii)(A)(1) to (b)(ii)(A)(4) above for any reason, the Rate of Distribution for such Distribution Period shall be the Rate of Distribution in effect for the last preceding Distribution Period to which paragraph (b)(ii)(A)(1), (b)(ii)(A)(2), (b)(ii)(A)(3) or (b)(ii)(A)(4) above shall have applied;

(B) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:

(1) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

(2) if on any Distribution Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four (4) decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used which is selected by the Issuer (or an independent adviser appointed by it) and notified to the Calculation Agent after taking into

account the industry practice at that time, or which is published by such other relevant authority as the Issuer (or an independent adviser appointed by it) may select and notify to the Calculation Agent and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

(3) if on any Distribution Determination Date the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(B)(1) and (b)(ii)(B)(2) above, the Rate of Distribution shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two (2) in number) to the Issuer (or an independent adviser appointed by it) at or about the Relevant Time as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Issuer (or an independent adviser appointed by it) with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and notified by the Issuer (or an independent adviser appointed by it) to the Calculation Agent, as adjusted by the Spread (if any) and the Step-Up Spread (if any); and

(4) if the Calculation Agent is unable to determine the Rate of Distribution for a Distribution Period in accordance with paragraphs (b)(ii)(B)(1) to (b)(ii)(B)(3) above for any reason, the Rate of Distribution for such Distribution Period shall be the Rate of Distribution in effect for the last preceding Distribution Period to which paragraph (b)(ii)(B)(1), (b)(ii)(B)(2) or (b)(ii)(B)(3) above shall have applied; and

(C) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

(1) if the Primary Source (as defined below) for the Floating Rate Perpetual Securities is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,

and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

(2) if paragraph (b)(ii)(C)(1)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(C)(1)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four (4) decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and notified by the Issuer (or an independent adviser appointed by it) to the Calculation Agent, as adjusted by the Spread (if any) and the Step-Up Spread (if any);

(3) if paragraph (b)(ii)(C)(2) applies and fewer than two (2) Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date; and

(4) if the Calculation Agent is unable to determine the Rate of Distribution for a Distribution Period in accordance with paragraphs (b)(ii)(C)(1) to (b)(ii)(C)(3) above, the Rate of Distribution for such Distribution Period shall be the Rate of Distribution in effect for the last preceding Distribution Period to which paragraphs (b)(ii)(C)(1), (b)(ii)(C)(2) or (b)(ii)(C)(3) above shall have applied.

(iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.

(iv) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(c) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Perpetual Security, a day (other than a Saturday, Sunday or gazetted public holiday) on which (i) Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) banks and foreign exchange markets are open for general business in the country in which the Issuing and Paying Agent's specified office is situated and (iii) (if a payment is to be made on that day) (A) (in the case of Perpetual Securities denominated in Singapore dollars) banks and foreign exchange markets are open for general business in Singapore, (B) (in the case of Perpetual Securities denominated in Euro) the TARGET System is open for settlement in Euro and (C) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and Euro) banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such in the relevant Pricing Supplement or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown in the relevant Pricing Supplement;

"**Day Count Fraction**" means, in respect of the calculation of an amount of distribution in accordance with Condition 4:

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution

Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365 (or, if any portion of that Fixed Rate Distribution Period or, as the case may be, Distribution Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a non-leap year divided by 365);

(ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 360; and

(iii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365;

"**Distribution Commencement Date**" means the Issue Date or such other date as may be specified as the Distribution Commencement Date in the relevant Pricing Supplement;

"**Distribution Determination Date**" means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement;

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Issue Date**" means the date specified as such in the applicable Pricing Supplement;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Calculation Agent;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three reputable top-tier banks selected by the Issuer in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Perpetual Securities are denominated;

"**Relevant Financial Centre**" means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

"**Relevant Time**" means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified in the relevant Pricing Supplement for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

4.3 Calculations

(a) Determination of Rate of Distribution and Calculation of Distribution Amounts

The Calculation Agent will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the "**Distribution Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Calculation Agent will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and the Guarantor as soon as practicable after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, the Issuer will, or will request the Calculation Agent (having given reasonable notice in writing to the Calculation Agent and at the expense of the Issuer or, failing whom, the Guarantor) to, also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as practicable after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event (as defined below) occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) Failure to determine or calculate Rate of Distribution

If the Calculation Agent does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and use commercially reasonable endeavours to appoint an alternative Calculation Agent. In doing so, the alternative Calculation Agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances. If the Issuer fails to so appoint, the Perpetual Securities will, for the relevant Distribution Period, bear distribution at the rate in effect for the last preceding Distribution Period to which Condition 4.2 above shall have applied and the Issuing and Paying Agent will determine the relevant Distribution Amount.

(d) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

4.4 Distribution Discretion

(a) Optional Payment

If Optional Payment is set out in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an "**Optional Payment Notice**") to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified in the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is set out in the relevant Pricing Supplement, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event a "**Compulsory Distribution Payment Event**") have occurred:

(i) a dividend, distribution or other payment has been declared or paid by the Issuer, the Guarantor or any of their respective subsidiaries on or in respect of any of the Issuer's Junior Obligations or the Guarantor's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations or any of the Guarantor's Specified Parity Obligations; or

(ii) any of the Issuer's Junior Obligations or any of the Guarantor's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration by the Issuer, the Guarantor or any of their respective subsidiaries or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations or any of the Guarantor's Specified Parity Obligations has been redeemed, reduced cancelled, bought back or acquired by the Issuer, the Guarantor or any of their respective subsidiaries for any consideration,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group (as defined in the Trust Deed) or (2) as a result of the exchange or conversion of the Specified Parity Obligations of the Issuer or, as the case may be, the Guarantor for the Junior Obligations of the Issuer or, as the case may be, the Guarantor and/or (3) as otherwise specified in the applicable Pricing Supplement.

In these Conditions,

(A) "**Junior Obligation**" means, in relation to the Issuer or the Guarantor, any of its ordinary shares and any class of its share capital and any other instruments or securities (including without limitation any preference shares or subordinated perpetual securities) issued, entered into or guaranteed by the Issuer or, as the case may be, the Guarantor that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Perpetual Securities or, as the case may be, the Guarantee (as defined in the Trust Deed); and

(B) "**Specified Parity Obligations**" means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer or, as the case may be, the Guarantor (aa) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Perpetual Securities or, as the case may be, the Guarantee and (bb) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer or, as the case may be, the Guarantor and/or, in the case of an instrument or security guaranteed by the Issuer or, as the case may be, the Guarantor, the issuer thereof.

If Dividend Pusher is set out in the relevant Pricing Supplement, each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate signed by two duly authorised officers of the Issuer confirming that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period and the Trustee and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No Obligation to Pay

If Optional Payment is set out in the relevant Pricing Supplement and subject to Condition 4.4(c) and Condition 4.4(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) Non-Cumulative Deferral and Cumulative Deferral

(i) If Non-Cumulative Deferral is set out in the relevant Pricing Supplement, any distribution deferred pursuant to this Condition 4.4 is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4.4(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4.4.

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

(ii) If Cumulative Deferral is set out in the relevant Pricing Supplement, any distribution deferred pursuant to this Condition 4.4 shall constitute "**Arrears of Distribution**". The

Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4.4(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4.4 except that this Condition 4.4(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

(iii) If Additional Distribution is set out in the relevant Pricing Supplement, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) Restrictions in the case of Deferral

If Dividend Stopper is set out in the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distributions scheduled to be made on such date are not made in full by reason of this Condition 4.4, the Issuer and the Guarantor shall not and shall procure that none of the subsidiaries of the Issuer or the Guarantor shall:

(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's or the Guarantor's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's or the Guarantor's Specified Parity Obligations; or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer's or the Guarantor's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's or the Guarantor's Specified Parity Obligations,

in each case other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group, (2) as a result of the exchange or conversion of the Specified Parity Obligations of the Issuer or, as the case may be, the Guarantor for the Junior Obligations or the Issuer or, as the case may be, the Guarantor and/or (3) as otherwise specified in the applicable Pricing Supplement unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amount, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer or, as the case may be, the Guarantor is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

(i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified in the relevant Pricing Supplement) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and

(ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:

(A) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);

(B) the next Distribution Payment Date following the occurrence of a breach of Condition 4.4(d) or following the occurrence of a Compulsory Distribution Payment Event; and

(C) the date such amount becomes due under Condition 9 or on a Winding-up of the Issuer or the Guarantor.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro rata* basis.

(f) No Default

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4.4 shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities.

4.5 Benchmark Discontinuation and Replacement

(a) Independent Adviser

Notwithstanding the provisions above in this Condition 4, if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Distribution (or any component part thereof) or Reset Distribution Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use commercially reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.5(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.5(c)) and any Benchmark Amendments (in accordance with Condition 4.5(d)). An Independent Adviser appointed pursuant to this Condition 4.5 as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Issuing and Paying Agent, the Calculation Agent. the Perpetual Securityholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4.5.

If the Issuer is unable to appoint an Independent Adviser after using commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Rate prior to the relevant Distribution Determination Date or Reset Distribution Determination Date (as the case may be), the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.5(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.5(c)) and any Benchmark Amendments (in accordance with Condition 4.5(d)), provided that if the Issuer is unable to or does not determine a Successor Rate or Alternative Rate prior to the relevant Distribution Determination Date or Reset Distribution Determination Date (as the case may be), the Rate of Distribution applicable to the next succeeding Distribution Period shall be equal to the Rate of Distribution last determined in relation to the Perpetual Securities in respect of the preceding Distribution Period (or alternatively, if there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution (if any)) (subject, where applicable, to substituting the Spread that was applied to such preceding Distribution Period for the Spread that is to be applied to the relevant Distribution Period). For the avoidance of doubt, the proviso in this paragraph shall apply to the relevant Distribution Period only and any subsequent Distribution Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.5.

(b) Successor Rate or Alternative Rate

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.5(a)) (as the case may be) determines that:

(i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4.5(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 4.5); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4.5(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 4.5).

(c) Adjustment Spread

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4.5(a)) (as the case may be) determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.5 and the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4.5(a)) (as the case may be) determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.5(e), without any requirement for the consent or approval of Perpetual Securityholders, vary these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent of a certificate in English signed by a director or a duly authorised signatory of the Issuer pursuant to Condition 4.5(e), the Trustee, (if applicable) the Issuing and Paying Agent and (if applicable) the Calculation Agent shall (at the expense of the Issuer or, failing whom, the Guarantor), without any requirement for the consent or approval of the Perpetual Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including*, inter alia*, by the execution of a deed or agreement supplemental to or amending the Trust Deed, the Agency Agreement and these Conditions), provided that none of the Trustee, the Issuing and Paying Agent or the Calculation Agent or other Agents shall be obliged so to concur if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee, (if applicable) the Issuing and Paying Agent and (if applicable) the Calculation Agent and (if applicable) the other Agents shall, at the direction of the Issuer and expense of the Issuer or, failing whom, the Guarantor, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4.5. Perpetual Securityholder consent shall not be required in connection with effecting the Successor Rate or Alternative Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Issuing and Paying Agent, the Registrars or the Transfer Agents or other Agents (if required).

In connection with any such variation in accordance with Condition 4.5(d), the Issuer shall comply with the rules of any stock exchange on which the Perpetual Securities are for the time being listed or admitted to trading.

(e) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.5 will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Issuing and Paying Agent and, in accordance with Condition 14, the Perpetual Securityholders. Such notice shall be irrevocable and shall specify the effective date for such Successor Rate, such Alternative Rate (as the case may be), any related Adjustment Spread and the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee, (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent a certificate in English addressed to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and signed by a director or a duly authorised signatory of the Issuer:

(i) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4.5; and

(ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee, (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent (as the case may be) shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's, (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent's and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Guarantor, the Trustee, the Calculation Agent, the Issuing and Paying Agent and the Perpetual Securityholders.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4.5(a), 4.5(b), 4.5(c) and 4.5(d), the Original Reference Rate and the fallback provisions provided for in Condition 4 will continue to apply unless and until the Trustee, the Calculation Agent and the Issuing and Paying Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4.5(e).

(g) Definitions

As used in this Condition 4.5:

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4.5(a)) (as the case may be) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Perpetual Securityholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;

(2) in the case of a Successor Rate for which no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4.5(a)) (as the case may be) determines is recognised or acknowledged as being customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in local or international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

(3) if no such customary application in local or international debt capital markets transactions is recognised or acknowledged, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.5(a)) (as the case may be) determines is

recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(4) if no such industry standard is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4.5(a)) (as the case may be) determines to be appropriate;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.5(a)) (as the case may be) determines in accordance with Condition 4.5(b) has replaced the Original Reference Rate in customary market usage in the local or international debt capital markets for the purposes of determining rates of distribution (or the relevant component part thereof) for the same distribution period and in the same currency as the Perpetual Securities;

"**Benchmark Amendments**" has the meaning given to it in Condition 4.5(d);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist;

(ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued;

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months;

(v) it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Perpetual Securityholder using the Original Reference Rate; or

(vi) a public statement or publication of information by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative,

provided that the Benchmark Event shall be deemed to occur:

(1) in the case of paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be;

(2) in the case of paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate; and

(3) in the case of paragraph (vi) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement,

and, in each case, not the date of the relevant public statement;

"**Independent Adviser**" means an independent financial institution of good repute or an independent financial adviser with appropriate expertise or with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 4.5(a);

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Distribution (or any component part thereof) or the Reset Distribution Rate (or any component part thereof) on the Perpetual Securities provided that if a Benchmark Event has occurred with respect to the originally specified or the then-current Original Reference Rate, then "Original Reference Rate" means the applicable Successor Rate or Alternative Rate (as the case may be);

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (in the circumstances set out in Condition 4.5(a)) (as the case may be) determines is a successor to or replacement of the Original Reference Rate which is formally published, endorsed, approved, recognised or recommended by any Relevant Nominating Body.

## 5. REDEMPTION AND PURCHASE

### 5.1 No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 5.

### 5.2 Redemption at the Option of the Issuer

If so provided in the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown in the relevant Pricing Supplement, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 5.2.

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any notice of redemption of such Perpetual Securities.

5.3 Redemption for Taxation Reasons

If so provided in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption), if:

(a) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

(i) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act (Chapter 134 of Singapore) (the "**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

(ii) the distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

(b)

(i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first tranche of the Perpetual Securities or any other date specified in the Pricing Supplement; and

(ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5.3, the Issuer or, as the case may be, the Guarantor shall deliver to the Trustee and the Issuing and Paying Agent:

(A) a certificate signed by two duly authorised officers of the Issuer or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) in the case of a notice of redemption pursuant to Condition 5.3(b), an opinion of an independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion or ruling (whether it is addressed to the Trustee or the Issuing and Paying Agent or neither of them) as sufficient evidence that the satisfaction of the conditions precedent to the right of the Issuer so to redeem has occurred, and shall not be responsible for determining or verifying the circumstances set out in such certificate, in which event it shall be conclusive and binding on the Perpetual Securityholders.

All Perpetual Securities in respect of which any such notice is given in accordance with this Condition 5.3 shall be redeemed on the date specified in such notice.

5.4 Redemption for Accounting Reasons

If so provided in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS**") or, as the case may be, the Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS(I)**") or any other accounting standards that may replace SFRS or, as the case may be, SFRS(I) for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5.4, the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

(a) a certificate signed by two duly authorised officers of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(b) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect.

The Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion (whether it is addressed to the Trustee or the Issuing and Paying Agent or neither of them) as sufficient evidence that the circumstances referred to above prevail and shall not be responsible for determining or verifying the circumstances set out in such certificate, in which event such certificate shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5.4, the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5.4.

5.5 Redemption for Tax Deductibility

If so provided in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption), if:

(a) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;

(ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or

(iii) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is issued or announced before the Issue Date,

the distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) would not be regarded as such sums; or

(b) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA.

Prior to the publication of any notice of redemption pursuant to this Condition 5.5, the Issuer shall deliver or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

(A) a certificate signed by two duly authorised officers of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(B) in the case of a notice of redemption pursuant to Condition 5.5(a), an opinion of an independent tax, legal or other professional adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change, amendment, interpretation or pronouncement has taken place or is due to take effect.

The Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion (whether it is addressed to the Trustee or the Issuing and Paying Agent or neither of them) or ruling (as the case may be) as sufficient evidence that the circumstances referred to above prevail and shall not be responsible for determining or verifying the circumstances set out in such certificate, in which event such certificate shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5.5, the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5.5.

5.6 Redemption in the case of Minimal Outstanding Amount

If so provided in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in this Condition 5.6, the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5.6.

5.7 Redemption upon a Ratings Event

If so provided in the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, at any time, at their Redemption Amount together with the distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), if as of the date fixed for redemption, an amendment, clarification or change has occurred or will in the Distribution Period immediately following the date fixed for redemption occur in the equity credit criteria, guidelines or methodology of Standard & Poor's or any other rating agency of equivalent recognised standing requested from time to time by the Issuer to grant an equity classification to the Perpetual Securities and in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results in a lower equity credit for the Perpetual Securities than the equity credit assigned on the Issue Date or, if equity credit is not assigned on the Issue Date, at the date when equity credit is assigned for the first time.

Prior to the publication of any notice of redemption pursuant to this Condition 5.7, the Issuer shall deliver, or procure that there is delivered, to the Trustee and the Issuing and Paying Agent a certificate signed by two duly authorised officers stating that the circumstances referred to above prevail and setting out the details of such circumstances. The Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, and shall not be responsible for determining or verifying the circumstances set out in such certificate, in which event such certificate shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5.7, the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5.7.

5.8 Purchases

The Issuer, the Guarantor and/or any of their respective subsidiaries may at any time and from time to time purchase Perpetual Securities at any price (provided that, in the case of Bearer Perpetual Securities, they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Perpetual Securities purchased by the Issuer, the Guarantor and/or any such subsidiaries may be surrendered by the purchaser through the Issuer to, in the case of Bearer Perpetual Securities, the Issuing and Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the Issuer, the Guarantor or, as the case may be, the relevant subsidiary, be held, resold or otherwise dealt with at its discretion. The Perpetual Securities so purchased, while held by or on behalf of the Issuer, the Guarantor and/or any such subsidiary shall not entitle the holder to vote at any meetings of the Perpetual Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Perpetual Securityholders or for the purposes of Conditions 9 and 10.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

5.9 Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer, the Guarantor and/or any of their respective subsidiaries may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

## 6. PAYMENTS

6.1 Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent or any other Paying Agent by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

6.2 Principal and Distribution in respect of Registered Perpetual Securities

(a) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6.2(b).

(b) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register as the holder thereof at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of distribution on each Registered Perpetual Security shall be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

6.3 Payments Subject to Law etc.

Without prejudice to the provisions of Condition 7, all payments are subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal

Revenue Code of 1986 as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, or any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

6.4 Appointment of Agents

The CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar, the CDP Calculation Agent and the Non-CDP Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed hereon. The Issuer and the Guarantor reserve the right at any time to appoint additional Agents and/or terminate the appointment of any Agent, provided that they will at all times maintain (a) an Issuing and Paying Agent, (b) a Transfer Agent in relation to Registered Perpetual Securities, (c) a Registrar in relation to Registered Perpetual Securities and (d) a Calculation Agent where the Conditions so require.

Notice of any such termination or change in appointment and of any change of any specified office will be given to the Perpetual Securityholders in accordance with Condition 14.

The Agency Agreement may be amended by the Issuer, the Guarantor, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar, the CDP Calculation Agent, the Non-CDP Calculation Agent and the Trustee, without the consent or sanction of any holder of any Perpetual Security or Coupon, in respect of any modification which is of a formal, minor or technical nature or which is to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Perpetual Securities may be held or otherwise subject to the prior written consent of the Trustee, provided that, in the opinion of the Trustee, such modification is not materially prejudicial to the interests of the holders of the Perpetual Securities or the Coupons. Any such amendment shall be binding on the Perpetual Securityholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer shall cause such amendment to be notified to the Perpetual Securityholders as soon as practicable in accordance with Condition 14.

6.5 Unmatured Coupons and Unexchanged Talons

(a) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) and unexchanged Talons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within the prescription period relating thereto under Condition 8 from the Relevant Date for the payment of such principal.

(b) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.

(c) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(d) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmatured Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(e) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

6.6 Talons

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

6.7 Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

## 7. TAXATION

All payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(a) by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

(c) by or on behalf of a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so.

As used in these Conditions, "**Relevant Date**" in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven (7) days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**distribution**" shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**distribution**" shall be deemed to include any additional amounts which may be payable under these Conditions.

Notwithstanding any other provision of these Conditions, in no event will the Issuer, the Guarantor or any other person be required to pay any additional amounts in respect of the Perpetual Securities and Coupons for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

## 8. PRESCRIPTION

Claims against the Issuer or, as the case may be, the Guarantor for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five (5) years from the appropriate Relevant Date for payment.

## 9. NON-PAYMENT

### 9.1 Non-payment when due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for Winding-up in respect of the Issuer and/or the Guarantor is limited to circumstances where payment under the Perpetual Securities has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4.4. In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer and/or the Guarantor in respect of any liabilities incurred or any costs, charges, fees or expenses properly incurred with prior notification to the Issuer and/or the Guarantor, where reasonably practicable (except that, after an Enforcement Event has occurred, no prior notification is required), by such party pursuant to or in connection with the Perpetual Securities, the Guarantee or the Trust Deed.

For the purposes of these Conditions, "**Winding-up**" means bankruptcy, winding-up, liquidation, receivership or similar proceedings.

### 9.2 Proceedings for Winding-up

If (i) an order is made or an effective resolution is passed for Winding-up of the Issuer and/or the Guarantor or (ii) the Issuer or the Guarantor fails to make payment in respect of the Perpetual Securities at the place at and in the currency in which it is expressed to be payable when due and such failure continues for a period of seven (7) business days (in the case of principal) or ten (10) business days (in the case of distribution or any other amounts (other than principal) payable by it under any of the Perpetual Securities) (in the case of a failure to pay by the Issuer, whether or not a demand was made on the Guarantor) (together, the "**Enforcement Events**"), the Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Condition 9.4, institute proceedings for the Winding-up of the Issuer and/or the Guarantor and/or prove in the Winding-up of the Issuer and/or the Guarantor and/or claim in the liquidation of the Issuer and/or the Guarantor for such payment.

9.3 Enforcement

Without prejudice to Condition 9.2 but subject to the provisions of Condition 9.4, the Trustee may without further notice to the Issuer or the Guarantor institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce any term or condition binding on the Issuer or, as the case may be, the Guarantor under the Perpetual Securities, the Guarantee or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer or the Guarantor under or arising from the Perpetual Securities or the Guarantee, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer or the Guarantor by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

9.4 Entitlement of Trustee

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9.2 or Condition 9.3 against the Issuer and/or the Guarantor to enforce the performance by the Issuer and/or the Guarantor of any of the provisions of the Trust Deed or of the Perpetual Securities or the Coupons unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Securities of the relevant Series outstanding or so directed by an Extraordinary Resolution and (b) it shall have been indemnified and/or secured and/or pre-funded by the Perpetual Securityholders to its satisfaction against all actions, proceedings, claims, demands and liabilities to which it may thereby become liable and all costs, charges, damages and expenses which may be incurred by it in connection therewith.

9.5 Right of Perpetual Securityholders or Couponholder

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor or to institute proceedings for the Winding-up or claim in the liquidation of the Issuer and/or the Guarantor or to prove in such Winding-up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect is continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer and/or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 9.

9.6 Extent of Perpetual Securityholders' remedy

No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed or the Perpetual Securities or the Guarantee (as applicable) or in respect of any breach by the Issuer or the Guarantor of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities or the Guarantee (as applicable).

9.7 Damages subject to Subordination

If any court awards money, damages or other restitution for any default with respect to the performance by the Issuer or, as the case may be, the Guarantor of its obligation contained in the Trust Deed and the Perpetual Securities, the payment of such money, damages or other restitution shall be subject to the subordination provisions set out in these Conditions and in Clause 9.3 of the Trust Deed.

## 10. MEETING OF PERPETUAL SECURITYHOLDERS AND MODIFICATIONS

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

Such a meeting may be convened by Perpetual Securityholders holding not less than 10 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Perpetual Securities of any Series for the time being outstanding, or at any adjourned meeting two or more persons being or representing Perpetual Securityholders whatever the principal amount of the Perpetual Securities so held or represented, except that at any meeting, the business of which includes consideration of proposals, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of principal, or (where applicable) distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities or the distribution payable on the Perpetual Securities, (c) to reduce or cancel the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities or the Coupons, (f) to amend the subordination provisions of the Perpetual Securities, (g) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (h) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, or (i) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Perpetual Securities of any Series for the time being outstanding. Any resolution duly passed at any meeting of Perpetual Securityholders will be binding on all Perpetual Securityholders, whether or not they are present at the meeting at which such resolution was passed, and on all Couponholders.

The Trustee may, at any time or times without any consent or sanction of the Perpetual Securityholders or the Couponholders, concur with the Issuer and the Guarantor in (a) making any modification to the Trust Deed (other than any provision of the Trust Deed referred to in the proviso to paragraph 2 of Schedule 12 of the Trust Deed) or any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the other Issue Documents, which in the opinion of the Trustee it may be expedient to make, provided the Trustee is of the opinion that such modification, waiver or authorisation will not be materially prejudicial to the interests of the Perpetual Securityholders or the Couponholders or (b) making any modification to the Trust Deed (including any provision of the Trust Deed referred to in the proviso to paragraph 2 of Schedule 12 of the Trust Deed) or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, or which is to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Perpetual Securities may be held. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer and the Guarantor shall cause such modification, authorisation or waiver to be notified to the Perpetual Securityholders as soon as practicable thereafter in accordance with Condition 14.

In connection with the exercise of its functions, powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, authorisation or waiver of any breach or proposed breach of any of the Conditions or any of the provisions of the Issue Documents), the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to any interest arising from circumstances particular to individual Perpetual Securityholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Perpetual Securityholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or otherwise to the tax consequences thereof and the Trustee shall not be entitled to require, nor shall any Perpetual Securityholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Perpetual Securityholders except to the extent provided for in Condition 7.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

For the purpose of ascertaining the right to attend and vote at any meeting of the Perpetual Securityholders convened for the purpose of and in relation to Conditions 9 and 10 and Clauses 10.5 and 25 of, and Schedule 12 to, the Trust Deed, those Perpetual Securities (if any) which are beneficially held by, or are held on behalf of the Issuer, the Guarantor or any of their respective subsidiaries shall (unless and until resold (other than to the Issuer, the Guarantor or any of their respective subsidiaries) or ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Perpetual Securities shall be disregarded and be null and void.

## 11. REPLACEMENT OF PERPETUAL SECURITIES, CERTIFICATES, COUPONS AND TALONS

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange requirements or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to the Perpetual Securityholders in accordance with Condition 14, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia,* that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

## 12. FURTHER ISSUES

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities having the same terms and conditions as the Perpetual Securities of any Series and so that the same shall be consolidated and form a single Series with such Perpetual Securities, and references in these Conditions to "**Perpetual Securities**" shall be construed accordingly.

## 13. PROVISIONS RELATING TO THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into contracts, banking, financial or business or any other transactions or arrangements with the Issuer, the Guarantor or any company of which the Issuer or the Guarantor is an associate or subsidiary or any associate or subsidiary of any such company without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

Each Perpetual Securityholder and Couponholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and/or the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder and Couponholder shall not rely on the Trustee in respect thereof.

## 14. NOTICES

14.1 Notices to the holders of Perpetual Securities shall be valid if:

(a) (in the case of Registered Perpetual Securities) mailed to them at their respective addresses in the Register;

(b) for so long as the Perpetual Securities are listed on the SGX, published on the website of the SGX-ST at http://www.sgx.com; or

(c) published in a daily newspaper of general circulation in Singapore (it is expected that such publication will be made in The Business Times),

and such notices shall be deemed to have been given:

(i) in respect of mailed notices, on the fourth weekday (being a day other than a Saturday, Sunday or gazetted public holiday) after the date of mailing;

(ii) in respect of notices published on the website of the SGX-ST, on the date of such publication or, if published more than once, on the first date on which publication is made; and

(iii) in respect of notices published in such newspaper, on the date of such publication or, published more than once or on different dates, on the date of the first publication in such newspaper.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14.

14.2 So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, there may be substituted for such delivery under the preceding paragraph the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with sub-paragraph (b) of Condition 14.1 above. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system. In the event that notice is published in accordance with sub-paragraph (b) of Condition 14.1 above, such notice shall be deemed to have been given to the Perpetual Securityholders on the date of such publication.

14.3 Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Perpetual Security or Perpetual Securities, with the Issuing and Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

14.4 Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given on the fourth weekday (being a day other than a Saturday, Sunday or gazetted public holiday) after the date of the mailing.

## 15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore).

## 16. GOVERNING LAW AND JURISDICTION

16.1 Governing Law

The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

16.2 Jurisdiction

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Perpetual Securities, Coupons or Talons ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts, and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that Proceedings have been brought in an inconvenient forum. This submission is for the benefit of each of the Trustee, the Perpetual Securityholders and the Couponholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

**CDP Issuing and Paying Agent, CDP Registrar, CDP Transfer Agent and CDP Calculation Agent**

The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

**Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent**

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

**Non-CDP Transfer Agent and Non-CDP Registrar**

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building - Polaris – 2-4
rue Eugène Ruppert - L-2453
Luxembourg

# RISK FACTORS

*Prior to making any investment decision or divestment decision, prospective investors or existing holders of the Securities should carefully consider, amongst other things, all the information set forth in this Information Memorandum, including any documents incorporated by reference hereto and the risk factors set out below.*

*Any of the following risks could adversely affect the business, assets, financial condition, results of operations, performance or prospects of the Issuer and/or the Guarantor and, as a result, investors could lose all or part of their investment. The Issuer and the Guarantor believe that the following factors may affect its ability to fulfil its obligations under the Securities issued under the Programme. All of these factors are contingencies which may or may not happen and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of such contingency occurring.*

*Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Securities issued under the Programme are also described below.*

*The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Securities issued under the Programme, but the Issuer or the Guarantor may be unable to pay interest, principal or other amounts on or in connection with the Securities issued under the Programme for other reasons. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the business, assets, financial condition, results of operations, performance or prospects of the Issuer, the Guarantor, their respective subsidiaries, their respective associated companies (if any) and/or their respective joint venture companies (if any), or any decision to purchase, own or dispose of the Securities issued under the Programme. Additional risk factors which the Issuer and the Guarantor are currently unaware of may also impair the businesses, assets, financial condition, results of operations, performance or prospects of the Issuer, the Guarantor, their respective subsidiaries, their respective associated companies (if any) and/or their respective joint venture companies (if any). If any of the following risk factors develop into actual events, the business, assets, financial condition, results of operations, performance or prospects of the Issuer, the Guarantor, their respective subsidiaries, their respective associated companies (if any) and/or their respective joint venture companies (if any) could be materially and adversely affected. In such cases, the ability of the Issuer and/or the Guarantor to comply with their respective obligations under the Trust Deed and the Securities may be adversely affected and could cause a Securityholder to lose all or part of his investment.*

*Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

## LIMITATIONS OF THIS INFORMATION MEMORANDUM

***Prospective investors in the Securities should make their own investigations of the Issuer, the Guarantor and the Group prior to making an investment or divestment decision in relation to the Securities issued under the Programme***

This Information Memorandum does not purport to nor does it contain all the information that a prospective investor in or existing holder of the Securities may require in investigating the Issuer, the Guarantor or the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if such investor has received information to assist it in making such determination.

Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor or any of the Dealer(s) or the Arranger that any recipient of this Information Memorandum or any such other document or information (or any such part thereof) should subscribe for or purchase or sell any of the Securities.

Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, the Guarantor or their respective subsidiaries, their respective associated companies (if any) and their respective joint venture companies (if any), any of the Dealer(s), the Arranger, the Trustee, the Agents or any person affiliated with any of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any such part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer, the Guarantor and their respective subsidiaries, their respective associated companies (if any) and/or their respective joint venture companies (if any), the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax, financial and/or other advisers prior to deciding whether to make an investment in the Securities.

This Information Memorandum contains forward-looking statements. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies, many of which are outside the control of the Issuer and/or the Guarantor, and such statements may prove inaccurate. Please see the section on "Forward-looking Statements" on page 8 of this Information Memorandum. Sub-headings are for convenience only and investment considerations and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

## RISKS RELATING TO THE GROUP'S BUSINESS AND OPERATIONS

### *Increasing substitution of the Group's postal service by alternative methods of delivery and the uncertainty over the drop in letter volumes could materially reduce the volumes, revenues and profitability of its Post and Parcel business and adversely affect its revenues and profitability*

The Group's Post and Parcel business delivers letter-mail items such as bills and bank statements as well as other printed matters such as magazines, publications, catalogues, annual reports and newsletters. The ongoing success of its Post and Parcel business requires the Group to offer new solutions through the innovative use of technology to meet evolving market trends and customer demands. With the disruption from e-substitution technology and the move towards eco-friendly sustainability, the Group has also witnessed organisations such as banks and government agencies replacing the use of paper-based mails and documents with electronic mails, e-statements and other technology-based platforms such as internet, mobile and e-direct marketing to send or make available the information contained in such items at a faster pace and, in many cases, at a lower price than traditional postal services. More of the Group's customers are also turning to bill consolidation, lighter weight posting and offshore printing to reduce their costs of operations. The combined effect of e-substitution, the uncertainty over the drop in letter volumes which is experienced by postal agencies all over the world and cost savings measures by its customers could adversely affect the volumes, revenues and profitability of the Group's Post and Parcel business, the Group's express delivery business as well as its agency business (where it acts as service agents for third parties).

***The Group's business in foreign markets comes with risks and this could have a material adverse effect on its business, results of operations and financial condition***

Operating in overseas jurisdictions and markets requires significant management resources and expertise to successfully manage the integration process. The Group also needs to be agile and be able to adapt its services and pricing models to meet specific country demands in order to be competitive.

All acquisitions and investments have the potential to expose the Group to hidden or unforeseen liabilities and these may adversely affect its business. In addition, the Group may also have to recognise impairment losses on goodwill arising from its acquisitions. Even if the Group can identify and execute acquisition opportunities, there is no assurance that acquired companies will be successfully integrated into its business, that existing customer relationship and revenue levels will be maintained or that synergies and economies of scale will be achieved. For example, restructurings of operations, transformation processes with regard to operations and other cost related measures may not achieve the results intended and/or may incur restructuring and other costs and charges to the Group in excess of original estimates. Any deviations from expected savings or restructuring costs could adversely affect its revenue, results of operations and/or financial condition. Failure to achieve the expected synergies or other benefits or an increase in the integration costs may have an adverse impact on the Group's business, results of operations and financial condition.

The successful integration of these subsidiaries and associated companies is crucial to optimising scale and synergy benefits envisioned in the Group's investment decisions, while avoiding risks of talent flight and corporate culture misfit.

The Group's eCommerce and Logistics businesses require direct and indirect interaction with merchants and customers around the world and these businesses are affected by many risks which are beyond its control. They include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding the Group's liability and enforcement, changes in local laws, controls on the repatriation of capital or profits, and credit risks of local customers and distributors.

The Group may also face the risk of litigation or regulatory actions by either licensed national postal administrations or independent regulators or both. These risks may also include legal disputes and proceedings involving the Group's directors, officers, and employees, exposing them to criminal liability and may cause the Group to incur additional costs and delays. These may increase as the Group pursues its strategy to expand its operations into new markets. The Group's overall success as a global business depends in part, on its ability to succeed in different economic, social, socio-economic and political conditions. The Group may not be able to continue to succeed in developing and implementing policies and strategies that are effective in each location where its business is conducted. Any failure to do so may affect the Group's overseas operations and consequently its financial condition and results of operations.

***The Group may not be able to control or exercise any influence over entities in which it has minority interests***

The Group has undertaken certain strategic investments and it may, in future acquisitions, acquire minority interests in investment entities and/or enter into joint ventures and arrangements in connection with its business plans. There can be no assurance that the Group will be able to control such entities or exercise any influence over its joint ventures and/or investment partners and the Group may not be able to reap the benefits of the investments or do so at the level that it anticipates. The management of these entities may also make decisions which could adversely affect the operations of those entities thereby affecting the Group's business, results of operations and financial condition.

There may be disagreements between the Group and its joint venture partners regarding the business and operations of the joint ventures which the Group may not be able to resolve amicably. The Group's joint venture partners may (i) have economic or business interests that are inconsistent with the Group; (ii) take actions contrary to the Group's instructions, requests, policies or objectives, (iii) be unable or unwilling to fulfil their obligations, (iv) have financial difficulties, or (v) have disputes with the Group as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect the performance of the Group's joint ventures, which may in turn materially and adversely affect its business, results of operations and financial condition.

***If the Group does not manage its network of strategic partners effectively, its business, financial condition and results of operations may be materially and adversely affected***

The Group works in close cooperation with certain strategic partners to strengthen its business activities and contribute to its growth. The Group has also entered into certain agreements to enhance its strategic competitiveness. There is no assurance that the Group will be able to maintain its relationships with these strategic partners in the future or that they will not change their business direction or operations. As and when the existing agreements expire or terminate, the Group may be unable to renew these agreements or replace a strategic partner easily or at all. If the Group's relationships with its strategic partners deteriorate, there could be an impact on its ability to expand its reach and compete effectively and this could materially and adversely affect its business, financial condition and results of operations.

***The Group is subject to investment risks associated with investment proposals***

As the Group looks for suitable investment opportunities, both in Singapore and overseas, it is subject to investment risks. These risks may vary depending on the structure of the investment undertaken. There is no assurance that the Group will be successful in any of its investments or that such investments will generate an adequate return which could result in it disposing of such investments at a loss. It may also face considerable financial risks if these new investments do not meet the expectations of customers in these new market segments.

The success of the Group's business is dependent on the continuing general growth of the economies in which its investments are situated, in particular the Asia-Pacific region. As the Group's investments are concentrated in this region, its business may be susceptible to a downturn in the market in this region. This may lead to a decline in sales which will have a material adverse effect on the Group's business, financial condition and results of operations.

***Economic and business conditions and seasonality may adversely affect the Group's business, results of operations and financial condition***

Developments and trends in the economy and in the industries in which the Group operates may have a material adverse effect on the Group's business, results of operations and financial condition as they may impact customer demand for its business. The success of the Group's business, results of operations and financial condition depends on its ability to anticipate, identify and respond to such changes in developments and trends in a timely manner and to adapt its services accordingly.

There is a correlation between economic development and trade flows and, consequently, economic downturns and phases of prolonged instability often coincide with a sharp decline in trade volumes. These effects could be exacerbated in situations where crises unexpectedly occur or future economic and/or political developments are particularly uncertain — examples might include the recent outbreak of COVID-19 in Singapore and elsewhere, and the economic and/or political developments in countries or regions such as the U.S.-China trade war or outlook of the economy in China.

A weak economy and prolonged instability, in particular in countries or regions, in which the Group currently generates a significant portion of its revenue, may generally result in a stagnation of, or decline in, the demand for its services which could adversely affect its business. Particularly the Group's express and global forwarding/freight business is cyclical and highly sensitive to fluctuations of trade flows. Declining trade flows could lead to a significant decrease in volumes and weight per consignment transported by the Group and could thus adversely affect its revenue, results of operations and/or financial condition. Any economic or political instability which may also delay the Group's trade process, may adversely impact its fast-moving consumer goods business as many fast-moving consumer goods have expiry dates.

Seasonality also makes it challenging for the Group to accurately predict demand in the areas of capacity expansion, procurement commitments and manpower needs. The fluctuations in volumes can vary significantly and unexpectedly. Consequently, the failure to meet such seasonality demands may adversely affect its financial condition and results of operations.

As the Group's business has high fixed costs and it requires an adequate volume to be generated by its businesses to recover such costs, a global economic downturn could have a material adverse effect on the results of its business. If economic conditions do not improve, the Group's business, results of operations and financial condition could be affected.

***The outbreak of an infectious disease or any other serious public health concerns, natural disasters or climate changes in the countries in which the Group operates could impact its business, results of operations and financial condition***

Natural disasters, severe weather conditions and the outbreak of epidemics may adversely affect the economy and infrastructure in the countries in which the Group operates. Some cities where it operates are under the threat of natural disasters including flood, earthquake, sandstorm, snowstorm, fire and drought or the outbreak of epidemics and infectious diseases such as Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, H1N1 Influenza (commonly known as swine flu), the Zika virus and most recently the COVID-19. Past occurrences of such phenomena, for instance the outbreak of SARS in 2003 which adversely affected Asian economies (including Singapore) and the earthquake in Japan in March 2011 have caused varying degrees of harm to businesses and the national and local economies. Any of the foregoing could have a negative impact on the global economy, and business activities in Asia which may have a material and adverse effect on the Group's business, financial condition, prospects and results of operations.

The emergence of the COVID-19 pandemic has become one of the biggest disruptors in the global economy, creating uncertainty and placing global economic and social resilience to the test. On 11 March 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic. The COVID-19 pandemic has resulted in, among other things, ongoing travel and transportation restrictions, prolonged closures of workplaces, businesses and schools, lockdowns in certain countries and increased volatility in international capital markets. Given the uncertainties as to the development of the COVID-19 pandemic, it is difficult to predict how long such conditions will exist and the extent to which the Group may be affected by such conditions.

The current COVID-19 pandemic or a future outbreak of infectious disease in any country where the Group has facilities or conducts business or where the Group's customers or suppliers are based, as well as quarantines or other regulatory measures or restrictions taken in response to an outbreak, could significantly affect demand for the Group's products and services, impact the Group's ability to adequately staff its operations and adversely affect the Group. The current COVID-19 pandemic has affected and/or may continue to affect the Group in the following ways:

- Post and Parcel

  The Group's Domestic Post and Parcel business has been affected and/or may continue to be affected by increased costs due to the control measures undertaken by the Singapore government, in particular higher labour costs, while the Group's International Post and Parcel business has been affected and/or may continue to be affected by postal service suspensions and grounding of flights. The extent of the impact of the COVID-19 pandemic on the Group's

International Post and Parcel business remains uncertain as any continued international border closures and grounding of airlines could cause further increases in freight costs and service delays.

- eCommerce and Logistics

  There is no assurance that the Group's eCommerce and Logistics business might not be further impacted by lower overall demand from an economic slowdown in the Asia-Pacific region coupled with uncertainty arising from disruptions in global supply chains and trade flows.

- Property

  The Group's property business has been affected by a reduction in footfall and may in future be affected by lower rental renewals by its tenants and/or deferral of rental collections from tenants.

As the COVID-19 outbreak is ongoing and evolving rapidly, there is no assurance that the Group will not in the future experience more severe disruptions in the event that more stringent quarantine measures are imposed or if the COVID-19 outbreak becomes more severe or protracted. This could in turn cause further deterioration in the business, results of operations, financial conditions and prospects of the Group. The actual extent of the outbreak and its impact on the domestic, regional and global economy remains uncertain, and the actual extent of the impact on the Group's business, results of operations, financial conditions and prospects will depend on, among other things, the duration and impact of the COVID-19 outbreak and the duration and extent of control measures undertaken by the governments in Singapore and in other countries.

***Any changes to the Group's strategic direction in maintaining operations in certain geographies and markets may affect its business, financial condition and results of operations***

The Group's decision to remain and maintain its operations in certain geographies and markets are influenced and affected not only by economic, political and/or legal developments but also by whether the investments in these geographies and markets have achieved the intended objectives, benefits or revenue-enhancing opportunities. The Group is open to exploring opportunities in new geographies and markets and may make significant investments in overseas markets. The Group will continuously review its investments and assess its ability to manage its financial returns from its investments and as a result, the Group may exit or scale down investments in certain geographies or markets to ensure that it operates efficiently and competitively. The Group's business, financial condition and results of operations may be materially and adversely affected if and when it does make a decision to exit from certain geographies and markets.

***The Group's business and growth are significantly affected by developments in eCommerce transaction and related demand for integrated logistics solutions***

The Group's postal and logistics businesses serve eCommerce customers and these customers rely on the Group's services to fulfil orders placed by consumers. As such, its business opportunities are dependent upon the continued integration of online and offline retail channels both in terms of large platforms and brands, small and medium enterprises and micro-merchants such as start-ups.

The future development and landscape of eCommerce are affected by a number of factors, many of which are beyond the Group's control. These factors include the consumption power and disposable income of consumers as well as changes in demographics and consumer preferences. The development of the retail industry in particular is also subject to the selection, price and popularity of products offered through the online and offline retail channels of original brand manufacturers and changes in the availability, reliability and security of such channels. Further, the emergence of alternative channels or business models that better suit the needs of consumers and the development of online-to-offline supply chain integration by retailers can also affect the development of the retail industry. Another important factor is the development of fulfilment, payment and other ancillary services associated with the retail industry. Macroeconomic conditions, particularly as retail spending tends to decline during recessions and other economic factors affecting consumer confidence, including inflation and deflation, fluctuations of currency exchange rates, volatility of stock and property markets, interest rates, tax rates and changes in unemployment rates, can also impact the development of the retail industry. If the demand for integrated supply chain solutions fails to develop as the Group expects, its business and growth could be adversely affected.

***If the Group's customers are able to reduce their logistics and supply chain costs or increase utilisation of their internal solutions, its business and operating results may be materially and adversely affected***

One major factor for customers to outsource and use the services of third-party logistics providers such as those provided by the Group is the high cost and degree of difficulty associated with developing in-house logistics and supply chain expertise and operational efficiencies. If its customers are able to develop their own logistics solutions, increase utilisation of their in-house supply chain, reduce their logistics spending or otherwise choose to terminate the Group's services, its eCommerce and Logistics businesses and operating results may be materially and adversely affected.

***Decreased availability or increased costs of equipment, supplies and materials could impact the Group's cost of operations***

The Group is dependent on supplies of equipment, including vehicles and sorting machines, conveyor systems and other network facilities, replacement parts and materials. There are a limited number of suppliers for certain types of equipment and supplies. Any significant reduction in availability or increase in cost of any such supplies could adversely affect its operations and increase its costs, which could adversely affect its operating results and cash flows.

***Fluctuations in the Group's traffic expenses, in particular, expenses resulting from changes to the terminal dues system or increased air conveyance costs, could adversely affect its results of operations***

Fluctuations in fuel prices are beyond the Group's control and could impact its business through increased traffic expenses, among other things. Traffic expenses are out-payments and include expenses such as terminal dues and conveyance fees, including air conveyance fees, and form a significant portion of the Group's total operating expenses. Factors that may impact terminal dues payments include the type and volume of mail, destination mix and the country classification by the UPU.

The Group's traffic expenses may also increase as a result of an increase in air conveyance fees. Any increase in air transport costs, including fuel, airline security or insurance costs, could result in these contracts being more expensive when the Group enters into any new air conveyance contracts, thereby increasing its operating expenses.

In addition to the lack of predictability of price and supply of fuel, geopolitical developments actions by the Organization of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries, regional production patterns and environmental concerns are also outside the Group's control. The cost of transportation (which includes freight rates and fuel prices) comprises a significant portion of the operation costs of its logistics business. Fluctuations in these costs could pose a risk to its profitability and revenue. If the Group is unable to put in measures to mitigate such price increases, it may not be able to compete effectively and this could have an adverse impact on the demand for the Group's international mail and express delivery services.

***The Group depends on the support of IT systems, the functioning of which may be substantially impaired by internal and external factors***

The Group's operations and administration are dependent on an IT infrastructure that is critical to the day-to-day management of operations and administration. Since computer and communications systems are particularly vulnerable to disruptions, damage, power failures, terrorism or other acts of sabotage, computer viruses, fires and similar events, there can be no full assurance that the Group's IT systems will not suffer from disruptions or breakdowns. If one or more elements of its IT infrastructure fail and backup facilities do not operate successfully, or administrative and/or operational processes related to such an element are impeded, the Group's operations, revenues, results of operations and/or financial condition could be adversely affected.

While the Group refreshes technology and IT systems as these systems become due for update, there may be risks associated with obsolete systems that may be introduced to its information and communication technology landscape due to merger and acquisition activities. These may require substantial resources to refresh and update.

The Group has in place a defence strategy for its IT systems: identification (of signs of attacks and vulnerabilities of its IT infrastructure), detection, prevention and reaction, and cyber security awareness training for senior management. The Group has also in place an escalation process for incident management, which facilitates timely response, internally and externally, to minimise the impact of any technological or data breaches. There can be no full assurance that this defence strategy will be sufficient and effective or that its business, financial condition and results of operations would not be adversely affected by such cyber security threats, data privacy breaches as well as other network security risks.

***Failure to keep pace with technological advancements and the impact of technology disruption would adversely affect the competitiveness of the Group's businesses***

The Group operates in a competitive environment where cost-effectiveness, efficiency and the range of services provided are important factors to its customers. Effective and efficient electronic management systems are important in streamlining its operations and maximising work efficiency. As the demands and needs of its customers become increasingly sophisticated or if its customers are able to develop their own logistics and supply chain solutions and the Group is not able to continually enhance and improve its businesses' operating systems and processes to adapt to new requirements in order for it to remain competitive, its financial performance will be affected. Failure to keep abreast of technological advancements in operating or management systems may render its businesses less competitive. In the event of a loss of the Group's competitive edge, its businesses, results of operation and prospects will be adversely affected.

***New technologies may fail and/or not produce the benefits that are expected***

The Group plans to continue to introduce and/or invest in new products, services and offerings as well as to make changes to its existing products, services and offerings and these initiatives may involve the use or investments in new technologies that the Group has little or no experience with. There is no guarantee that these new technologies will succeed. If the Group's new products, services and offerings involving the use of new technologies fail to attract or engage its customers or partners and/or fail to generate the revenue, operating margin or value that justify its investments, the Group's business and operating results may be materially and adversely affected.

***The Group's mail and parcel automation facilities may be significantly affected by factors beyond its control***

A significant portion of the infrastructure for its mail and logistics businesses are concentrated in single locations for which the Group has limited or no back-up facilities in the event of a disruption of operations at these locations. Accordingly, any catastrophic event that adversely affects such mail and parcel sorting automation capabilities will affect and interrupt its operations significantly.

The operation of its facilities is susceptible to many risks, including power failures, the breakdown, failure or substandard performance of equipment, hardware failures, disruptions or shutdowns during the process of upgrading or replacing software, databases or components thereof, computer viruses, malicious insiders, telecommunication failures, user errors and other natural disasters, catastrophic incidents such as airplane crashes, fires and explosions that are beyond the Group's control as well as normal hazards associated with operating a complex infrastructure. If there are significant interruptions of operations at one or more of its key facilities and operations cannot be easily or quickly transferred to other locations, the Group may not be able to meet the needs of its customers and its business, results of operations and financial condition could be adversely affected.

***Data privacy laws, rules and regulations in the Group's geographical markets could have a material adverse effect on its businesses, financial condition and results of operations***

The Group gathers, transmits, stores and uses customer information through its information systems and other platforms. The Group attaches great importance to customer information security and has taken actions as appropriate to protect it. However, the Group may not be able to prevent the loss, leakage, theft or misuse of customer information resulting from hacking or virus infection caused by, among others, defective software and hardware, or wilful misconduct or negligence committed by operators. The Group faces risks related to the non-compliance with applicable laws, rules and regulations on the collection, use, disclosure and security of personal information under data privacy laws. Any system failure, breach or lapses on the Group's part to exercise due care and control over these personal data will affect its reputation and business. Changes in data privacy laws, rules and regulations could have a material adverse effect on the Group's business, financial condition and results of operations. Compliance with these laws, rules and regulations requires the Group to incur increased expense and devote considerable time to compliance efforts.

If any of the above occurs, the Group may be subject to investigations, warnings, sanctions or penalties from the regulatory authorities or be subject to the obligation to compensate the victims as well as other legal and regulatory liabilities. Claims against the Group may exceed the amount of its insurance coverage, or may not be covered by insurance at all. If the Group's services or reputation is affected by these factors, its reputation, business, financial condition and results of operations may be materially and adversely affected.

***The Group's failure or alleged failure to comply with sanctions, anti-corruption laws, anti-money laundering laws and/or countering the financing of terrorism laws could result in penalties, which could harm its reputation and have an adverse effect on its business, results of operations and financial condition***

The Group operates in many jurisdictions for which there are strict laws and regulations related to anti-corruption, anti-money laundering and countering the financing of terrorism laws. Anti-corruption laws prohibit bribery to government agencies, state or government owned or controlled enterprises or entities, to government officials or officials that work for state or government owned enterprises or entities, as well as bribery to non-government entities or individuals. The Group is mindful in particular of the U.S. Foreign Corrupt Practices Act (the "**FCPA**"), which generally prohibits companies and any individuals or entities acting on their behalf from offering or making improper payments or providing benefits to foreign officials for the purpose of obtaining or keeping business, along with various other anti-corruption laws. The Group's existing policies prohibit activities which breach anti-corruption and anti-bribery laws but there is no assurance that such policies or procedures will work effectively at all times or protect the Group against liability under the FCPA or other anti-corruption laws. There is no assurance that the Group's employees, suppliers and other third parties will always observe its policies and practices and the Group may be potentially exposed to violations under FCPA or other anti-corruption laws or anti-money laundering and countering the financing of terrorism laws.

The U.S. and other jurisdictions, including the European Union and the United Nations, have comprehensive or broad economic sanctions targeting certain countries, including Cuba, Iran, Syria, Myanmar, Liberia, Zimbabwe and North Korea. As a member of UPU, the Group has certain obligations to provide basic mail services to all member countries. There can be no assurance that the entities with whom the Group now, or in the future may, engage in transactions will not be subject to U.S. or international sanctions. Any business activities with countries that are subject to international sanctions may result in the Group being subject to negative media or investor attention.

If the Group is found not to be in compliance with sanctions, any anti-corruption, anti-money laundering and countering the financing of terrorism laws, it may be subject to criminal, administrative, and civil penalties and other remedial measures, which could have an adverse impact on its business, results of operations and financial condition. Any investigation of any potential violations of any sanctions, the FCPA or other anti-corruption laws, anti-money laundering or countering the financing of terrorism laws, by U.S. or other authorities, could adversely impact its reputation, resulting in the Group losing customers and these could have an adverse impact on its business, results of operations and financial condition.

***The Group may be involved in legal and other disputes from time to time arising in the ordinary course of its business***

The Group is exposed to various claims relating to its commercial operations, personal injuries, employee and labour disputes, shareholder disputes and other disputes in the ordinary course of its business. The Group cannot assure that it will obtain outcome favourable to it in arbitrations, litigations or settlements in which it is involved. Any disputes arising in the future may also damage its reputation, increase its operational costs or divert time and other resources from its business.

***The Group is dependent on sufficient insurance coverage***

The Group maintains various insurance policies to safeguard against risks and unexpected events. The Group has obtained insurance policies from commercial insurers to cover risks arising from its business activities, but insurance policies could prove to offer insufficient coverage in individual cases of damages, losses or liability claims. The Group maintains terrorism-risk insurance for all the properties that it owns within Singapore only. If the Group incurs losses that are not covered by its insurance policies or its insurers are unwilling or the amounts reimbursed are significantly less than its actual losses, the Group's businesses, financial condition and results of operations could be materially and adversely affected.

The Group's delivery services are effected through a large number of personnel and commercial vehicles and are therefore exposed to transportation safety and risks. Items may be lost or damaged in the course of delivery. The insurance maintained by the Group may not fully cover the damages and injuries that may be occasioned by such risks and consequently, it may be liable for further compensation to affected parties.

Moreover, it is also uncertain whether companies with global operations such as the Group will be able to continue to obtain suitable insurance coverage for all business risks on economically acceptable terms at all times in the future. It is possible that insurance companies may stop providing coverage under comprehensive/third-party liability insurance policies for certain risks in connection with terrorist attacks, war or other hostile actions at commercially acceptable terms or may suspend such insurance entirely. Further, terrorist attacks, acts of sabotage, and other disasters, especially if they occur during air travel or are directed against aircrafts, could result in insurance coverage for air transport risks becoming more expensive or limited in scope and covered amount. Any such development could adversely affect the Group's revenues, results of operations and/or financial condition.

***The Group is dependent on the hiring and retention of qualified employees and senior managers as well as on a good relationship with its employees, employee representatives and trade unions***

The Group's employees and their skills are essential to its future success. In many of the countries and regions in which it operates, the Group faces increasing competition for qualified employees and executives. Across all its business areas, the Group is dependent on its ability to hire highly qualified employees and to retain them for the long term. Even though the Group endeavours to mitigate the risk of losing expertise as a result of a loss of key employees by implementing various measures designed to motivate, commit, develop and promote its employees, there can be no full assurance that the Group will be successful in retaining key employees. In addition, demographic change could lead to a decrease in the pool of available talent in various markets. Any failure to succeed in recruiting and retaining suitable employees could adversely affect the Group's business, revenues, results of operations and/or financial condition. Furthermore, increasing staff costs or labour disputes/strikes could adversely affect its revenues, results of operations and/or financial condition.

***The Group's business and operations may be disrupted due to terrorism-related activities***

Terrorist attacks, including acts of sabotage, bioterrorism and new forms of terrorism, armed conflicts, political unrest, embargoes and economic instability throughout the world or organised crime could adversely affect global business and the political environment in general. The Group's business and operations may be disrupted by the threat of anthrax attacks or mail bombs, whether real or hoaxes, or any other terrorism-related activities. Any such incident involving the Group's customers or its employees could negatively impact the confidence in its operations and could harm its business, results of operations, financial condition and reputation.

Furthermore, any enhancement of security measures could result in increased costs for the Group and could adversely affect its revenues, results of operations and/or financial condition, if the Group is not successful in passing any increase in cost on to its customers or if it is not in a position to fully adhere to more stringent regulatory requirements.

***The Group's businesses are exposed to the success of its customers' business and any changes to their business strategies***

The Group's businesses depend on the success of its customers' business. Failure by its customers to successfully market their brands or to provide reliable or satisfactory services may result in them pulling out of that market or region thereby causing the Group to lose out on future business opportunities in that particular market or region. The Group's businesses also depend on whether there are any changes to its customers' business strategies or the strategies of their distributors. In the event that they undertake major changes to their business model, they might not require its services thereby causing the Group to lose its further business opportunities with them.

***The Group's businesses may have key customers, and the performance of these businesses is dependent on the profitability and credit worthiness, as well as the Group's retention of, such customers***

The Group's businesses may serve key customers that significantly contribute to the Group's revenue. If any of these key customers faces deterioration in their business conditions which may cause such customers to default on their contractual obligations to the Group or to terminate their contracts with the Group, this could have an adverse impact on the Group's business and financial results.

***The Group's businesses operate in markets which are highly competitive and competition may continue to intensify. If the Group is not able to maintain or improve its market share or profit margins, its business may be materially and adversely affected***

The Group faces significant competition in many aspects of its businesses, both domestically and in the regions that it has its operations in. This includes larger and more established companies which are able to provide customers with a wider variety of services and products, some of which may compete directly with its services and products. Many of the Group's current and potential competitors may also have significantly greater resources and broader global recognition and may also occupy better competitive positions in the markets that the Group has its operations in. These factors may allow its competitors to respond more quickly to new or emerging technologies and changes in market requirements than the Group can. The Group's competitors may also develop products, features or services that are able to achieve greater market acceptance in the short term through more aggressive product development efforts, marketing campaigns and/or pricing policies and there is no assurance that the Group may be able to respond in a manner so as to maintain its competitiveness. If the Group cannot compete effectively, this may make its products, services and offerings less attractive to its customers and partners which may in turn affect its operating margins and profits.

***If the Group is unable to meet service level expectations and contractual commitments, its business may be materially and adversely affected***

The Group's reputation and its continual ability to retain existing customers and to attract new customers are highly dependent on its ability to meet contractual service response timelines, standards and other commitments. Consequently, a failure to meet the contracted service response timelines, standards and/or commitments that the Group has agreed with its customers could result in penalties being imposed which could in turn materially and adversely affect its business, financial condition and results of operations, and may lead to reputational damage.

As the Group outsources some of its services to third party providers, there can be no assurance that it will be able to claim from these third party providers any indemnity or compensation for claims made against the Group for failing to meet the service response timelines, standards and/or other commitments that it had contractually agreed with its customers. In the event that the Group is involved in any legal dispute or court proceedings relating to its services, the Group may incur a significant amount of expenses and resources on such proceedings. As such, the Group's business, results of operations and financial performance may be adversely affected, and may lead to reputational damage.

***The Group's costs may grow rapidly which could seriously harm its business or increase its losses***

Many of the Group's businesses operate on fine margins. As the Group continues to innovate and expand its services, products and offerings and expand its operations, it expects that its expenses, including those related to labour costs and investments in technology as well as marketing, sales, and other operating expenses may increase in the future. Costs may also increase as the Group seeks to maintain or improve its service standards. There can be no assurance that the Group will be able to manage its costs and expenses effectively or that it will be able to use its resources and infrastructure more efficiently. If there is no corresponding increase in its revenue and profits, the Group's business, results of operations and financial condition may be materially and adversely affected.

***The Group is exposed to risks associated with the content of the items it handles, delivers, and/or stores***

The Group's Post and Parcel and Logistics businesses handle, deliver and/or store a large volume of mail and parcels on a daily basis. While the Group will always do its best to screen shipments, it may fail to detect unsafe or prohibited/restricted articles and inventories. There is also a possibility of unsafe items and/or dangerous goods such as flammables, explosives, toxic, corrosive and radioactive items that may be shipped and are not notified to the Group by the customers or are not detected in its premises which may damage other items or its facilities. If the Group is found not to have prevented prohibited or restricted items and it handles the delivery of such items, it may be subject to measures or restrictions imposed by local or governmental authorities as well as potentially significant civil and criminal liabilities. This could adversely affect the Group's revenues, results of operations and/or financial condition. Further, a significant incident, particularly a well-publicised incident involving potential or actual harm to member of the public, could damage its reputation.

***Some aspects of the Group's business are provided through third parties and it has limited control over these outsourced personnel and may be liable for violations of laws and regulations***

For cost efficiency purposes, the Group outsources some aspects of its business to third party contractors. The Group enters into agreements with third party outsourcing providers only and do not have any contractual relationship with the personnel provided by them. Since these outsourced personnel are not directly employed by the Group, its control over them is limited as compared to its control over its own employees. If any outsourced personnel fail to operate in accordance with the Group's instructions, policies and business guidelines, its market reputation, brand image and results of operations could be materially and adversely affected.

***The Group operates in highly regulated industries***

The Group's businesses and operations are subject to international, country, state and/or local rules and regulations and the laws of the other jurisdictions and countries in which the Group operates. These laws, rules and regulations govern various aspects of its businesses. In particular, the Group seeks to operate in the local logistics regulatory framework of each country and requires the requisite licences for mailroom, parcel forwarding, freight forwarding, warehousing, fulfilment as well as customs clearance (where applicable) in the relevant countries. The Group's postal business in Singapore also requires it to obtain the requisite licence for it to provide retail services which includes the provision of certain regulated payment services. In addition, some of the Group's facilities are subject to periodic inspection by governmental agencies and/or regulatory bodies.

To operate its facilities, the Group must obtain and maintain numerous permits, licences and approvals from various governmental agencies and/or regulatory bodies, to comply with the various applicable laws, regulations and legislation as promulgated or re-enacted by relevant authorities from time to time, and these legal compliance costs will add on to its costs of doing business. Failure to obtain such permits, licences and approvals could cause its operations to be suspended, expose the Group to fines or other penalties and adversely impact on its brand and reputation. Fire and safety rules and regulations govern the storage, transportation and handling of flammable chemical or hazardous products. In addition to these rules and regulations, various licences and certificates, such as safety certificates for handling flammable chemical or hazardous products, must be obtained from the relevant bodies in the countries in which the Group operates.

The Group's business, results of operations and financial condition may be affected by changes in the laws, government regulations or policies and these may affect the costs associated with its business operations.

***The Group's postal business is dependent on the continuity of its Postal Licence***

The Group's provision of mail services in Singapore is regulated under the Postal Services Act which is administered by the IMDA. Pursuant to the Postal Services Act, SingPost is granted a Postal Licence by the IMDA. As the designated Public Postal Licensee, SingPost operates under the postal regulatory framework for basic mail services, which requires compliance with stringent service standards, licensing conditions, the Postal Services Act, the Postal Competition Code, and other regulations. SingPost's Postal Licence was renewed for a further 20 years, with effect from 1 April 2017. There is no assurance that SingPost will be able to renew the Postal Licence that has been granted to it on terms that are the same or equivalent to those that currently apply, or at all or that the Postal Licence will not be revoked. Failure to renew its Postal Licence or the revocation of the Postal Licence will have a material adverse effect on its revenues, results of operations and financial condition of its mail business. SingPost is subject to Quality of Service standards set by IMDA and may face potential penalties for failure to meet such standards.

***The Group is subject to compliance with various laws, regulations and legislation, including new laws, regulations and legislation that may be promulgated or re-enacted by relevant authorities from time to time, and non-compliance may materially and adversely affect its business operations***

The Group's business operations are subject to various laws, regulations and governmental directives in the countries that it operates in. While the Group aims to comply with all applicable and relevant laws, regulations and directives at all material times and have put in place the necessary controls, there can be no assurance that there will not be breaches that may arise from inadvertent oversight and it may not be able to rectify all such non-compliances in a timely manner. Any changes in or introduction of new laws, regulations and government directives that requires its compliance may also increase its cost of operations. Accordingly, a significant increase in compliance costs arising from new government legislation, regulations and policies in the countries that the Group operates in may adversely affect its operating results.

In relation to the Group's businesses and operations that require the holding of various licences and permits, its ability to continue such businesses and operations is dependent on its ability to comply with the conditions stipulated in such licences and permits and/or the relevant laws and regulations under which such licences and permits are issued. Failure to comply with such conditions, laws or regulations could result in the revocation, non-renewal or failure to successfully obtain the relevant licence or permit and this may cause the Group to be unable to continue with the relevant business or operation. This could have a material and adverse effect on its business, results of operations and financial performance.

***The Group's property operations are subject to risks arising from laws and regulations***

Many of the Group's post offices and warehousing facilities are located in properties which it does not own and which are leased from third parties. Many of these lease agreements are for three years and the Group will usually negotiate for options to renew these leases on the same terms as the existing agreements. However, it is not possible in all cases to renew the leases or to renew the leases on commercially reasonable terms. In addition, the Group is also subject to the risk of landlords terminating the leases earlier than the expected duration of the lease. Even if the landlords should compensate the Group, such compensation may not be sufficient to cover its losses in obtaining its replacement properties. In addition, its leases may also be subject to immediate termination should the Group breach any of the terms and conditions materially. The Group may be subject to losses and extra costs that are to be incurred for relocation and putting the replacement properties in conditions that are suitable and appropriate for the Group's use.

The Land Acquisition Act, Chapter 152 of Singapore gives the Singapore government the power to acquire any land in Singapore:

- for any public purpose;

- for any work or an undertaking which is of public benefit or of public utility or in public interest; or

- for any residential, commercial or industrial purposes.

In such event, compensation to be awarded would be:

- the market value of the property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication, a declaration of intention to acquire is made by publication in the Government Gazette); or

- the market value of the property as at the date of publication in the Government Gazette of the declaration of intention to acquire.

In such event, the market value of a property (or part thereof) which is acquired by the Singapore government may be less than the price which the Group paid for the property.

The Group's self-storage facility businesses are conducted on properties that may also be subjected to fire-control regulatory requirements. In the event that the use of the properties are challenged by the regulators or are affected by fire incidents, the Group may be forced to relocate from the affected properties. These will have an adverse impact not only on its financial results and performance but also on its brand reputation.

***The Group's property business may be affected by its ability to attract and retain tenants***

The cash flow of the Group's property business including its warehouses is affected by its ability to lease the retail, commercial and warehouse spaces. The Group's ability to lease vacant units and the value of such units in its retail, commercial and/or warehouse properties could be adversely affected by the loss of a key tenant or customer in the event such key tenant files for bankruptcy or insolvency or experiences a downturn in its business. Space that has been vacated by certain tenants could reduce the demand for and value of other warehousing, retail and commercial units in the Group's warehousing, retail and commercial properties. For example, in the case of the retail units at the retail mall at SPC, the loss of a key tenant may affect the ability to draw other customers and footfall to the retail mall. In addition, the Group may face difficulties in finding suitable replacement tenants for space vacated by such tenants in a timely manner, if at all, and if found, the lease terms with such replacement tenants may be less satisfactory or favourable. Any of these events could materially and adversely affect its ability to optimise revenue and cash flow for such retail, commercial and warehouse spaces thereby affecting its business, results of operations and financial condition.

There could be changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, land and title acquisition, taxes and governmental changes. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure or relocation of the Group's businesses to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to the building standards or town planning laws, or the enactment of new laws.

***Any due diligence investigations on the properties, tenancies, buildings and equipment and future acquisitions may not have identified all material defects, breaches of laws and regulations and other deficiencies***

While the Group believes that reasonable due diligence investigations have been conducted with respect to its property investments and acquisitions and will be conducted in respect of future acquisitions prior to their acquisition, there can be no assurance that such properties or acquisitions will not have defects and deficiencies requiring repair or maintenance. Any potential problems may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse impact on the Group's business, financial condition, and results of operations.

In addition, if any of the properties or any of the acquired companies are in breach of laws and regulations or fail to comply with certain regulatory requirements in ways that its due diligence investigations did not uncover, the Group may incur additional financial or other obligations in relation to such breaches or failures, which will have an adverse effect on its business, financial condition, results of operations and prospects.

***The properties held by the Group may face competition from other properties***

There are many commercial spaces and properties in Singapore that compete with properties held by the Group in attracting tenants. Its properties may also compete with properties that may be developed in the future. This competition may affect the occupancy rates and rental rates of the Group's properties. The Group also competes with other real estate owners for property acquisitions and property-related investments. Any of the above factors could have a material adverse effect on its revenues, results of operations and/or financial condition.

The commercial property industry is competitive and may become increasingly so because of the increase in eCommerce retail transactions and this may result in a decrease in the demand for new commercial properties. The income from, and market value of, the Group's commercial property, SPC, will depend on its ability to compete against other commercial properties which target the same market segment in attracting and retaining tenants. An increase in the number of competitive commercial properties in Singapore could have a material adverse effect on the revenue and/or occupancy rates of SPC, as such increased competition may adversely impact the tenants of SPC and consequently affect their profitability and ability to make rental payments or affect their decision whether or not to renew their leases which will in turn affect demand for the commercial space in SPC, their rental rates and/or occupancy rates.

***The Group's revenue earned from the rental of its properties may be adversely affected by a number of factors***

The Group's revenue earned from the rental of its properties may be adversely affected by a number of factors, including:

- a general downturn of the economy affecting occupancy and rental rates;
- the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, changes in market rental rates and operating expenses for its properties);
- competition for occupants from other properties which may affect rental levels or occupancy levels at its properties;
- timing and costs associated with asset enhancement works;
- an increase in consumer purchases through catalogues or the internet;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes, government charges and environmental issues, which may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance;
- legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment, which may affect or restrict rights related to the relevant properties; and
- acts of God, wars, terrorist attacks, riots, civil commotions and other events beyond the Group's control (such as the outbreak or spread of communicable diseases or infections).

***The Group's operations are subject to operational risks and risks of catastrophic accidents***

Logistics services require a complex operating infrastructure (which includes the availability of internal as well as external infrastructure such as roads, railways, harbours and airport infrastructure) with high quality standards to avoid any disruptions to the flow of shipments. The Group's logistics operations can be compromised by problems arising, for example, with regard to posting and collection, sorting, transport, warehousing, delivery or a catastrophic accident or series of accidents, including accidents that affect its suppliers and contractors. Any disruptions or malfunctions of or any accidents relating to the infrastructure or in its operational processes could adversely impact its revenues, results of operations and/or financial condition.

***Occupational health and safety is a key risk in the Group's operations***

The Group is required to be constantly vigilant over the health and safety of its employees, especially because some aspects of its postal service operations and logistics infrastructure involve the installation and use of complex machinery. Any failure to comply with health and safety regulations may result in fines, damages and criminal or civil sanctions. Actual or alleged violations arising under any health and safety laws may cause interruptions to its operations and may have a material adverse effect on its reputation, business, results of operations and financial condition.

***The Group's ability to borrow in the bank or capital markets may be materially and adversely affected by a financial crisis in a particular geographic region, industry or economic sector***

The Group's ability to borrow in the bank or capital markets to meet its financial requirements is dependent on favourable market conditions. Financial crises in particular geographic regions, industries or economic sectors could in the future, lead to sharp declines in the currencies, stock markets and other asset prices in those geographic regions, industries or economic sectors, which in turn threaten affected companies, financial systems and economies, and which may also significantly increase the costs of such borrowing. For these or other reasons, the Group may be unable to obtain future financing on favourable terms, or at all, to fund its operations, anticipated capital expenditure and working capital requirements and this could materially and adversely affect the Group's business, results of operations and financial condition.

***Future financing may place restrictions on the Group's operations***

If the Group is required to raise additional financing to meet capital or operational requirements and such financing requirements are carried out by additional debt financing, it may have restrictions placed on itself through such debt financing arrangements which may:

- increase the Group's vulnerability to general adverse economic and industry conditions;
- limit the Group's ability to pursue its growth plans;
- require the Group to dedicate a substantial portion of its cash flow from operations to payments on its debt, thereby reducing the availability of its cash flow to fund capital expenditure, working capital requirements and other general corporate purposes; and
- limit the Group's flexibility in planning for, or reacting to, changes in its business and its industry.

***The Group is exposed to defaults from customers on their obligations***

The Group's business is predominantly in the Asia Pacific region where it believes its growth will be more sustainable. While the Group attempts to mitigate its counterparty risk by transacting with customers with a good credit history or by requiring customers to place cash deposits, arrange letters of credit facilities or make financial arrangements with established and creditworthy financial institutions, there can be no assurance that the Group will always be able to transact with customers with a good credit history or adequately mitigate counterparty risk with adequate security. As such, the Group cannot assure that all of its customers will be able or willing to fulfil their obligations under the contracts that the Group enters into with them.

***Uncertainties and instability in global market conditions could adversely affect the Group's business, financial condition and results of operations***

The current global environment presents significant policy uncertainties, especially in global trade and geopolitical tensions.

Trade frictions have started to arise between the largest trading partners in the world and a number of other events have contributed to trade uncertainties. Among other things, the ongoing trade war between the United States of America and China, the large fiscal deficit incurred by the United States of America, China's loose fiscal and credit policies, Europe remaining on the path of economic recovery, and the uncertainty of the consequences of the United Kingdom's withdrawal from the European Union, could undermine the stability of global economies and result in a general global economic downturn or recession or even a financial crisis, which could have a material adverse effect on the Group's business.

Such uncertain and unfavourable economic and political conditions could have a collateral effect on growth and financial performance in trade-exposed economies such as Singapore. The Group has no control over such conditions and developments and can provide no assurance that such conditions and developments will not adversely affect its operations.

***Any change to SingPost's credit rating may increase its financing costs and affect its ability to finance its operations and investments***

SingPost has been rated by Standard & Poor's. Depending on SingPost's rating, its access to the capital markets may be limited and refinancing on the capital markets may be more expensive. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in such rating agency's judgment the circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the rating assigned to SingPost may adversely affect the market price of the Notes.

***Due to the Group's global operations, it is exposed to fluctuations in foreign exchange rates***

The Group operates and sells its services globally, and a substantial portion of its assets, liabilities, costs, sales and income are denominated in currencies other than the Singapore dollar. Its main currency transaction risk 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 and US dollars. SDR is an International Monetary Fund unit of account used for valuing international transactions, which is defined in terms of a basket of currencies. The actual settlement is usually in US dollars. The Group uses foreign currency purchases and currency forwards to manage the currency risk. These instruments are used mainly to hedge underlying exposures and the instruments are not entered into for speculative reasons. In addition, the Group is exposed to currency translation risk on net assets in foreign subsidiaries, associated companies and joint ventures. Currency exposure to the net assets in foreign subsidiaries, associated companies and joint ventures where a divestment is not foreseeable is not hedged by the Group.

The exchange rates between foreign currencies fluctuate. Although the Group pursues a policy of hedging currency risks by hedging planned divestment of overseas investments using currency forwards to manage the currency risk, it is nonetheless subject to a significant exposure to currency fluctuations. Fluctuations in exchange rates, could therefore adversely affect the Group's revenues, results of operations and/or financial condition.

Further, its currency hedging might not fully protect the Group against fluctuations in exchange rates or may otherwise reduce or negate the benefit it is able to derive from positive changes in exchange rates. If the Group's hedging policy proves unsuccessful, it could adversely affect its revenues, results of operations and/or financial condition. Moreover, future changes in the regulation of over-the-counter derivatives trading may increase the costs for hedging currency or other risks.

***The Group is exposed to fluctuations in interest rates***

Fluctuations in interest rates could adversely affect the Group's revenues, results of operations and/or financial condition. In particular, its interest rate hedging measures may not fully protect the Group against fluctuations in interest rates or may otherwise reduce or negate the benefit the Group is able to derive from positive changes in interest rates. Moreover, future changes in the regulation of over-the-counter derivatives trading may increase the costs for hedging interest rate risks.

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 is exposed to fair value interest rate risk from its bonds and fixed rate notes.

***The legal concept of limited liability for loss or damage of goods that the Group carries is increasingly being challenged and this may result in increased exposure to claims***

The Group transports goods under the conditions of the international conventions in respect of the carriage of goods by air, sea and road. These conventions and the Group's distribution contracts contain provisions that limit its liability in the event it loses or damages goods belonging to its customers. In the past, this principle was generally accepted as normal business practice but in recent years courts and regulators in an increasing number of jurisdictions outside of Singapore are more sympathetic to allegations of "gross negligence" or "lack of due care", thereby setting aside the principles of limited liability. This trend may expose the Group to more and increased loss and damage claims. These factors, together with the increased value of the goods the Group carries, could result in a significant increase in its financial exposure to claims which in turn could harm its business, results of operations and financial condition.

**RISKS ASSOCIATED WITH THE SECURITIES GENERALLY**

***The Securities may not be a suitable investment for all investors***

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal, interest or distribution payable in one or more currencies, or where the currency for principal, interest or distribution payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets;

(v) understand thoroughly the nature of all these risks before making a decision to invest in the Securities; and

(vi) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities are complex financial instruments. Sophisticated investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should seek independent legal advice to determine whether and to what extent (1) Securities are legal investments for the potential investor, (2) Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

***Limited liquidity of the Securities issued under the Programme***

There can be no assurance regarding the future development of the market for the Securities issued under the Programme or the ability of the holders of the Securities, or the price at which such holders of the Securities may be able, to sell their Securities.

The Securities may have no established trading market when issued, and one may never develop. Even if a market for the Securities does develop, there can be no assurance as to the liquidity or sustainability of such market. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally would have a more limited secondary market and more price volatility than conventional debt securities. If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, currency or the market for similar Securities, general economic conditions and the financial condition of the Issuer. If the Securities are trading at a discount, investors may not be able to receive a favourable price for their Securities, and in some circumstances investors may not be able to sell their Securities at their fair market value or at all.

Illiquidity may have a severely adverse effect on the market value of the Securities. Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issue in the market of such additional Securities.

Although an application will be made for the listing and quotation of any Securities to be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST, there is no assurance that such application will be accepted, that any particular Tranche of Securities will be so admitted or that an active trading market will develop. In addition, the market for investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Securities to be issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Securities.

***Fluctuation of market value of the Securities issued under the Programme***

Trading prices of the Securities are influenced by numerous factors, including the operating results, business and/or financial condition of the Issuer, the Guarantor and/or their respective subsidiaries, their respective associated companies (if any) and their respective joint venture companies (if any), the market for similar securities, political, economic, financial and any other factors that can affect the capital markets, the industry and the Issuer, the Guarantor and their respective subsidiaries, their respective associated companies (if any) and their respective joint venture companies (if any) generally. Adverse economic developments, acts of war and health hazards in Singapore and countries in which the Issuer, the Guarantor, their respective subsidiaries, their respective associated companies (if any) and/or their respective joint venture companies (if any) operate or have business dealings, could have a material adverse effect on the operations, operating results, business, financial condition, performance and/or prospects of the Issuer, the Guarantor and/or their respective subsidiaries, their respective associated companies (if any) and/or their respective joint venture companies (if any).

Further, recent global financial turmoil and geopolitical risks have resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of any Series or Tranche of Securities.

***Investments in the Securities are subject to interest rate risk***

Holders of the Securities may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Securities, resulting in a capital loss for the holders of the Securities. However, the holders of the Securities may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Securities may rise. The holders of the Securities may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates. Investment in fixed rate Securities involve the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate Securities.

***The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Securities linked to or referencing such "benchmarks"***

The Programme allows for the issuance of Securities that reference certain interest rates or other types of rates or indices which are deemed to be "benchmarks", including SOR or SIBOR, in particular with respect to certain Floating Rate Notes or Floating Rate Perpetual Securities where the reference rate may be SOR, SIBOR or another such benchmark. The Pricing Supplement for the Securities will specify whether SOR, SIBOR or another such benchmark is applicable.

Interest rates and indices which are deemed to be or used as "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Security linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") applies, subject to certain transitional provisions to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU (which, for these purposes, includes the United Kingdom). Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Securities linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the national or international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of the LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. The UK Financial Conduct Authority ("**FCA**") has through a series of announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. As the Swap Offer Rate methodology relies on US$ LIBOR in its computation, the likely discontinuation of LIBOR after end-2021 will impact the future sustainability of the Swap Offer Rate. On 30 August 2019, the MAS announced that it has established an industry-led steering committee, the Steering Committee for SOR Transition to SORA (the "**SC-STS**"), to oversee an industry-wide interest rate benchmark transition from the Swap Offer Rate to the Singapore Overnight Rate Average ("**SORA**"). On 5 August 2020, MAS announced several initiatives to support the adoption of SORA, including prescribing SORA as a financial benchmark under the SFA. The initiatives aim to catalyse greater activity in SORA markets, safeguard the benchmark's integrity and enhance market confidence in SORA. The Association of Banks in Singapore has also proposed to discontinue certain tenors for SIBOR and to amend the methodology for determining SIBOR. On 27 October 2020, the SC-STS announced industry timelines to support a coordinated shift away from the use of SOR in financial products, and to concurrently accelerate usage of SORA. SOR is set to be discontinued alongside LIBOR discontinuation after end-2021 and more specifically, all lenders and borrowers are to cease the issuance of SOR-linked loans and securities that mature after end-2021.

It is not possible to predict with certainty whether, and to what extent, SOR and SIBOR will continue to be supported going forward. This may cause SOR and SIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Securities linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the "benchmark".

Investors should be aware that, if SOR or SIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes and the rate of distribution on Floating Rate Perpetual Securities which reference SOR or SIBOR will be determined for the relevant period by the fallback provisions applicable to such Notes or Perpetual Securities, as the case may be. Depending on the manner in which SOR or SIBOR is to be determined under the Conditions, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for SOR or SIBOR which, depending on market circumstances, may not be available at the relevant time or (ii) result in the effective application of a fixed rate for Floating Rate Notes and Floating Rate Perpetual Securities based on the rate which was last observed on the relevant Screen Page. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes and Floating Rate Perpetual Securities which reference SOR or SIBOR.

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 5.6 of the Notes and Condition 4.5 of the Perpetual Securities), or result in adverse consequences to holders of any securities linked to such benchmark (including but not limited to Floating Rate Securities or Securities whose interest or distribution rates are linked to LIBOR or any other such benchmark that is subject to reform).

Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Securities, the return on the relevant Securities and the trading market for securities based on the same benchmark.

The Conditions of the Notes and the Conditions of the Perpetual Securities provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. Due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser acting in consultation with the Issuer, the relevant fallback provisions may not operate as intended at the relevant time.

Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to or referencing or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of Securities in making any investment decision with respect to any Securities linked to or referencing a benchmark.

***The Securities and the Guarantee are not secured***

The Securities and Coupons of all Series constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities and the Coupons relating thereto) and (in the case of Notes, subject to the provisions of Condition 4 of the Notes) unsecured obligations of the Issuer and shall at all times rank *pari passu* without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer. The payment obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities and the Coupons relating thereto) and (in the case of Notes, subject to the provisions of Condition 4 of the Notes) unsecured obligations of the Guarantor and shall rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Accordingly, on a winding-up or dissolution of the Issuer, and/or the Guarantor, unless the Securities and the Guarantee are secured pursuant to Condition 4 of the Notes, the Securityholders will not have recourse to any specific assets of the Issuer or the Guarantor as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders and there can be no assurance that there would be sufficient value in the assets of the Issuer and/or the Guarantor, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons owed to the Securityholders.

***The Guarantor may not fully hedge the currency risks associated with Securities denominated in foreign currencies***

The majority of the Guarantor's revenue is generally denominated in Singapore dollars and the majority of its operating expenses are generally incurred in Singapore dollars as well. As Securities issued under the Programme can be denominated in currencies other than Singapore dollars, the Guarantor's business, financial condition and results of operations may be affected by fluctuations between the Singapore dollars and such foreign currencies in meeting the payment obligations under such Securities and there is no assurance that the Guarantor will be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

***Investments in the Securities are subject to inflation risk***

Holders of the Securities may suffer erosion on the return of their investments due to inflation. Holders of the Securities would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the quantum of actual returns.

*Performance of contractual obligations by the Issuer is dependent on other parties*

The ability of the Issuer and the Guarantor to make payments in respect of the Securities may depend upon the due performance by the other parties to the transaction documents of their obligations thereunder including the performance by the Trustee and/or the Agents of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer and the Guarantor of their respective obligations to make payments in respect of the Securities, the Issuer and the Guarantor may not, in such circumstances, be able to fulfil their respective obligations to the Securityholders and the Couponholders.

*The Trustee may request Securityholders to provide an indemnity and/or security and/or prefunding to its satisfaction*

In certain circumstances (including without limitation, pursuant to Condition 11 of the Notes or, as the case may be, Condition 9.4 of the Perpetual Securities), the Trustee may (at its discretion) request the Securityholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be obliged to take any such action if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action notwithstanding the provision of an indemnity or security or prefunding to it in breach of the terms of the Trust Deed and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such action directly.

*The Securities are subject to modification*

The Conditions of the Securities contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The Conditions of the Securities also provide that the Trustee may at any time or times without any consent or sanction of the Securityholders or the Couponholders concur with the Issuer and the Guarantor in (i) making any modification to the Trust Deed (except as mentioned in the Trust Deed) or any of the other Issue Documents (as defined in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the other Issue Documents, which in the opinion of the Trustee it may be expedient to make, provided the Trustee is of the opinion that such modification, waiver or authorisation will not be materially prejudicial to the interests of the Securityholders or the Couponholders or (ii) making any modification to the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, or which is to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Securities may be held. Any such modification, waiver or authorisation shall be binding on the Securityholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer and the Guarantor shall cause such modification, waiver or authorisation to be notified to the Securityholders as soon as practicable thereafter.

*The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)*

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, the Common Depositary, or lodged with CDP (each of

Euroclear, Clearstream, Luxembourg and CDP and/or such other clearing system, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities. The relevant Clearing System will maintain records of their direct accountholders in relation to the Global Securities and Global Certificates. While the Securities are represented by a Global Security or Global Certificate, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by the Global Security or Global Certificate, the Issuer will discharge its payment obligations under the Securities by making payments to the Common Depositary or, as the case may be, to the CDP, for distribution to their accountholders or, as the case may be, to the relevant Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in the Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right under the Global Securities and Global Certificates to take enforcement action against the Issuer or the Guarantor in the event of a default or an enforcement event under the Securities but will have to rely upon their rights under the Trust Deed.

***Exchange rate risks and exchange controls may result in Securityholders receiving less interest, distribution and/or principal than expected***

The Issuer will pay principal and interest or, as the case may be, distribution on the Securities in the currency specified. This presents certain risks relating to currency conversions if Securityholders' financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Securities are denominated would decrease (a) the Investor's Currency equivalent yield on the Securities, (b) the Investor's Currency equivalent value of the amount payable on the Securities, if any, and (c) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Securityholders may receive less principal, interest and/or distributions than expected, or no principal, interest and/or distributions at all.

***The value of the Securities could be adversely affected by a change in Singapore law or administrative practice***

The terms and conditions of the Securities are based on Singapore law in effect as at the date of issue of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities and any such changes could adversely impact the value of the Securities.

***Application of Singapore insolvency and related laws to the Issuer and the Guarantor may result in a material adverse effect on the Securityholders***

There can be no assurance that the Issuer and/or the Guarantor will not become bankrupt, unable to pay its debts or insolvent, or be the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer and/or the Guarantor, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Securityholders.

Where the Issuer or the Guarantor is insolvent or close to insolvent and the Issuer or, as the case may be, the Guarantor undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer or, as the case may be, the Guarantor. It may also be possible that if a company related to the Issuer or, as the case may be, the Guarantor proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer or, as the case may be, the Guarantor may also seek a moratorium even if the Issuer or, as the case may be, the Guarantor is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, with the consent of the judicial manager or with court permission. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer or, as the case may be, the Guarantor, the need to obtain court permission or (in the case of judicial management) the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such a scenario, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 (Act 40 of 2018) (the "**IRD Act**") was passed in the Parliament of Singapore on 1 October 2018, and came into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, a debenture. However, it may apply to related contracts that are not found to be directly connected with the Securities.

***The Issuer's and/or the Guarantor's ability to comply with its obligation to repay the Securities is dependent upon the earnings of, and distributions by, the other members of the Group and future performance of the Group***

The Issuer's and/or the Guarantor's ability to comply with its obligation to repay the Securities will depend on the earnings of the Group and the distribution of funds amongst members of the Group. Whether or not the members of the Group can make distributions to the Issuer and/or the Guarantor will depend on distributable earnings, cash flow conditions, restrictions that may be contained in the debt instruments of its members, applicable law and other arrangements. These restrictions could reduce the amount of distributions that the Issuer and/or the Guarantor receives from other members of the Group, which would restrict the Issuer's and/or the Guarantor's ability to comply with its payment obligations under the Securities.

Further, the ability of the Issuer and/or the Guarantor to make scheduled principal, distribution or interest payments on its indebtedness, including the Securities, and to fund its growth aspirations, will depend on the Group's future performance and its ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this section "Risk Factors", many of which are beyond the control of the Issuer. If the Issuer's future cash flow from operations and other capital resources are insufficient to pay its debt obligations, including the Securities, or to fund its other liquidity needs, it may be forced to sell assets, attempt to restructure or refinance its existing indebtedness. No assurance can be given that the Issuer and/or the Guarantor would be able to accomplish any of these measures on a timely basis or on satisfactory terms or at all.

***Securityholders should be aware that Definitive Securities and Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade***

In relation to any issue of Securities which have a denomination consisting of a minimum Denomination Amount (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Securities may be traded in amounts in excess of the minimum Denomination Amount that are not integral multiples of such minimum Denomination Amount. In such a case a Securityholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Denomination Amount will not receive a Definitive Security or Certificate in respect of such holding (should definitive Securities or Certificates be printed) and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Denomination Amounts. If definitive Securities or Certificates are issued, holders should be aware that definitive Securities or Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade. Definitive Securities will in no circumstances be issued to any person holding Securities in an amount lower than the minimum denomination and such Securities will be cancelled and holders will have no rights against the Issuer (including rights to receive principal or interest or to vote or attend meetings of Securityholders) in respect of such Securities.

***Foreign Account Tax Compliance Withholding***

Whilst the Securities are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding tax imposed by Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") will affect the amount of any payment received by the clearing systems (see "Taxation – B. Foreign Account Tax Compliance Withholding"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and should provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Securities are discharged once it has paid the relevant clearing system (as registered holder of the Securities) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the relevant clearing system and custodians or intermediaries. Further, a foreign financial institution in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "**IGA**") would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments it makes.

**FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE SECURITIES AND THE SECURITYHOLDERS IS UNCERTAIN AT THIS TIME. EACH SECURITYHOLDER SHOULD CONSULT ITS OWN TAX ADVISERS TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH SECURITYHOLDER IN ITS PARTICULAR CIRCUMSTANCE.**

***Enforcement of remedies***

Enforcement of available remedies under the Trust Deed, the Securities and the Coupons could result in delays in recovery of amounts owed to the Securityholders by the Issuer and/or the Guarantor. There is no assurance that the Trustee would recover all amounts owed upon such enforcement, and funds received may not be sufficient to make all required payments to any Securityholders.

***The market prices of Securities issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities***

The market values of Securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***The Securities may be subject to optional redemption by the Issuer***

An optional redemption feature is likely to limit the market value of the Securities. During any period when the Issuer may elect to redeem the Securities issued by it, the market value of such Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem any or all of the Securities when its cost of borrowing is lower than the interest rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest rate on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

**RISKS RELATING TO THE NOTES**

***Singapore tax risk***

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be "qualifying debt securities" for the purposes of the ITA subject to the fulfilment of certain conditions more particularly described in the section on "Taxation – A. Singapore Taxation".

However, there is no assurance that the Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time or should the required conditions cease to be fulfilled.

## RISKS RELATING TO THE PERPETUAL SECURITIES

***Perpetual Securities may be issued for which investors have no right to require redemption***

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, Perpetual Securityholders should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

***If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects not to pay all or a part of a distribution under the Conditions of the Perpetual Securities***

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion and subject to certain conditions, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer and the Guarantor are subject to certain restrictions in relation to the declaration or payment of distributions on the Issuer's and the Guarantor's Junior Obligations and (except on a *pro rata* basis) the Issuer's and the Guarantor's Specified Parity Obligations and the redemption and repurchase of the Issuer's and the Guarantor's Junior Obligations and (except on a *pro rata* basis) the Issuer's and the Guarantor's Specified Parity Obligations in the event that the Issuer does not pay a distribution in whole or in part. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Issuer not to pay a distribution, whether in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Group's financial condition.

Any deferral of distribution will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the distribution deferral provision of the Perpetual Securities, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

***If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option on the date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events***

The Perpetual Securities are perpetual and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with distributions (including any Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption. In addition, if specified in the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. See the section on "Terms and Conditions of the Perpetual Securities — Redemption and Purchase".

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the Perpetual Securityholders. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

***There are limited remedies for default under the Perpetual Securities***

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute Winding-up (as defined in Condition 9.1 of the Perpetual Securities) proceedings of the Issuer and/or the Guarantor, and/or prove in the winding-up of the Issuer and/or the Guarantor, and/or claim in the liquidation of the Issuer and/or the Guarantor is limited to circumstances where payment under the Perpetual Securities has become due and the Issuer (failing which, the Guarantor) fails to make the payment when due. The only remedy against the Issuer and/or the Guarantor available to the Trustee or where the Trustee has failed to proceed against the Issuer and/or the Guarantor as provided in the Conditions, any Perpetual Securityholders for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities and/or the Guarantee will be instituting proceedings for the Winding-up of the Issuer and/or the Guarantor and/or proving in such Winding-up and/or claiming in the liquidation of the Issuer and/or the Guarantor in respect of any payment obligations of the Issuer or, as the case may be, the Guarantor arising from the Perpetual Securities and/or the Guarantee.

***The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities***

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the Conditions of the Perpetual Securities, the Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by Perpetual Securityholders on a Winding-up of the Issuer or the Guarantor, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of Perpetual Securityholders to sell their Perpetual Securities.

***The Subordinated Perpetual Securities and the Subordinated Guarantee are subordinated obligations***

The obligations of the Issuer under the Subordinated Perpetual Securities and the Guarantor under the Subordinated Guarantee will constitute unsecured and subordinated obligations of the Issuer and the Guarantor respectively. In the event of the Winding-up of the Issuer or the Guarantor, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities or the Subordinated Guarantee will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a Winding-up of the Issuer or the Guarantor, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Optional Distribution, Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer and the Guarantor without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a Winding-up of the Issuer or the Guarantor and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities and/or the Subordinated Guarantee.

***Tax treatment of the Perpetual Securities is unclear***

It is not clear whether any particular Tranche of the Perpetual Securities (the "**Relevant Tranche of the Perpetual Securities**") will be regarded as "debt securities" by the IRAS for the purposes of the ITA, or whether distribution payments made under the Relevant Tranche of the Perpetual Securities will be regarded by the IRAS as interest payable on indebtedness for the purposes of the ITA or whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section "Taxation – A. Singapore Taxation" herein) would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA, or the distribution payments made under the Relevant Tranche of the Perpetual Securities are not regarded by the IRAS as interest payable on indebtedness for the purposes of the ITA or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

# THE ISSUER

## INTRODUCTION

The Issuer was incorporated as a private limited company known as SingPost Group Treasury Pte. Ltd. in Singapore on 25 February 2020. The registered office of the Issuer is 10 Eunos Road 8, Singapore Post Centre, Singapore 408600. The Issuer is a wholly-owned subsidiary of the Guarantor.

## BUSINESS ACTIVITY

The Issuer's principal activities are those relating to the provision of financial and treasury services to the Group.

## CAPITAL STRUCTURE

The issued and paid-up share capital of the Issuer is S$1,000,000 consisting of 1,000,000 ordinary shares.

## DIRECTORS

The Directors of the Issuer are:

(a) Paul William Coutts;

(b) Lai Tak Loi Richard; and

(c) Linda Hoon Siew Kin.

# THE GUARANTOR

## OVERVIEW AND BACKGROUND

As the designated Public Postal Licensee for Singapore, SingPost offers reliable and quality domestic and international postal services as well as end-to-end mail solutions, including letter shopping, delivery and mailroom management. With one of the largest retail distribution networks through its multi-channel platform of post offices, Self-service Automated Machine ("**SAM**") kiosks and POPStation smart lockers, SingPost provides convenience to its customers for a wide range of products and services, including agency, postal and financial services. With the strategic investments and collaborative partnerships made over the past years, the Group has expanded its capabilities as an eCommerce logistics enabler to support and benefit from the growth of global online retail operations.

Building on its trusted communications through domestic and international postal services, SingPost is able to offer end-to-end integrated and digital mail solutions. The suite of its eCommerce logistics solutions includes front-end web management, warehousing and fulfilment, last mile delivery and international freight forwarding.

In the Property segment, the Group provides commercial and industrial property rental through its properties. It also has a self-storage business under this segment.

SingPost has been listed on the Main Board of the SGX-ST since 2003. As at the Latest Practicable Date, its market capitalisation stood at S$1.51 billion and its credit rating is BBB+ with a stable outlook as rated by Standard & Poor's.

## HISTORY

Through its predecessor entities, SingPost has a long history dating back to 1819. Following independence in August 1965, Singapore took over its own postal functions in stages and was admitted to the UPU in January 1966. The Singapore Postal Services Department became a fully autonomous body in January 1967. Following a merger in 1982, the Telecommunication Authority of Singapore ("**TAS**") took over the provision of postal services from the Postal Services Department.

After the privatisation of the telecommunications services provided by the TAS, SingPost was incorporated in Singapore on 28 March 1992 and were subsequently granted a licence by the TAS to provide postal services in Singapore. SingPost was granted a 25-year Postal Licence on 1 April 1992 by the TAS, with a 15-year exclusive right for the delivery of all letters and postcards. Its monopoly in the basic mail services market came to an end on 31 March 2007 with the Singapore Government's decision to liberalise the postal industry with effect from 1 April 2007. Following the expiry of this licence, it was granted a further renewal of the Postal Licence for another 20 years with effect from 1 April 2017.

Since its listing on the SGX-ST in 2003, SingPost has been reinventing and transforming its business to meet the evolving demands of its customers as well as to mitigate the various challenges that it faces. These include the decline of letter mail due to e-substitution, lifestyle changes and cost-cutting measures along with increased competition and margin pressures. With the evolving eCommerce retail landscape, SingPost is optimising its last-mile delivery network, and innovating new products and processes, to improve efficiency and service quality to customers, and to serve their changing postal and eCommerce needs.

The continuing decline in the traditional mail business has led SingPost to embark on a path of transformation. SingPost is leveraging its postal capabilities to build and enhance its logistics infrastructure in order to benefit from the new growth brought about by eCommerce. SingPost believes the integration of these businesses and capabilities into a seamless platform will better serve the evolving needs and demands of its customers. This is complemented by the Group's acquisitions and investments over the past years which have enabled it to strengthen and extend its logistics capabilities and geographical reach for eCommerce transactions.

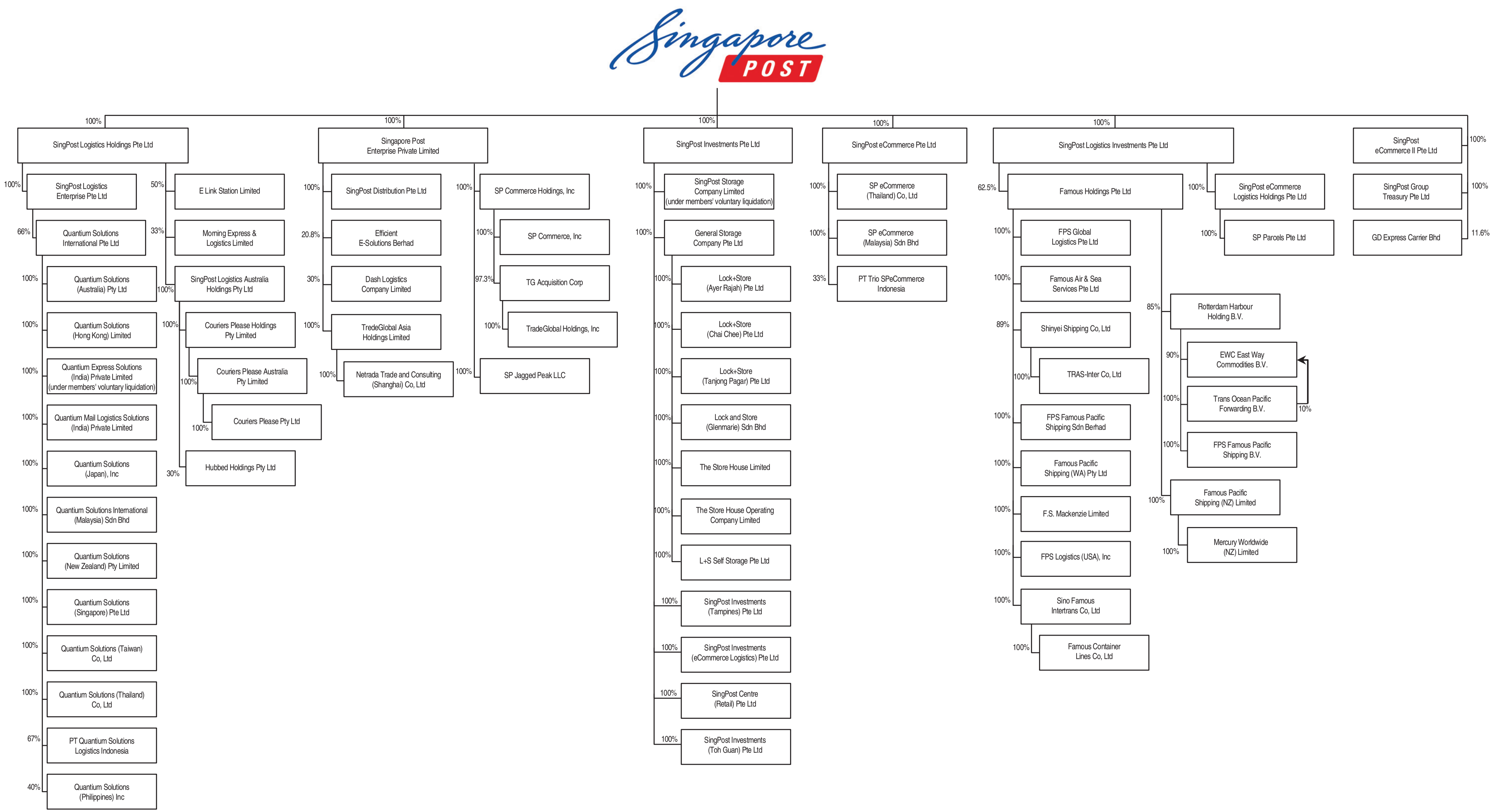
SingPost has also formed strategic alliances with its business partners. On 28 May 2014, SingPost entered into an investment agreement with Alibaba Investment Limited ("**Alibaba**") ("**First Investment Agreement**"). Following the completion of the First Investment Agreement on 31 July 2014, Alibaba became a 10.3 per cent. shareholder of its enlarged issued and paid-up share capital (excluding treasury shares). Pursuant to a second investment agreement signed on 8 July 2015 which was completed on 11 January 2017, and following approval given by the Infocomm Media Development Authority ("**IMDA**"), Alibaba increased its shareholding in SingPost to 14.4 per cent. (excluding treasury shares). As at the Latest Practicable Date, Alibaba's shareholding interest in SingPost stands at 14.6 per cent. (excluding treasury shares).

Separately, SingPost's wholly-owned subsidiary Quantium Solutions International Pte. Ltd. ("**QSI**"), entered into a joint venture agreement on 8 July 2015 with Alibaba (the "**QSI JV Agreement**"). The QSI JV Agreement was completed on 27 October 2016 pursuant to which Alibaba was allotted 34 per cent. of the total issued and paid-up capital in QSI. Under the QSI JV Agreement, the parties have developed a joint strategic business development framework to leverage on each other's strengths and scale to further improve efficiency and integration in eCommerce logistics.

With the investments made by Alibaba and through its strategic alliances, SingPost believes that it is able to (i) raise the Group's profile among its customers, (ii) accelerate existing and new revenue generating initiatives between itself and Alibaba in the eCommerce logistics space, (iii) advance the build-up of eCommerce logistics infrastructure and services, and (iv) strengthen its overall capital base so that it may capitalise on potential acquisition opportunities and continue with its long-term growth and expansion. Other than Alibaba, the Group is working with many other partners in the eCommerce and logistics sectors to further the business objectives.

## Singapore Post Limited

## - Corporate Structure as at 6 November 2020



## STRATEGY

While the Group is facing headwinds in its legacy business with declining letter mail volumes, there are also opportunities arising from the strong growth of eCommerce logistics both domestically and globally, in particular in the Asia Pacific region.

The Group intends to leverage such opportunities to transform itself for the future, by maximising its existing infrastructure, network and partnerships, as well as building new initiatives for growth.

### Smart Urban Logistics

Domestically, the postal landscape is fast evolving. To meet demands brought about by changes in Singapore's postal landscape such as the growth of eCommerce deliveries, as well as to improve service standards, SingPost is undergoing a fundamental review of the Postal operations.

This Smart Urban Logistics initiative aims to reinvent a sustainable national mail delivery system and improve service standards, so as to drive long-term business performance and value creation.

In August 2019, SingPost unveiled a smart letterbox delivery system prototype, which it continues to refine. This system will facilitate a seamless experience for both mail and parcel delivery and retrieval, as well as address the urban logistics challenges which Singapore is facing.

### Tapping Adjacencies and Opportunities in Logistics

Over the years, SingPost has developed capabilities in the Business to Consumer ("**B2C**") space with its roots as a postal company, and also expanded into the Business to Business ("**B2B**") space, by developing new businesses and making acquisitions such as QSI for warehousing and fulfilment, and Famous Holdings for freight forwarding.

In line with the growing trend of customers demanding both B2B and B2C capabilities, this provides a timely opportunity for the Group to further strengthen and scale up its capabilities to build a strong, integrated network that fulfils both B2B and B2C requirements within Singapore and the wider Asian Pacific region. This includes creating a second home market, targeting a sizable eCommerce market with high growth potential and adoption in Asia-Pacific.

### Maximising Value from the Property Assets

The review of SingPost's postal operations as part of the Smart Urban Logistics initiative also covers the entire spectrum from back-end processing to front-end deliveries of both letters and parcels. Besides enabling the Group to be more operationally efficient, the review is expected to subsequently free up industrial space for the Group's Property portfolio for more efficient gains.

The Group's group-wide initiatives to implement its strategic objectives include:

- ***Strengthening its post and parcel, and eCommerce logistics network:*** The Group aims to build on its infrastructure and core competencies to maintain and strengthen its position as a reliable post and parcel and cross-border logistics operator.

- ***Strengthening and leveraging its partnerships:*** The Group will continue to identify strategic partners to work with as it expands its post and parcel and logistics business and domestic retail offerings. The Group's strategic investments in overseas companies provide it with a foothold in their respective domestic markets. SingPost will work with its associated companies in which the Group has invested in to tap the growth in their markets as well as in the region.

- ***Improving its service levels:*** SingPost will continue to improve service quality. Some measures it has taken include increasing the postal delivery workforce through hiring of additional postmen, enhancement of postmen's remuneration, extending delivery hours, and improving parcel collection experience by increasing the number of dedicated counters and staff at post offices.

- ***Investing in technology:*** The Group will continue to emphasise on technological innovation. With the changing landscape of mail and logistics, there are new competitors disrupting the way things are done by using technology. The Group will also continue to explore digital technologies to enhance the mail delivery process to meet the evolving needs of its customers. The future of logistics will be driven by big data, artificial intelligence and robotics. Innovation will be the key to unlocking the future. These developments will offer the Group opportunities and at the same time, position it to leverage off the strength of Alibaba who is very advanced in the use of big data.

- ***Integrating its investments:*** The Group aims to integrate its investments and derive synergistic benefits from the integration of the Group's assets. This will help strengthen its end-to-end eCommerce logistics network across markets, products and geographies. The Group will also focus on increasing traffic and volumes onto its eCommerce logistics network and increase utilisation of existing infrastructure, so as to benefit from greater economies of scale and operating leverage.

- ***Investing in human capital to build a high performing, engaging and future ready workforce:*** The Group's people strategy enables its employees to excel and teams to win by driving and embedding a high performance culture aligned to organisational goals, forward looking and competitive human resource programmes and work practices. The Group's strategy focuses on building future ready talent and leadership bench strength to support its growth aspirations and evolving business needs.

- ***Maintaining its strong financial profile:*** SingPost intends to maintain a strong financial profile and generate positive cash flow from its businesses to support the Group's transformation initiatives.

- ***Maximising returns to shareholders:*** SingPost will review its assets continually with a view to maximising shareholder value. SingPost will ensure that its dividends are sustainable and paid out of underlying net profit. To this end, SingPost will focus its business strategy and operations towards growing its underlying net profit and dividends over time.

**CORE COMPETITIVE STRENGTHS**

The Group's competitive strengths include:

- ***Leading position in its domestic mail market:*** The size and scale of SingPost's network and mail processing facilities are its strengths. SingPost is committed to continually upgrading its infrastructure to improve delivery service standards in the light of increased eCommerce retail activities. SingPost is revamping its post office network to increase convenience and accessibility for its customers. SingPost has upgraded a majority of its post offices with features that integrate essential services with digital access, making key services such as parcel collection and bill payment available to customers around the clock. In 2019, SingPost integrated its domestic Post and Parcel businesses to leverage on the combined strength of both business units and better manage its operations and resources. Furthermore, SingPost has begun to digitise delivery processes which would also enable the collection of productivity data, location-based tracking, standard operating procedure compliance, as well as real-time delivery status.

- ***Efficient mail delivery service:*** As at the Latest Practicable Date, SingPost operates an automated mail processing system that handles up to 3 million mail items per day. Approximately 90 per cent. of these items are sorted by machines. The efficiency of SingPost's automated systems and the quality of its staff, facilities and infrastructure allows SingPost to operate next day delivery service for domestic mail. SingPost's long history in local deliveries provides it with the experience and established process to enjoy a significant competitive strength.

- ***Comprehensive and innovative range of products and services:*** Armed with a combination of local expertise in the markets where its customers operate, a good understanding of local consumer insight, and a comprehensive range of global and enterprise grade solutions, SingPost believes that the Group is able to assist its customers in expanding into new geographies. The Group strives to make continual improvements and enhancements to its products and service offerings so as to meet its customers' evolving requirements. The Group's ability to provide a one-stop comprehensive end-to-end solution enables it to price its services competitively, while offering its customers the convenience of a single point of contact for all of their eCommerce logistics needs.

- ***Strong brand recognition:*** SingPost is one of the most recognised and trusted brands in Singapore. Please see the section on "Awards, Accolades and Achievements".

- ***Strong base for regional growth:*** As at the Latest Practicable Date, SingPost operates in a total of 17 markets globally including through its subsidiaries, QSI and Famous Holdings Pte. Ltd. ("**Famous**"). QSI is the Group's eCommerce logistics arm providing a full suite of warehousing, fulfilment and other logistics services in the Asia-Pacific region, while Famous handles freight forwarding and consolidation in Asia-Pacific, Europe and the U.S..

- ***Quick adaptation to growing needs:*** The Group has quickly adapted to the growing and ever demanding needs of the end consumer. Consumers who shop online are increasingly expecting best-in-class shopping experiences with fast and convenient ways to receive their packages. Adapting to their needs, the Group has built capabilities to offer omni-channel solutions that allow online shoppers to choose between getting their shopping shipped to their home, office or collecting it at a POPStation.

- ***Extensive collection point network:*** As at the Latest Practicable Date, SingPost's last-mile delivery logistics software, Last Mile Platform ("**LaMP**"), provides customers with over 600 convenience points to collect their parcels and is one of the most extensive collection point networks in Singapore.

- ***Strong network and partners:*** The Group has a strong network and strong partnerships, such as with its major shareholders Singapore Telecommunications Limited and Alibaba Group, as well as with postal partners globally through its participation in the UPU.

- ***Strong property portfolio:*** The Group has quality property assets, including significant asset value and presence in the Paya Lebar area, as well as the Regional eCommerce Logistics Hub, as an enabler to grow its business.

**PRINCIPAL BUSINESS ACTIVITIES**

The Group has three principal business pillars — Post and Parcel, Logistics and Property. These business pillars are organised and streamlined to align with the Group's strategy and enhance performance tracking.

- ***Post and Parcel*** — 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*** — Logistics segment comprises the logistics businesses of the Group. The services include freight forwarding and eCommerce logistics, which includes front-end related eCommerce solutions, warehousing, fulfilment, delivery and other value-added services in Asia Pacific.

- ***Property*** — Property segment includes the provision of commercial property rental, as well as the self-storage business.

Following a strategic review, the Group had decided to exit the United States. The Asia Pacific eCommerce business is now classified under the Logistics segment. More details are provided in the "eCommerce — Exit of U.S. Businesses" subsection.

For information on contribution from each of the segments, please refer to pages 165 to 182 in the section "Selected Consolidated Financial Information of the Group".

**Post and Parcel**

SingPost's Post and Parcel services division remains its core. SingPost provides a comprehensive range of services for collecting, sorting, transporting and distributing domestic and international post and parcel, including personal mail, business mail, publications, direct mail, promotional mail, registered mail and Business Reply Service mail.

The Post and Parcel services division includes the following principal businesses:

- Domestic Post and Parcel
- International Post and Parcel
- Post Office Network

Although domestic post and parcel revenue continues to decline, SingPost has grown its international post and parcel business to mitigate the impact. As Singapore's Public Postal Licensee, SingPost is investing and innovating to optimise its operations and services in the light of the evolving trends so that it may broaden its scope of product and service offerings to meet the needs of its postal customers. To that end, SingPost has integrated its domestic Post and Parcel businesses since the start of 2019. The integration has allowed SingPost to better manage its operations and resources to meet challenges within the competitive last mile delivery industry today.

***Domestic Post and Parcel***

The handling of post and parcel posted in Singapore to addresses in Singapore is the primary service offered by SingPost's domestic post and parcel service. The market for basic mail services was liberalised by the Singapore Government with effect from 1 April 2007. Upon liberalisation, the basic letter services cover the conveyance of letters weighing 500 grams and below. "Basic letter services" excludes the conveyance and delivery of books, catalogues, newspapers and periodicals. The conveyance of direct mail is also exempted from licensing. SingPost's domestic mail traffic profile is generally categorised into public mail, corporate or bulk mail and other mail products and services.

- *Public Mail*

  Public mail consists primarily of stamped mail (i.e. mail where postage is paid by the affixing of stamps) and franked mail (i.e. mail where postage is paid by means of a franked impression). Stamped mail is sent primarily by individuals and franked mail is used primarily by home offices and small-and medium- sized companies.

- *Bulk Mail*

  Bulk mail (i.e. mail where postage is paid by means of a postage paid impression which is pre-printed on the items to be posted) is used by government departments and statutory boards, private organisations and companies as an efficient means of distributing large quantities of homogeneous mail such as invoices and promotional mailings.

  SingPost divides bulk mail into two categories — government and business mail, publications and direct mail.

- *Government and Business Mail*

  Government and business mail may include bills and invoices, statements of account and other similar bulk mail items which are deemed letters under Singapore postal regulations.

- *Publications and Direct Mail*

  Direct mail is a targeted form of direct marketing that involves the distribution within domestic borders of addressed advertising mail as part of a company's integrated communications strategy. SingPost's direct mail service provides a range of data and document management products to allow businesses to reach specific target audiences. SingPost works with its customers to manage the entire direct mailing process, from mailing list rental to personalisation, printing and enveloping and mail delivery.

  SingPost remains focused on developing and innovating digital offerings to help businesses seize growth opportunities of the digital economy. Its SmartPost offering is an integrated suite of solutions that has been developed to enhance service levels and customer satisfactions. The solutions amalgamate the use of customised mobile apps, Near-Field Communication ("**NFC**"), radio frequency identification, imaging technology and electronic notification.

• *Other Mail Products and Services*

SingPost's Post and Parcel services division provides the following additional products and services as part of its domestic mail business — Basic Package, Tracked Package, Registered Mail, Mail Redirection Service, Mail Retention Service, Corporate Mailroom Management, Post Office Box Rentals, Poly M mailers and SmartPac.

As at the Latest Practicable Date, SingPost has 743 posting boxes and 56 post offices.

• *Introducing new package categories and adjusting postal products to meet eCommerce demand*

To meet demands brought about by changes in Singapore's postal landscape, including the growth of eCommerce and falling mail volumes, and to improve service standards, SingPost has adjusted some of its existing products and services with effect from 2 December 2019. SingPost has introduced two new postal service categories — Basic Package and Tracked Package, for packages weighing up to 2kg, which will be delivered to the recipients' letterboxes. In addition, it will only accept letters and printed papers weighing up to 500g, under its *Basic Mail* (previously known as Ordinary Mail) service. SingPost will also limit its *Registered Service (Singapore)* to letters and printed papers.

As a part of its on-going efforts to improve its customer offerings, SingPost has adjusted its pricing structure and rates for letterbox package deliveries as well as doorstep parcel deliveries, effective as at 15 October 2020. Pricing for local package and parcel deliveries has been simplified to a flat rate for each service type, while the rate structure for international deliveries has been simplified and is cheaper for most customers.

• *Developing prototype of a smart letterbox system*

As part of a review of operations to meet the demands of the evolving postal landscape and to raise service standards, SingPost has developed a prototype for a new smart letterbox system that aims to cut down on lost and misdelivered mail, and improve delivery efficiency. The smart letterbox concept sorts letters and packets deposited by postmen into storage slots. The letters and parcels will then be dispensed to recipients using NFC cards, facial recognition or other forms of recognition via a touch screen interface. SingPost is in talks with various stakeholders in Singapore, including customers, regulators and the authorities, in order to move this to the next phase.

- *Parcels*

  SingPost provides last mile delivery services within Singapore and international deliveries from Singapore. Leveraging on its strengths in the domestic market, SingPost strives to be the preferred eCommerce delivery provider for courier parcels in Singapore.

  SingPost's customers can specify multiple collection addresses in their orders to merchants and suppliers and select from a range of the POPStation parcel locker network, Speedpost Islandwide or Speedpost Worldwide delivery options to complete delivery.

- *POPStations*

  SingPost provides an islandwide parcel locker service which enables customers to collect their parcels at their convenience. The POPStation network includes 156 locations in Singapore as at the Latest Practicable Date, making it one of the world's densest networks of self-service lockers, with approximately two kilometres on average between locations. POPStation functionality also extends beyond parcel collection. Customers can return online purchases via the self-service lockers, make payments on collection via various options such as credit card, cash card and the Network for Electronic Transfers, more commonly known as NETS, and post parcels booked through SingPost's online service ezy2ship.com. The technology has been standardised and deployed in other countries to offer synergised last mile delivery solutions across the region.

- *Speedpost*

  SingPost's Speedpost service is a door-to-door express last mile delivery service for documents, parcels and freight for customers both within Singapore and throughout the world. Customers can track and trace their documents, parcels or freight online through SingPost's dedicated logistics website or service hotline.

- *Philately and Stamps*

  SingPost's philately and stamps business produces definitive, commemorative and special stamps, stamp products and collectibles for stamp collectors, the gift market and tourists. SingPost also produces stamps and stamp stationery for its Post and Parcel services division and undertakes inventory and distribution of such products to post offices. SingPost is the only provider of postage stamps and stamp stationery in Singapore. SingPost sells its stamps and stamp products through its island-wide post office network, authorised vendors and SingPost's website.

***International Post and Parcel***

SingPost's international post and parcel service handles incoming international post and parcel from, and outgoing international post and parcel to, foreign postal administrations, and transhipment mail. Incoming international post and parcel from foreign postal administrations is distributed on arrival in Singapore through SingPost domestic post and parcel operation.

SingPost continues to work closely with its customers to increase their world-wide distribution from Singapore, and establish Singapore as an eCommerce distribution hub.

- *Transhipment*

  To develop into a transhipment hub in the region, SingPost has set up the Centralised Gateway Operations at the SingPost Airmail Transit Centre 1 ("**ATC1**") to handle all mail, express mail and parcel transhipment items that transit via SingPost. In 2011, SingPost opened a second regional hub, the SingPost Airmail Transit Centre 2 ("**ATC2**" and, together with ATC1, the "**ATCs**"), in Changi Airfreight Centre to handle growing traffic volumes. In 2015, SingPost collaborated with SATS Ltd. ("**SATS**") to integrate its airport consignment outbound operations at Singapore Changi Airport. On 1 January 2017, SingPost's airport postal consignment operations were integrated into SATS' eCommerce Airhub. The partnership enables single scanning and sorting, and removes the need to tow consignments between facilities. This has enhanced operational efficiency, including shorter cycle and connection times, and better productivity.

SingPost's ATCs reside within the Free Trade Zone of Singapore Changi Airport which is an ideal location for processing and handling transhipment items for delivery to overseas destinations. Items processed within SingPost's ATCs may be immediately placed onto scheduled flights for transit to the final destination.

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

***Post Office Network***

SingPost offers customers a wide variety of products and services beyond the scope of traditional postal services, including agency and financial services through its post offices and other postal outlets. Most of SingPost's retail services are delivered through its extensive post office network. As at the Latest Practicable Date, SingPost operates a network of 56 post offices, 13 authorised postal agencies and over 366 stamp vendors. SingPost reviews and upgrades its post office branches at regular intervals to ensure that they are in a state to provide increased convenience and accessibility for its customers. The new post offices have been upgraded with features that provide 24/7 access to key essential services such as parcel collection and bill payment.

SingPost offers its customers with a wide selection of agency services and postal product sales.

- *Bill and Other Payment Services, Agency Services*

  Many government departments and statutory boards, private organisations and companies utilise SingPost's post offices as payment points, where customers may make payments as well as conduct other transactions. For instance, customers can make payment for their utility bills, taxes, fines, government licence fees, and also contributions and donations. The Immigration and Checkpoints Authority of Singapore has also appointed SingPost, through its post offices as alternate collection points for Singapore passports.

- *Product Sales*

  SingPost offers a wide range of goods complementary to postal services such as shipping supplies. SingPost has tailored a suite of prepaid packaging products such as Smartpac envelopes and packaging boxes, and prepaid poly M plastic mailers, to facilitate eCommerce transactions between merchants and consumers so that they are as fuss-free as possible.

- *Financial Services*

  AXA@POST is a retail channel born from an exclusive postassurance partnership between AXA and SingPost. This collaboration allows SingPost to offer AXA's suite of life and general insurance solutions at SingPost's post offices. Tapping on its extensive network, SingPost's customers will be able to purchase new insurance policies and service existing policies with greater ease and convenience at 29 selected post offices across the island as at the Latest Practicable Date. Financial consultants from AXA are stationed at these selected post offices to assist customers with their insurance-related queries.

- *Digital Postal Mail and Post Office*

  SingPost is developing digital versions of the mail and post office to serve the evolving trusted communication needs of consumers, businesses and the government. SingPost is extending the possibilities of mail with the SAM kiosks. As at the Latest Practicable Date, SingPost has 300 SAM kiosks in Singapore. These 24-hour automated "post offices" are operated using a touch-screen system that allows customers to purchase postage labels and make bill and other payments.

**Logistics**

The Group's Logistics segment provides a diverse range of logistics solutions, comprising freight, warehousing, fulfilment, domestic and international distribution, and delivery services.

The Group's Logistics segment comprises the following businesses:

- *eCommerce logistics, warehousing, fulfilment and distribution, and last mile delivery*
- *Freight forwarding*
- *Other Logistics associates*

***eCommerce logistics, warehousing, fulfilment and distribution, and last mile delivery***

The Group offers its customers with a one-stop logistics service. With its e-fulfilment system, the Group is able to provide its eCommerce business customers online access to its warehousing and fulfilment services. The Group's warehousing services provide its eCommerce customers with a range of services such as storage and inventory management by allowing them to monitor their inventory through selective online reports of stock balance and stock movement. The Group also offers a "pick-and-pack" service as part of its warehousing and inventory management that includes product order consolidation and individual order packing and delivery. Customers can choose to use the Group's fulfilment services such as item collection, packaging, payment collection, shipping and invoicing. The Group's goods collection and distribution service collects and distributes product deliveries on behalf of a customer from the warehouse to the customer's retail branches or between branches. Other service offerings include order processing, invoicing, returns processing and kitting of goods.

The Group's supply chain management solutions can be tailored to the industry-specific needs of its customers. The Group has developed customised, IT-supported supply chain management solutions for domestic and international companies in the beauty and fragrance, fast-moving consumer goods, fashion and consumer electronic industries.

The Group's eCommerce logistics capability has been strengthened with its Logistics Hub which was officially opened on 1 November 2016. The Logistics Hub has a total built-up area of 51,358 square metres, consolidating and integrating the Group's warehousing and delivery capabilities. At the Logistics Hub, the Group provides customers, including several big-name eCommerce players like Lazada, with an integrated, end-to-end solution, from the front-end eCommerce platform to last mile delivery. This integration enables a faster turnaround time, as well as provides the capacity for larger volumes. Automation is a major feature of the Logistics Hub, increasing overall productivity and efficiency. The Logistics Hub will process deliveries within Singapore as well as processes items to be delivered to destinations worldwide. The scalability of the operations at the Logistics Hub means that it can be upgraded to meet future needs.

SingPost is also making further inroads in respect of Last-Mile Delivery with its last-mile delivery logistics software, LaMP. As at the Latest Practicable Date, LaMP provides customers with over 600 convenience points to collect their parcels and is one of the most extensive collection point networks in Singapore.

- *QSI*

  The Group offers end-to-end eCommerce logistics services in Singapore and the region via SingPost's subsidiary, QSI. QSI was SingPost's wholly-owned subsidiary from May 2009 until October 2016. Following its joint venture with Alibaba, SingPost has restructured the QSI group of companies under a holding company, SingPost Logistics Holdings Pte. Ltd. which indirectly holds a 66 per cent. equity interest in QSI (the "**QSI Restructuring**"). See "Corporate Structure as at 6 November 2020" for details of SingPost's subsidiaries.

  As at the Latest Practicable Date, QSI has an established network of offices in 10 markets within the Asia Pacific region namely Australia, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, Taiwan and Thailand.

- *Couriers Please Holdings Pty Limited ("**Couriers Please**")*

  Couriers Please, one of Australia's leading eCommerce delivery businesses with nationwide coverage across Australia, was acquired by the Group in December 2014. Along with SingPost's existing warehousing assets, Couriers Please enables the Group to roll out end-to-end eCommerce logistics solutions in Australia including cross-border, warehouse-fulfilment and last mile delivery. Couriers Please continues to invest in providing Australian consumers with a compelling delivery experience. Its Delivery Choices POPPoint Network ("**Delivery Choices**") consists of POPStation parcel lockers and POPShop retail outlets (in conjunction with SingPost's associated company, Hubbed Holdings Pty Ltd ("**Hubbed**")) located in convenient locations. Delivery Choices was launched to provide recipients with on-demand delivery options via text messages or emails. These new services have enhanced Couriers Please's eCommerce ecosystem to provide customers with seamless access to their parcels.

  Couriers Please has also embraced technology and invested in several operational enhancements and service initiatives to further strengthen the Group's position as a premium eCommerce Logistics service provider. These include improved parcel delivery experience through automated sortation, improved operational performance that provides more certainty to the Group's customers, the introduction of an on-demand delivery service to meet the specific demands of cross-border deliveries and the launch of Boomerang, a self-serve returns portal that addresses the challenge of reverse logistics faced by many local retailers.

- *SP eCommerce*

  SP eCommerce is a full service eCommerce enabler that provides its customers with end-to-end managed eCommerce solutions which includes eCommerce technology, warehousing, delivery, returns management, store operations, regional customer care, and performance marketing. SP eCommerce operates across Asia Pacific with a fully interconnected eCommerce infrastructure.

***Freight Forwarding***

The Group's freight forwarding services are carried out through the Famous Group which it acquired in 2013. As at the Latest Practicable Date, Famous has offices in 10 countries namely Australia, Japan, Malaysia, Netherlands, New Zealand, Singapore, the United Kingdom, the United States, Fiji and Belgium. The Group has also enhanced its freight services network in continental Europe with the acquisition of Rotterdam Harbour Holdings B.V., which offers consolidation services for shipments going through Europe's largest container port. The Group's subsidiaries in Rotterdam and Japan have grown to be leading consolidators in their respective countries.

In addition to the Group's core cargo consolidation business, it has widened its service offerings to provide strong B2B and B2C services in collaboration with QSI. SingPost has also launched several services, including sea freight for vPost, to enhance its eCommerce logistics value chain.

*Other Logistics associates*

The Group also has strategic investments in several logistics companies in the region. As at the Latest Practicable Date, these include (i) 11.6 per cent. equity interest in GD Express Carrier Bhd ("**GDEX**"), a local courier company in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad, (ii) 30.0 per cent. equity interest in Hubbed, a provider of collection point networks and parcel management solutions for the eCommerce and carrier industry with a focus in Australia, and (iii) 33.0 per cent. equity interest in Morning Express & Logistics Limited ("**Morning Express**"), a local courier and parcel delivery company in Hong Kong.

Through the strategic investments in GDEX and Morning Express, the Group has gained access to last mile delivery capabilities in Malaysia and Hong Kong. The Group's investment in Hubbed has further enhanced its last mile capabilities in Australia and is complementary to the business of Couriers Please.

*Strategic acquisition in Australia*

On 19 October 2020, the Group announced that it had entered into a conditional sale and purchase agreement to acquire an aggregate 38.0 per cent. equity interest in Freight Management Holdings Pty Ltd ("**FMH**") for an aggregate consideration of approximately A$85.0 million (equivalent to approximately S$84.1 million).

FMH is a leading 4th party logistics ("**4PL**") service company in Australia. Through the use of proprietary technology, FMH manages and executes its customers' supply chain and distribution requirements.

The acquisition will allow the Group to further scale its Business-to-Business-to-Consumer logistics capabilities in Australia, and capitalise on the growing eCommerce segment.

Together with Couriers Please and Quantium Solutions Australia, the Group aims to derive synergistic benefits, grow volumes and build scale. This provides a strong platform for the Group to drive revenue and earnings in Australia over the long term.

The completion of the FMH acquisition is subject to the fulfilment of certain conditions, including but not limited to obtaining regulatory approvals, such as approvals from the Foreign Investment Review Board of Australia.

**Property**

As at the Latest Practicable Date, the Group owns properties totalling more than 2.76 million square feet of gross floor area consisting of retail, commercial and industrial spaces and has 67 properties in Singapore, of which 34 are owned or held on long-term leases and 33 are rented. These properties are used primarily for its own operational needs as delivery bases, post offices, transhipment hub, and for warehousing and fulfilment operations. Surplus space is rented out for use as offices, warehouses and for other industrial and commercial operations.

SPC, the Group's flagship building located at Paya Lebar in the eastern part of Singapore, has been redeveloped and consists of a retail mall as well as offices, which generates rental income for the Group. As at the Latest Practicable Date, the committed occupancy rate of SPC is 99.3 per cent. The SPC mall houses the new General Post Office ("**GPO**"), and a five-level retail mall comprising four aboveground levels (including a cinema) and one basement level. It is also Green Mark certified.

The GPO combines counter service with innovations such as POPStations and SAM kiosks to allow postal and eCommerce logistics services outside office hours.

CapitaLand Retail Management is the property manager of SPC mall and is responsible for the mall's marketing and promotion, lease and facilities management.

***Self-Storage Solutions***

General Storage Company Pte. Ltd. ("**GSC**") was acquired by the Group in 2013 and has operations in Singapore, Hong Kong, and Malaysia. As at the Latest Practicable Date, GSC has approximately 58,359 square metres of net lettable area across its Singapore, Hong Kong, and Malaysia facilities.

The Group's self-storage business offers a one-stop integrated suite of services catering to the storage needs of individuals and corporate clients. Besides offering safe, clean and accessible secure storage facilities, the Group also offers other services, such as (i) rental of large traditional warehouse/offices at selected facilities, (ii) rental of serviced offices at selected facilities, and (iii) sale of packing materials. Following the Group's acquisition, GSC has expanded its operations and gone on to acquire other operators with facilities in Singapore and Hong Kong. In 2014, its facility in Malaysia commenced operations, offering cost-effective storage solutions and traditional warehouse/office spaces. In Singapore, GSC expanded its service offerings to a bulk package counter and POPStation in selected locations.

**eCommerce — Exit of U.S. Businesses**

On 3 April 2019, SingPost announced that following a strategic review of its U.S. eCommerce businesses, it would commence a sale process of Jagged Peak and TradeGlobal. SingPost believes its strengths and strategic competitive advantages are in Southeast Asia and Asia Pacific, which provides attractive growth opportunities.

The sale process had closed with no acceptable offers. TradeGlobal and Jagged Peak had filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. Following that, the Group deconsolidated the financials for the U.S. Subsidiaries with effect from the month of September 2019. Moving forward, the Group will no longer recognise 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.

As part of the bankruptcy process, the U.S. Subsidiaries commenced the marketing and sale process of substantially all of their respective assets. In December 2019, 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 plan of liquidation of the U.S. Subsidiaries was effected on 25 August 2020 by the bankruptcy court.

**Technology and Innovation**

Technology underpins the speed of the Group's business transformation and the innovation process. Significant investments have been made in technology and innovation to improve operational efficiency, customer experience and create new business models. Technological innovation plays a major role in the implementation of business ideas. The enhanced SAM kiosks, digital makeover of the post office, end to end integration of the eCommerce logistics framework with the current technology stack, mobility, API management solutions, utilisation of cloud infrastructure and analytics have paved the way for providing smart solutions to business problems, for example, the implementation and progressive update of SmartPost in 2019, which digitises delivery processes with the use of NFC technology deployed at delivery points.

In line with its belief that technology plays an important part to assist the Group in meeting the evolving needs of its customers, SingPost reviews and replaces its IT systems periodically to ensure that they are able to cope with the demands of its businesses. These changes have also resulted in lowering the costs of operations and enhanced the user experience for both internal and external customers. For instance, SingPost's mainframe systems which were previously used in the post office network have been replaced with a modern central transaction framework system based on the current technology stack; its multiple track and trace system has been replaced with a unified track-and-trace system called "ezyTrak" which provides operations with greater flexibility and customers with greater transparency on the status of parcel delivery. Android-based mobile devices with easy-to-use applications have replaced old hand held devices both in the warehouses and at the front end.

SingPost has enhanced cyber security measures to protect its assets and customer data. On 9 May 2013, the former Board Risk Committee and the former Technology Committee merged to form the Board Risk and Technology Committee to provide guidance on SingPost technology expenditure, implementation details and risk mitigation.

In October 2015, SingPost conducted a successful trial with the IMDA to use an Unmanned Aerial Vehicle i.e. drone for courier delivery and eCommerce delivery. This was the world's first successful secure, recipient-authenticated aerial drone delivery by a postal services provider. In 2017, SingPost entered into a partnership with Airbus Helicopters to explore the use of drone technology to enhance end-to-end solutions to facilitate urban logistics as well as tap on the eCommerce growth in Asia Pacific.

**Intellectual Property**

SingPost relies on a combination of trademark, service mark and domain name registrations, copyright protection, patent protection and contractual restrictions to protect its technologies, brand names and logos, marketing designs and Internet domain names.

SingPost is the registered owner in Singapore of, among others, the trademarks "Singapore POST", "SingPost", "SP", "SAM", "Speedpost", "MyStamp" and "vPost". SingPost owns, amongst others, the Internet domain names "singpost.com", "speedpost.com.sg" and "ezy2ship.com". SingPost has been granted patents in Singapore for its POPStations.

**Insurance**

SingPost has insurance policies to cover property damage, business interruption and general liabilities, and general insurance for workmen's compensation and motor vehicles (third party). SingPost also maintains directors' and officers' liability (in their capacity as directors) insurance, trade credit insurance for major customers, commercial crime insurance, cyber liability insurance and professional indemnity insurance. SingPost also maintains terrorism risk-insurance for all the properties that it owns within Singapore.

**AWARDS, ACCOLADES AND ACHIEVEMENTS**

As a responsible corporate citizen, SingPost makes every effort to align its business practices and activities to accepted global and national benchmarks, for the benefit of its various stakeholders.

SingPost has been bestowed with the following awards and accolades:

**Corporate**

- *Runner-up for the Diversity Award 2019 at the SIAS Investors' Choice Awards*;
- *Runner-up for the Most Transparent Company Award 2019 in the Industrials category at the SIAS Investors' Choice Awards*;
- *FinanceAsia 2017 Country Awards for Achievement; Third in Singapore for Best Investor Relations*;
- *ASEAN Corporate Governance Awards 2015: ASEAN Top 50*;
- *ASEAN Corporate Governance Awards 2015: Outstanding Achievement Award (Publicly-Listed Company)*;

- *Runner-up award for the Most Transparent Company Award 2008-2012 in the Services/Utilities/ Agriculture category at the SIAS Investors' Choice Awards*;
- *Bronze Award for Investor Relations in the Singapore Corporate Awards 2008*; and
- *Most Transparent Company Award 2007 in the Services/Utilities/Agriculture category at the SIAS Investors' Choice Awards*.

**Industry**

- *Universal Postal Union, Integrated Index for Postal Development: Regional Leader for Asia-Pacific 2020*;
- *Universal Postal Union, Integrated Index for Postal Development: Regional Champion for Asia-Pacific 2016 and 2018*;
- *Universal Postal Union, EMS Cooperative Performance Award — Silver Level 2012, 2018 and 2019*;
- *World Post & Parcel Awards 2018: Technology*;
- *Postal and Parcel Technology International Awards 2017: Digital Innovation of the Year*;
- *World Post and Parcel Awards 2017: Retail Customer Access*;
- *Universal Postal Union, 2017 EMS Cooperative Performance Award — Bronze Level*;
- *The Edge Billion Dollar Club 2017 (Best in Sector: Transport/Storage/Communications)*;
- *CEM Excellence Awards 2016: 1st Runner Up, Best Customer Experience Award (POPStation)*;
- *World Mail Awards 2015: Retail Customer Access*;
- *Postal Technology International Awards 2015: Digital Innovation of the Year*;
- *Universal Postal Union, EMS Cooperative Performance Award – Gold Level 2007-2011, 2013-2015*;
- *Supply Chain Asia Awards 2015: Last Mile Partner of the Year*;
- *World Mail Awards 2014: eCommerce*;
- *Postal Technology International Awards 2014: Service Provider of the Year*;
- *Singapore Quality Class 2010, 2014 and 2018*;
- *Singapore Service Class Award 2010, 2014*;
- *World Mail Awards 2013: People Management*;
- *Postal Technology International Awards 2012: Service Provider of the Year 2012*;
- *Singapore Service Star Award 2010*;
- *Universal Postal Union, EMS Customer Care Award (Medium Category) 2008-2009, 2015-2017*; and
- *World Mail Awards 2007 (Quality category)*.

**Labour**

- *TAFEP Exemplary Employer Awards 2014*;
- *NTUC May Day Award 2013 (Plaque of Commendation)*;
- *NTUC May Day Model Partnership Award 2013 (Institutional Category)*;
- *WDA Service Excellence WSQ Recognition Award 2013*;
- *NTUC May Day CBF Model Partnership Award 2010 — Institutional Category*;
- *NTUC May Day CBF (Cheaper, better, faster) Model Partnership Award 2009 — Institutional Category*; and
- *Top 10 finalists of the inaugural Tripartite Alliance for Fair Employment Award 2010*.

**Corporate Social Responsibility**

- *Patron of Heritage Award 2007-2019*;
- *Total Defence Awards 2009 (Meritorious Defence Partner Award)*;
- *ASEAN Energy Award 2008*;
- *Eco-Post Office Certification 2013*; and
- *Community Chest Awards 2009*.

**Others**

- *Gold for Best Employee Engagement/Internal Communications at the PR Awards 2020*;
- *Silver for Best Crisis/Reputation Management at the PR Awards 2020*;
- *BizSafe Level 3 Certification 2016, 2013*;
- *Superbrands 2010 — 2013*; and
- *Marketing Magazine Agency of the Year Awards 2010: Local Hero and Silver Awards (Direct Marketing Agency Category) 2010*.

# MANAGEMENT

## GOVERNANCE

SingPost's Board of Directors is collectively responsible for its long-term success. (See "Governance — Management Structure — The Board — Role of the Board"). Pursuant to the terms of its Postal Licence, the appointment of the Chairman, Board of Directors and Chief Executive Officer is subject to the prior written approval of the IMDA. (See "Regulatory — Postal Services Licensing Framework — Basic Obligations of Public Postal Licensee".)

The following table sets forth information regarding the Directors.

| Name | Position |
|---|---|
| Mr Simon Israel | Chairman, Non-Executive, Non-Independent Director |
| Mr Paul William Coutts | Group Chief Executive Officer, 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 Elizabeth Kong Sau Wai | Non-Executive, Independent Director |
| Mr Steven Robert Leonard | Non-Executive, Independent Director |
| Ms Lim Cheng Cheng | Non-Executive, Non-Independent Director |
| Mr Bob Tan Beng Hai | Non-Executive Independent Director |

Information on the business and working experience of the Directors is set out below:

**Mr Simon Israel** is a director of Stewardship Asia Centre CLG Limited. He is also a member of the Governing Board of Lee Kuan Yew School of Public Policy, Westpac's Asia Advisory Board and the Global Leadership Council of Leapfrog Investments. Mr Israel is a former Chairman of Singapore Telecommunications Limited and Asia Pacific Breweries Limited and has previously served as a director of Fonterra Co-operative Group Limited, CapitaLand Limited and Stewardship Asia Centre Pte Ltd.

Mr Israel was an Executive Director and President of Temasek Holdings (Private) Limited before retiring on 1 July 2011. Prior to that, he was Chairman, Asia Pacific of the Danone Group. Mr Israel also held various positions in Sara Lee Corporation before becoming President (Household & Personal Care), Asia Pacific.

Mr Israel was conferred Knight in the Legion of Honour by the French government in 2007 and awarded the Public Service Medal at the Singapore National Day Awards 2011.

Mr Israel holds a Diploma in Business Studies from The University of the South Pacific.

**Mr Paul William Coutts** is the Group Chief Executive Officer of SingPost since 1 June 2017. He was the Chief Executive Officer of Toll Global Forwarding, one of the five divisions in the Toll Group, from February 2013 in a global role based in Singapore.

Mr Coutts has more than 20 years of experience in C-suite positions at major global logistics and postal companies.

Mr Coutts has attended several executive programmes at the Wharton School of the University of Pennsylvania, Stanford Graduate School of Business, and London Business School.

**Mrs Fang Ai Lian** is a director of Banyan Tree Holdings Limited, Metro Holdings Limited, Cromwell EREIT Management Pte. Ltd. and Jubilant Pharma Limited, and an advisor to Far East Organization

Group. She is the Chairman of the Board of Trustees of the Singapore Business Federation and MediShield Life Council. She is also a member of the Tote Board.

Mrs Fang was a member of the Singapore University of Technology and Design's Board of Trustees till August 2019, a director of Singapore Telecommunications Limited till July 2015 and a director of Oversea-Chinese Banking Corporation Limited till April 2014. Mrs Fang also served as the Chairman of Great Eastern Holdings Limited as well as Chairman of its insurance subsidiaries until her retirement in April 2014. Prior to that, she was with Ernst & Young ("**E&Y**") for 37 years where she last held the position of Chairman of E&Y Singapore from 2002 until her retirement in March 2008.

Mrs Fang is a qualified Chartered Accountant, and a Fellow of the Institute of Chartered Accountants in England and Wales and the Institute of Singapore Chartered Accountants.

**Mr Chen Jun** is currently a senior vice president of Alibaba Group Holding Limited and is a director of BEST, Inc. and Sun Art Retail Group Limited.

Mr Chen previously held directorship in Alibaba Health Information Technology Limited. Mr Chen has more than 18 years of experience in strategy management, strategic market development, and business and financial advisory services. He has been involved in the investments and acquisitions by Alibaba Group in many companies in different industries such as retail, logistics, travel, and software & solution. Prior to joining Alibaba Group, Mr Chen worked for SAP SE, a Fortune 500 high-tech software company.

Mr Chen holds a Bachelor degree in International Finance and Accounting from Shanghai University, and received an EMBA degree from INSEAD in France in 2005.

**Ms Chu Swee Yeok** is currently the Chief Executive Officer and President of EDBI Pte Ltd ("**EDBI**") where she oversees and leads EDBI's entire global investments ranging from high growth start-ups, emerging and late-stage companies and private equity to fund investments. Armed with over 30 years of planning and investment experience, she is responsible for developing and driving the execution of strategies for EDBI, balancing its unique strategic and financial mandates of investing in future key pillars of the economy covering information, healthcare and frontier technologies as well as select manufacturing and services related industries in Singapore.

Prior to EDBI, Ms Chu helmed senior positions at Singapore Economic Development Board (EDB) and concurrently held appointments at the Agency for Science, Technology & Research (A*STAR). Currently, she is a Board Director of EDBI, National Healthcare Group Pte Ltd, Biomedical Sciences Investment Fund Pte Ltd and Singapore-Suzhou Township Development Pte Ltd. She is also a Limited Partner Advisory Committee member of several global private equity/venture capital funds.

Ms Chu holds a Bachelor of Science (Honours) in Biochemistry from the National University of Singapore and is a graduate of the Advanced Management Programme from Harvard University, as well as the International Directors Programme from INSEAD.

**Ms Elizabeth Kong Sau Wai** is currently the Asia General Counsel (Enterprise Operations) at 3M, serving as a senior leader in the execution of strategies and key priorities of 3M's Enterprise Operations in Asia.

Prior to that, Ms Kong was with leading international law firms Clifford Chance and Morgan Lewis Stamford, where she had more than a decade of cross-border transactional experience and had managed a wide range of corporate matters that include mergers and acquisitions, equity fund raising, corporate finance, and securities regulation. Chambers Asia-Pacific, The Legal 500 Asia Pacific, Asialaw Leading Lawyers, Lawyer Monthly, and Acquisition International have noted and acknowledged Ms Kong's impressive record of corporate transactions and she was named in 2014 by both Prestige Singapore and the Singapore Business Review as one of the most influential lawyers aged 40 and under.

Ms Kong is a trustee on the board of Cambridge Assessment Singapore and a fellow of the Cambridge Commonwealth Trust. She was invited to be an honorary member of the Commercial Bar Association of London and also sat on the government-appointed working committee to review the future of legal services in Singapore. She writes regularly on corporate law issues for a number of legal journals.

Ms Kong holds a Double First in Law from Cambridge University.

**Mr Steven Robert Leonard** is a technology-industry leader with a wide range of experience and has played key roles in building several global technology companies in areas such as software, hardware and services. Although born in the United States, Mr Leonard has lived and worked outside the US for most of his life. Mr Leonard currently serves on the advisory boards of the National University of Singapore as well as the Nanyang Technological University. Mr Leonard also serves as an Independent Non-Executive Director of Asia Satellite Telecommunications Holdings Limited, a Hong Kong Stock Exchange-listed commercial operator of communication spacecraft.

Mr Leonard's current role is the Chief Executive Officer of Singularity University, a global learning and innovation community using exponential technologies to develop global solutions to humanity's hardest problems. While the headquarters of Singularity University is in Silicon Valley, Mr Leonard will continue to reside in Singapore.

Before assuming leadership at Singularity University in May 2020, Mr Leonard was the Founding Chief Executive Officer of SGInnovate — a private limited company wholly-owned by the Singapore Government. As the Founding CEO, he created an organisation whose mission is to build investable early-stage deep tech companies. Capitalising on the top-ranked education system and world-class scientific research for which Singapore has gained a global reputation, Mr Leonard and his team worked with local and international partners, including universities, venture capitalists, and major corporations, to help technical founders start and scale deep tech companies with a scientific core. During Mr Leonard's tenure, SGInnovate played a critical role in building nearly 90 deep tech startups and formed a community of more than 34,000 members.

**Ms Lim Cheng Cheng** is currently the Group Chief Financial Officer ("**CFO**") of Singapore Telecommunications Limited ("**Singtel**"). She assumed this role on 10 April 2015 and is responsible for the Singtel Group's finance-related functions including tax, treasury and investor relations. She has over 23 years of experience in finance and mergers and acquisitions. She joined Singtel in 2012 as Vice President, Group Strategic Investment and was appointed Deputy Group CFO on 1 October 2014. Prior to that, she was Managing Director, Group Strategic Investments.

Before joining Singtel, Ms Lim was Executive Vice President and CFO at SMRT Corporation Ltd. She also worked at Singapore Power for 10 years in various corporate planning, investments and finance roles, the last of which was Head and Vice President (Financial Planning and Analysis). She started her career with PricewaterhouseCoopers.

Ms Lim holds a Master of Business Administration from the University of Chicago Booth School of Business (formerly known as University of Chicago Graduate School of Business), and a Bachelor of Accountancy from Nanyang Technological University. She is a Chartered Accountant (Singapore) of the Institute of Singapore Chartered Accountants.

**Mr Bob Tan Beng Hai** is the Chairman of Ascott Residence Trust Management Limited (as manager of Ascott Real Estate Investment Trust) and Ascott Business Trust Management Pte. Ltd. (as trustee-manager of Ascott Business Trust), and a director at Sembcorp Marine Ltd.

He is also the Chairman of Jurong Engineering Limited, SingEx Holdings Pte Ltd and Sentosa Development Corporation. He is a board member of the Ong Teng Cheong Labour Leadership Institute and serves as a member of the Monetary Authority of Singapore's Corporate Governance Advisory Committee and Securities Industry Council, and the NTUC Club Management Council.

His past directorships in listed companies and major appointments include CapitaLand Mall Asia Limited, Asia Pacific Breweries Limited, SMRT Corporation Ltd, SMRT Trains Ltd, the Inland Revenue Authority of Singapore and the Institute of Technical Education.

Mr Tan is a Fellow of the Institute of Chartered Accountants in England and Wales and the Singapore Institute of Directors.

The following table sets forth information regarding the key executives.

| Name | Position |
|---|---|
| Mr Lai Tak Loi Richard | Group Chief Financial Officer (GCFO) |
| Mr Phang Heng Wee Vincent | Chief Executive Officer (CEO), Postal Services and Singapore |
| Mr Puar Huan Kiap | Group Chief Information Officer |
| Mr Lim Jui-I | Chief Executive Officer (CEO), QSI |
| Ms Linda Hoon Siew Kin | Chief Legal Officer and Group Company Secretary |

**Mr Lai Tak Loi Richard** oversees all financial and strategic investment matters of the Group, including financial reporting, taxation, risk management, treasury and investor relations functions. He is also in charge of the Property portfolio and drives the direction and profitability of this business segment. Mr Lai has more than 28 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 has also served as CFO, 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, UK. Mr Lai is a member of Malaysian Mensa Society.

**Mr Phang Heng Wee Vincent** joined SingPost in April 2019 as CEO 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 SingPost's 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** joined SingPost in January 2020 as Group Chief Information Officer, responsible for all aspects of SingPost's digital, innovation and information technology strategy whilst leading the Group Technology division globally. Mr Puar brings with him over 30 years of experience acquired from various global organisations. His most recent appointment before SingPost was the Head of Information Systems and Technology with Mapletree Investment Pte Ltd, where he led the company through a digital transformation. Amongst many other initiatives, he helped to digitally transform Mapletree Investment Pte Ltd using the latest technologies, reduce costs and improve service levels by bringing resources in-house, and streamline processes to improve operational efficiency and productivity. Prior to joining Mapletree Investment Pte Ltd, Mr Puar was the Senior IS Director of Covidien Medical, and before that held various senior roles in IT across the fashion, retail, automotive and electronics industries. Mr Puar holds a Bachelor of Engineering from University of Aberdeen in the UK, and a Master of Management Technology from the University of Singapore.

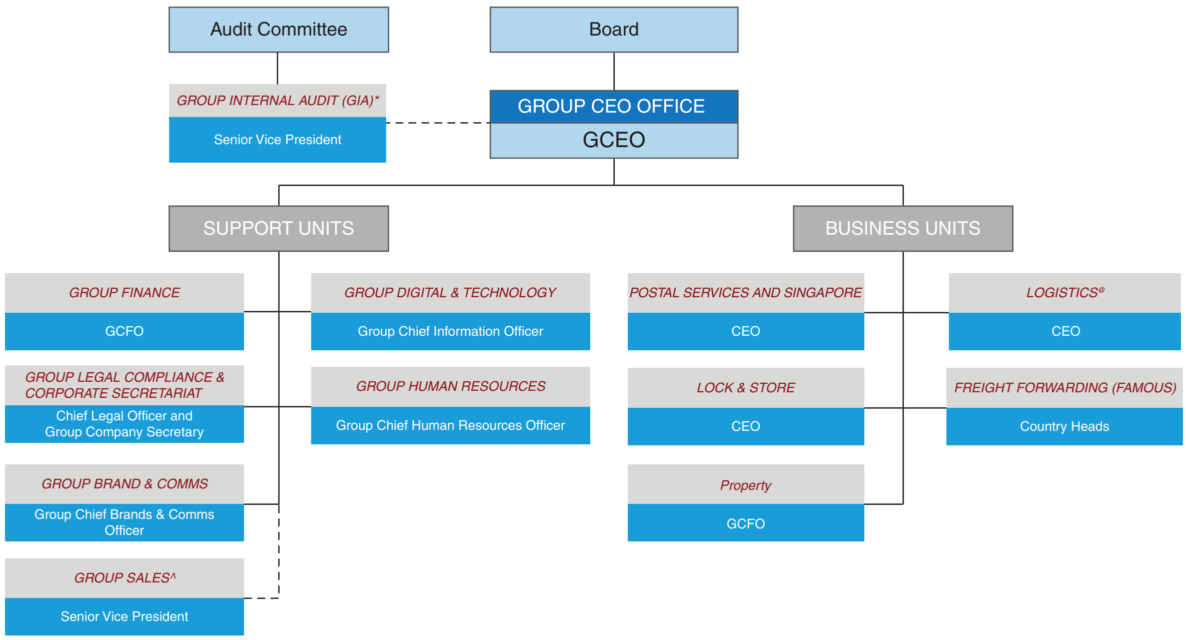
**Mr Lim Jui-I** joined SingPost in September 2017 as Group Chief Transformation Officer, responsible for the transformation blueprint across the SingPost business. Besides overseeing the change management process and providing strategic and commercial leadership to identify and drive growth opportunities across the Group, he was also responsible for strategic investments and integration. In June 2019, Mr Lim was appointed CEO of QSI, the overseas logistics and eCommerce arm of SingPost. Mr Lim is currently responsible for growing and strengthening Quantium Solutions, alongside SP eCommerce and Couriers Please (SingPost's 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 ("**TGF**"), 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.

**Ms Linda Hoon Siew Kin** joined SingPost in August 2018. As the Chief Legal Officer and Group Company Secretary, she leads the Legal, Compliance and Company Secretarial functions and reports 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.

## MANAGEMENT STRUCTURE

As at the Latest Practicable Date, the organisation structure and reporting lines of the Group CEO is illustrated below:

### SingPost Group Organisation Structure




* Dotted line to GCEO
- GIA reports to AC

^ Dotted line to GCEO and CEO, Postal Services and Singapore
- Group Sales reports to Logistics CEO

@ Quantium Solutions, SP eCommerce, Couriers Please

## THE BOARD

**Role of the Board:** The Board is collectively responsible and works with management for SingPost's long-term success. The Board provides leadership and guidance to management on the Group's overall strategy, constructively challenges management, reviews management's performance and oversees the Group's overall performance objectives, key operational initiatives, corporate governance practices, financial plans, annual budgets, major funding proposals, and major investment and divestment proposals. The Board approves financial results for release to the SGX-ST, the appointment of Directors and key management staff, and changes in the composition and terms of reference of Board Committees. The Board establishes and maintains a sound risk management framework to monitor and manage risk, instils an ethical corporate culture and ensures that SingPost's values, standards, policies and practices are consistent with such culture, and ensures the necessary resources are in place for SingPost to meet its strategic objectives.

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 include setting and reviewing financial targets and the annual business plan and budget, entering new business sectors and geographies, changes to share capital structure, corporate structure, operational structure, results, dividend policy and dividend payout, significant changes in accounting policies, major capital projects and contracts not in the ordinary course of business, SGXNet announcements, appointments to Board and Board Committees, approvals 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 and 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.

### Board Committees

**Specific Roles of Board Committees:** The Board Committees were established to assist the Board in discharging its responsibilities without abdication of responsibility of the Board. Each Board Committee has written terms of reference which clearly set out its respective authority and duties:

- **Audit Committee:** Assists the Board in fulfilling its oversight responsibilities on internal controls, financial reporting, compliance and risk management.

- **Board Risk and Technology Committee:** Assists the Board in ensuring that management maintains a sound system of risk management and material controls to safeguard shareholders' interest and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

- **Compensation Committee:** Assists the Board in fulfilling its responsibilities for developing an appropriate compensation and remuneration framework to attract, motivate and retain talent.

- **Finance and Investment Committee:** Provides advisory support to the Board on the overall strategy of the Group's business, investments, divestments, liabilities and treasury policies.

- **Nominations and Corporate Governance Committee:** 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 of SingPost. Also has responsibility to recommend enhancements to the corporate governance principles applicable to SingPost and to uphold the same.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

*The following tables present selected consolidated balance sheets as at 31 March 2019, 31 March 2020 and 30 September 2020, consolidated income statements of the Group for the financial years ended 31 March 2019 and 31 March 2020 and for the half years ended 30 September 2019 and 30 September 2020 and the consolidated cash flow statements for the financial years ended 31 March 2019 and 31 March 2020 and for the half years ended 30 September 2019 and 30 September 2020. The selected consolidated financial information as at and for the financial years ended 31 March 2019 and 31 March 2020 should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 March 2020 and the related notes thereto which are included elsewhere in this Information Memorandum. The Group's consolidated financial statements for each of the financial years ended 31 March 2019 and 31 March 2020 have been audited by the Group's independent auditors Deloitte & Touche LLP, whose report for the financial year ended 31 March 2020 is included herein. The unaudited consolidated financial statements have, in the Group's opinion, been prepared on the same basis as the audited consolidated financial statements for the financial year ended 31 March 2020 and reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the Group's results of operations and financial position. Operating results for the half year ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2021. The unaudited consolidated financial statements for the half years ended 30 September 2020 and 30 September 2019 have not been audited or reviewed by the Group's independent auditors Deloitte & Touche LLP. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance upon them. The audited consolidated financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and International Financial Reporting Standards ("**IFRS**") 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 the IFRSs are subsequently referred to as SFRS(I)s in this Information Memorandum unless otherwise stated.*

### CONSOLIDATED BALANCE SHEETS

| | The Group | | |
|---|---|---|---|
| | Audited | | Unaudited |
| | As at 31 March 2020 | As at 31 March 2019 | As at 30 September 2020 |
| **S$'000** | | | |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | **492,997** | 392,220 | **458,727** |
| Financial assets | **9,501** | 7,230 | **—** |
| Trade and other receivables | **262,067** | 264,689 | **206,776** |
| Derivative financial instruments | **2,109** | 58 | **537** |
| Inventories | **331** | 692 | **344** |
| Other current assets | **18,628** | 21,339 | **18,921** |
| | **785,633** | 686,228 | **685,305** |
| **Non-current assets** | | | |
| Financial assets | **95,841** | 105,789 | **95,942** |
| Trade and other receivables | **8,641** | 7,797 | **9,150** |
| Investments in associated companies and joint ventures | **35,334** | 39,840 | **35,482** |
| Investment properties | **1,008,020** | 999,349 | **1,007,932** |

| | The Group | | |
|---|---|---|---|
| | Audited | | Unaudited |
| | As at 31 March 2020 | As at 31 March 2019 | As at 30 September 2020 |
| **S$'000** | | | |
| Property, plant and equipment | **441,474** | 466,798 | **425,027** |
| Right-of-use assets | **73,218** | — | **75,340** |
| Intangible assets | **297,363** | 307,438 | **309,469** |
| Deferred income tax assets | **2,277** | 3,194 | **3,580** |
| Other non-current assets | **3,834** | 2,807 | **6,275** |
| | **1,966,002** | 1,933,012 | **1,968,197** |
| **Total assets** | **2,751,635** | 2,619,240 | **2,653,502** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | **506,952** | 486,990 | **511,258** |
| Current income tax liabilities | **40,531** | 44,291 | **33,895** |
| Contract liabilities | **31,957** | 38,214 | **33,841** |
| Lease liabilities | **19,346** | — | **20,038** |
| Derivative financial instruments | **932** | 440 | **219** |
| Borrowings | **156,963** | 281,842 | **57,103** |
| | **756,681** | 851,777 | **656,354** |
| **Non-current liabilities** | | | |
| Trade and other payables | **13,206** | 17,757 | **13,197** |
| Borrowings | **207,461** | 9,034 | **206,509** |
| Contract liabilities | **30,712** | 38,334 | **27,187** |
| Lease liabilities | **66,820** | — | **64,904** |
| Deferred income tax liabilities | **34,437** | 41,875 | **36,848** |
| | **352,636** | 107,000 | **348,645** |
| **Total liabilities** | **1,109,317** | 958,777 | **1,004,999** |
| **NET ASSETS** | **1,642,318** | 1,660,463 | **1,648,503** |
| **EQUITY** | | | |
| **Capital and reserves attributable to the Company's equity holders** | | | |
| Share capital | **638,762** | 638,762 | **638,762** |
| Treasury shares | **(29,724)** | (30,174) | **(29,724)** |
| Other reserves | **73,310** | 78,024 | **84,265** |
| Retained earnings | **570,206** | 579,633 | **566,693** |
| Ordinary equity | **1,252,554** | 1,266,245 | **1,259,996** |
| Perpetual securities | **346,826** | 346,826 | **346,785** |
| | **1,599,380** | 1,613,071 | **1,606,781** |
| Non-controlling interests | **42,938** | 47,392 | **41,722** |
| **Total equity** | **1,642,318** | 1,660,463 | **1,648,503** |

## CONSOLIDATED INCOME STATEMENTS

| | The Group | | | |
|---|---|---|---|---|
| | Audited | | Unaudited | |
| | **For the financial year ended 31 March 2020** | **For the financial year ended 31 March 2019** | **For the half year ended 30 September 2020** | **For the half year ended 30 September 2019** |
| **S$'000** | | | | |
| **Continuing operations** | | | | |
| Revenue | **1,313,783** | 1,323,285 | **707,781** | 645,648 |
| Labour and related expenses | **(282,399)** | (281,836) | **(149,865)** | (140,953) |
| Volume-related expenses[1] | **(710,526)** | (679,180) | **(429,215)** | (338,754) |
| Administrative and other expenses | **(102,880)** | (134,425) | **(50,324)** | (48,595) |
| Depreciation and amortisation | **(67,979)** | (38,558) | **(33,056)** | (34,206) |
| Selling-related expenses | **(9,528)** | (10,473) | **(3,197)** | (4,073) |
| (Impairment loss on) / reversal of impairment to trade and receivables | **(1,503)** | 68 | **(4,708)** | (1,035) |
| Operating expenses | **(1,174,815)** | (1,144,404) | **(670,365)** | (567,616) |
| Other income | **4,637** | 3,598 | **2,367** | 2,933 |
| Profit on operating activities | **143,605** | 182,479 | **39,783** | 80,965 |
| Share of (loss) / profit of associated companies and joint ventures | **(114)** | (7,061) | **319** | 64 |
| Exceptional items[2] | **(9,122)** | 37,942 | **(532)** | 985 |
| Interest income and investment income (net) | **6,872** | 5,108 | **3,275** | 5,204 |
| Finance expenses | **(12,648)** | (8,262) | **(5,056)** | (6,339) |
| Profit before income tax | **128,593** | 210,206 | **37,789** | 80,879 |
| Income tax expense | **(28,319)** | (36,082) | **(6,982)** | (16,781) |
| **Profit from continuing operations** | **100,274** | 174,124 | **30,807** | 64,098 |
| **Discontinued operations[3]** | | | | |
| Loss after tax from discontinued operations | **(11,994)** | (147,271) | **—** | (11,994) |
| **Profit after tax** | **88,280** | 26,853 | **30,807** | 52,104 |
| **Profit attributable to:** | | | | |
| Equity holders of the Company | **91,078** | 18,958 | **30,940** | 53,411 |
| Non-controlling interests | **(2,798)** | 7,895 | **(133)** | (1,307) |
| Underlying Net Profit[4] | **100,200** | 100,106 | **31,472** | 52,426 |

| | The Group | | | |
|---|---|---|---|---|
| | Audited | | Unaudited | |
| | For the financial year ended 31 March 2020 | For the financial year ended 31 March 2019 | For the half year ended 30 September 2020 | For the half year ended 30 September 2019 |
| **S$'000** | | | | |
| **Earnings per share attributable to ordinary shareholders of the Company**[5] | | | | |
| **From continuing operations** | | | | |
| — Basic | **3.92 cents** | 6.70 cents | **1.04 cents** | 2.57 cents |
| — Diluted | **3.92 cents** | 6.70 cents | **1.04 cents** | 2.57 cents |
| **From discontinued operations** | | | | |
| — Basic | **(0.53) cent** | (6.52) cents | **—** | (0.53) cent |
| — Diluted | **(0.53) cent** | (6.52) cents | **—** | (0.53) cent |

1 Volume-related expenses comprise mainly of traffic expenses and cost of sales.

2 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.

3 Discontinued operations arise from U.S. subsidiaries (as defined in announcement dated 19 September 2019) which results have been re-presented in accordance with SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations. The loss from discontinued operations of S$12.0 million in FY 19/20 represents the operating loss of the U.S. Subsidiaries till the date of deconsolidation.

4 Underlying net profit is defined as net profit before exceptional items, net of tax.

5 Earnings/(loss) per share were calculated based on net profit/(loss) attributable to equity holders of the Company less distribution attributable to perpetual securities holders, divided by the weighted average number of ordinary shares outstanding (excluding treasury shares).

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | The Group | | | |
|---|---|---|---|---|
| | Audited | | Unaudited | |
| | For the financial year ended 31 March 2020 | For the financial year ended 31 March 2019 | For the half year ended 30 September 2020 | For the half year ended 30 September 2019 |
| **S$'000** | | | | |
| **Cash flows from operating activities** | | | | |
| Profit after tax | **88,280** | 26,853 | **30,807** | 52,104 |
| Adjustments for: | | | | |
| Income tax expense | **28,391** | 27,763 | **6,982** | 16,853 |
| Impairment loss on trade and other receivables | **1,012** | 2,178 | **4,708** | 544 |
| Amortisation of contract liabilities | **(7,934)** | (7,140) | **(5,044)** | (3,738) |
| Amortisation of intangible assets | **507** | 10,519 | **228** | 279 |
| Depreciation | **67,472** | 47,414 | **32,828** | 33,926 |
| Fair value loss / (gain) on investment properties | **1,551** | (12,088) | **—** | — |
| Gains on disposal of investment, property, plant and equipment | **(31)** | (48,093) | **(162)** | (16) |
| Loss on derivative instruments | **—** | 15,541 | **—** | — |
| Provision for restructuring costs | **943** | 9,885 | **—** | — |
| Share-based staff costs | **2,804** | 2,117 | **1,510** | 1,228 |
| Interest expense | **13,508** | 10,270 | **5,056** | 7,199 |
| Interest income | **(5,885)** | (5,876) | **(1,749)** | (3,533) |
| 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 | **115** | — |
| Impairment of a loan to an associated company | **—** | — | **357** | — |
| Share of loss / (profit) of associated companies and joint ventures | **114** | 7,061 | **(319)** | (64) |
| | **106,334** | 159,988 | **44,510** | 52,678 |
| **Operating cash flow before working capital changes** | **194,614** | 186,841 | **75,317** | 104,782 |
| Changes in working capital, net of effects from acquisition and disposal of subsidiaries | | | | |
| Inventories | **361** | 267 | **(13)** | 28 |
| Contract liabilities | **(5,945)** | 275 | **11,611** | (3,855) |
| Trade and other receivables | **(41,197)** | 5,325 | **46,845** | (7,675) |
| Trade and other payables | **71,585** | (9,194) | **7,154** | (36,176) |
| **Cash generated from operations** | **219,418** | 183,514 | **140,914** | 57,104 |
| Income tax paid | **(36,256)** | (31,334) | **(13,834)** | (18,448) |
| **Net cash provided by operating activities** | **183,162** | 152,180 | **127,080** | 38,656 |

| | The Group | | | |
|---|---|---|---|---|
| | Audited | | Unaudited | |
| | For the financial year ended 31 March 2020 | For the financial year ended 31 March 2019 | For the half year ended 30 September 2020 | For the half year ended 30 September 2019 |
| **S$'000** | | | | |
| **Cash flows from investing activities** | | | | |
| Additions to property, plant and equipment, investment properties and intangible assets | **(27,125)** | (31,323) | **(13,676)** | (6,871) |
| Contingent consideration paid in relation to acquisition of a subsidiary | **—** | — | **(1,508)** | — |
| Deconsolidation of subsidiaries, net of cash acquired | **(3,934)** | — | **—** | (3,934) |
| Dividend received from an associated company | **543** | 1,315 | **—** | — |
| Interest received | **6,371** | 5,675 | **2,016** | 3,730 |
| Additional investment in an associated company | **—** | (412) | **—** | — |
| Loan to an associated company | **(1,158)** | (701) | **(56)** | (1,040) |
| Proceeds from sale of financial assets | **741** | 1,241 | **—** | 741 |
| 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 | **343** | 84 |
| Proceeds on maturity of financial assets | **6,500** | — | **9,501** | 5,500 |
| Repayment of loans by associated company | **—** | — | **62** | — |
| **Net cash (used in) / provided by investing activities** | **(17,763)** | 12,349 | **(3,318)** | (1,790) |
| **Cash flows from financing activities** | | | | |
| Acquisition of non-controlling interests | **—** | (14,367) | **(2,296)** | — |
| Distribution paid to perpetual securities | **(14,915)** | (14,875) | **(7,499)** | (7,499) |
| Dividends paid to shareholders | **(78,736)** | (79,119) | **(26,995)** | (56,239) |
| Dividends paid to non-controlling interests in a subsidiary | **(992)** | (586) | **(392)** | (992) |
| Interest paid | **(16,072)** | (10,065) | **(4,007)** | (10,263) |
| Proceeds from re-issuance of treasury shares | **—** | 281 | **—** | — |
| Purchase of treasury shares | **—** | (15,143) | **—** | — |
| Proceeds from bank loans | **628,364** | 225,977 | **100,018** | 69,599 |
| Repayment of principal portion of lease liabilities | **(26,995)** | — | **(15,937)** | (13,991) |
| Repayment of bank loans and fixed rate notes | **(555,276)** | (178,462) | **(200,924)** | (84,274) |
| **Net cash used in financing activities** | **(64,622)** | (86,359) | **(158,032)** | (103,659) |
| **Net increase / (decrease) in cash and cash equivalents** | **100,777** | 78,170 | **(34,270)** | (66,793) |
| Cash and cash equivalents at beginning of financial year / period | **392,220** | 314,050 | **492,997** | 392,220 |
| **Cash and cash equivalents at end of financial year / period** | **492,997** | 392,220 | **458,727** | 325,427 |

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.

During the 6 months ended 30 September 2019, the deconsolidated U.S. businesses contributed S$5.3 million to the Group's net operating cash flows, contributed Nil in respect of investing activities and paid S$7.1 million in respect of financing activities.

During the full year ended 31 March 2020, the deconsolidated U.S. businesses used S$5.3 million (contributed full year ended 31 March 2019: S$5.6 million) in the Group's operating activities, contributed Nil (used in full year ended 31 March 2019: S$9.8 million) in respect of investing activities and paid S$7.1 million (contributed full year ended 31 March 2019: S$51.4 million) in respect of financing activities.

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. Subsidiaries. As part of deconsolidation, this amount is reflected as an outflow under investing activities.

**FINANCIAL YEAR ENDED 31 MARCH 2020 COMPARED TO FINANCIAL YEAR ENDED 31 MARCH 2019**

During the full year ended 31 March 2020 ("**FY 19/20**"), the Group announced that Jagged Peak, Inc., TradeGlobal North America Holding, Inc. and TradeGlobal LLC (the "**U.S. Subsidiaries**") had 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, 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 Group does not expect any material financial impact to the Group from the Jagged Peak Sale and the TradeGlobal Sale.

For FY 19/20 and FY 18/19, 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 as "Discontinued operations".

### Continuing Operations

| REVENUE | Financial Year ended 31 March 2020 | 2019 | Change |
|---|---|---|---|
| | S$'000 | S$'000 | % |
| Post and Parcel | **763,079** | 764,561 | (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%) |

* Inter-segment eliminations refer to the elimination of intersegment billings for internal services to better reflect the profitability of each business segment.

| PROFIT ON OPERATING ACTIVITIES | Financial Year ended 31 March 2020 | 2019 | Change |
|---|---|---|---|
| | S$'000 | S$'000 | % |
| 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%) |
| | **143,605** | 182,479 | (21.3%) |

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

### Group

For FY 19/20, Group revenue declined marginally by 0.7%.

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

### Post and 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 of FY 19/20 ("**Q4 FY 19/20**").

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 2020, prior to the COVID-19 crisis, since making improvements to service quality.

Letter volumes declined at double-digit percentage against the financial year ended 31 March 2019 ("**FY 18/19**"), 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 costs due to 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 the decline in Domestic letter volumes, as well as the impact of COVID-19 in Q4 FY 19/20.

**Logistics**

In the Logistics segment, revenue declined marginally by 0.7% in FY 19/20, 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 risen 1%.

Logistics delivered a resilient performance despite headwinds from COVID-19, driven by growth in QSI, 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 in FY 19/20 from S$7.6 million in FY 18/19, 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 SPC 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 were 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 FY 19/20, the Group does expect a prolonged closure of businesses arising from the circuit breaker to negatively impact its Property segment moving forward.

**Others**

Under the Others segment, profit from operating activities rose by 8.6% or S$2.5 million to S$32.0 million in FY 19/20, 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. Volume-related expenses rose 4.6% or S$31.3 million in FY 19/20, largely in line with the 5.9% growth in International Post and Parcel revenue over the same period.

Selling-related expense declined 9.0% in FY 19/20, due to lower cost recovery for international postal items compared to FY 18/19.

Impairment loss on trade and other receivables was higher at S$1.5 million for FY 19/20, largely due to higher provisions for bad debt in relation to the International Post & Parcel and Logistics businesses.

In Q4 FY 19/20, the Group recognised part of the Job Support Scheme relief, as part of the Government of Singapore's measures to help businesses in coping with the impact from COVID-19. This has helped the Group mitigate the impact of COVID-19.

Labour and related expenses was stable across FY 18/19 and FY 19/20, 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 FY 19/20** |
|---|---|
| | **S$'M** |
| Administrative and others — Operating lease | 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 FY 19/20, while Depreciation and amortisation expenses rose 76.3% for FY 19/20.

Total operating expenses rose 2.7% for FY 19/20, despite benefits delivered by the Group's cost savings actions taken across the organisation in anticipation of a declining letter volume environment.

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 FY 19/20, other income was S$4.6 million compared to S$3.6 million in FY 18/19, due to late payment interest received, offset by unfavourable trade-related foreign currency exchange differences.

**Impairment**

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

- An impairment for associated company Morning Express of S$1.5 million. Factors surrounding the business climate in Hong Kong have had a material impact on Morning Express' business outlook.

- An impairment for its investment in Efficient E-Solutions Bhd of S$2.3 million, which reflects the decline in its market value as traded on the Bursa Malaysia Bhd.

- A fair value loss on the Group's distribution base located in Ayer Rajah of S$1.5 million, due to the diminishing underlying land lease to expiry.

**Exceptional items**

For FY 19/20, 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 the second quarter of FY 19/20.

For FY 18/19, the Group had recorded an exceptional gain of S$37.9 million, due largely to a gain on dilution of interest in Shenzhen 4PX Information and Technology Co., Limited ("**4PX**"), the fair value gain on investment properties and a gain on divestment of interest in Indo Trans Logistics Corporation ("**ITL**") partly offset by fair value loss on warrants from GDEX.

### Interest Income and Finance Expense

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 FY 19/20, 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 ventures

With effect from the third quarter of FY 18/19, the Group had ceased equity accounting for 4PX and disposed of its stake in ITL.

Accordingly, the share of loss from associated companies and joint venture was S$0.1 million, compared to a loss of S$7.1 million for FY 18/19, which still included 4PX and ITL results.

### Income Tax Expense

Income tax expense declined 21.5% from S$36.1 million to S$28.3 million for FY 19/20, largely due to lower profit before tax and the capital gain tax recorded in FY 18/19.

### 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 from discontinued operations for FY 19/20 was S$12.0 million compared to S$147.3 million in FY 18/19, which included impairment of S$101.6 million for the U.S. Subsidiaries.

### Net Profit and Underlying Net Profit

Net profit rose to S$91.1 million for FY 19/20 from S$19.0 million in FY 18/19.

Excluding exceptional items, underlying net profit was stable at S$100.2 million for FY 19/20.

The absence of losses from the U.S. Subsidiaries compared to FY 18/19 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

Operating cash flow before working capital changes was S$194.6 million in FY 19/20, compared to S$186.8 million in FY 18/19.

Working capital movement for FY 19/20 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 FY 19/20 rose to S$183.2 million, compared against S$152.2 million in FY 18/19.

### Investing activities

Net cash outflow for investing activities was S$17.8 million for FY 19/20, compared to an inflow of S$12.3 million in FY 18/19, due largely to the absence of proceeds from disposal of an associated company in the FY 18/19. Capital expenditure declined to S$27.1 million in FY 19/20 compared to S$31.3 million in FY 18/19.

### Financing activities

Net cash outflow from financing activities for FY 19/20 amounted to S$64.6 million, compared to outflow of S$86.4 million in FY 18/19. The difference was largely due to the net receipt of bank loans of S$73.1 million, compared to net proceeds of S$47.5 million in FY 18/19.

### Free cash flow

For FY 19/20, 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 FY 18/19, due to the positive working capital movement as mentioned above.

## HALF YEAR ENDED 30 SEPTEMBER 2020 COMPARED TO HALF YEAR ENDED 30 SEPTEMBER 2019

### Revenue

| | FY 20/21 H1 | FY 19/20 H1 | Variance |
|---|---|---|---|
| | S$'000 | S$'000 | % |
| Post and Parcel | **392,605** | 373,365 | 5.2% |
| Logistics | **293,896** | 244,265 | 20.3% |
| Property | **55,504** | 60,185 | (7.8%) |
| Inter-segment eliminations* | **(34,224)** | (32,167) | (6.4%) |
| | **707,781** | 645,648 | 9.6% |

* Inter-segment eliminations relate to the elimination of inter-segment billings for internal services to better reflect the profitability of each business segment.

### Profit on operating activities

| | FY 20/21 H1 | FY 19/20* H1 | Variance |
|---|---|---|---|
| | S$'000 | S$'000 | % |
| Post and Parcel | **22,667** | 68,810 | (67.1%) |
| Logistics | **5,705** | (3,488) | N.M. |
| Property | **23,723** | 26,765 | (11.4%) |
| Others# | **(12,312)** | (11,122) | (10.7%) |
| | **39,783** | 80,965 | (50.9%) |

* With effect from 1 April 2020, corporate cost allocation has been revised and prior year numbers have been restated for comparative purposes.

\# Others refer to unallocated corporate overhead items.

### Group

For the half year ended 30 September 2020 ("**H1 20/21**"), Group revenue rose 9.6% as compared to the half year ended 30 September 2019 ("**H1 19/20**"), led by growth in the Post and Parcel as well as Logistics segments, with strong eCommerce volume growth across the Group.

Notwithstanding the higher earnings contribution from eCommerce, COVID-19-related disruptions impacted profitability, leading to a 50.9% decline in Group's Profit on operating activities.

### Post and Parcel

In the Post & Parcel segment, revenue rose 5.2% for H1 20/21 as compared to H1 19/20.

The Domestic Post and Parcel business saw significant eCommerce volume growth of 43% in H1 20/21, as initiatives such as the new tracked letterbox product saw significant traction with customers. Volumes of letters and printed papers in Singapore continued to decline as expected due to electronic substitution, while business mails were also reduced as a result of the circuit breaker during the first quarter of the financial year ended 31 March 2021 ("**1Q 20/21**").

In the International Post and Parcel business, cross-border eCommerce volumes were largely resilient. This was achieved despite COVID-19 causing a massive disruption to international air freight out of Changi Airport, which resulted in delays and increased conveyance costs. With air freight disruptions leading to higher conveyance costs, International Post and Parcel's margins were largely eroded.

Due to the above reasons, profit on operating activities declined by 67.1% in H1 20/21 to S$22.7 million. This was partly mitigated by growth in earnings contribution from eCommerce revenue. In H1 20/21, eCommerce revenue contributed to 32% of total Domestic Post and Parcel revenues, up from 18% in H1 19/20.

**Logistics**

In the Logistics segment, revenue rose 20.3% for H1 20/21, with Couriers Please, QSI and SP eCommerce experiencing strong growth as a result of increased adoption and rapid growth of eCommerce activities in Asia-Pacific.

In particular, Couriers Please has seen solid volume growth in Australia, with revenue rising 48%, or S$34 million, for H1 20/21.

QSI and SP eCommerce benefited from the reengineering of processes to improve customer experience, efficiency, and scalability. This resulted in more customers coming on board for eCommerce logistics solutions, including warehousing, fulfilment as well as front-end solutions.

The freight forwarding entity Famous Holdings, despite facing a global trade slowdown, delivered a resilient performance.

As a result of the above, the Logistics segment delivered a strong turnaround to a profit of S$5.7 million in H1 20/21, from a loss of S$3.5 million in H1 19/20.

**Property**

In the Property segment, revenue declined 7.8% or S$4.7 million for H1 20/21, largely due to rental rebates provided for eligible tenants which amounted to approximately S$3.2 million, as well as lower receipts from car-park and atrium sales.

Accordingly, Profit on Operating activities declined by 11.4% or S$3.0 million to S$23.7 million for H1 20/21.

In 1Q 20/21, the retail mall saw a substantial decline in footfall due to the circuit breaker measures and many tenants had to temporarily close as a result.

However, the mall's footfall and tenant sales have been on a recovery trajectory since the recent gradual reopening measures and easing of restrictions by the Government.

In spite of a weak leasing market due to the challenging economic environment, committed occupancy remained largely stable as the SPC retail mall and office remained at close to full occupancy as at 30 September 2020.

**Others**

The Others segment refers to unallocated corporate overhead items.

Expenses under the Others segment increased by 10.7% in H1 20/21 as compared to H1 19/20, due to reversals of one-off expenses amounting to S$1.2 million. Excluding this, the Others segment remained stable.

**Operating expenses**

Total operating expenses rose 18.1% in H1 20/21, driven by eCommerce volume growth, and exacerbated by COVID-19 related disruptions.

Volume-related expenses, which reflect outpayments for international postal terminal dues and mail conveyancing costs, rose 26.7% or S$90.5 million in H1 20/21, with higher eCommerce volumes across the Group.

In addition, COVID-19 had caused a massive disruption to international air freight out of Changi Airport, and this resulted in substantially higher conveyance costs for the Group's International Post and Parcel business. Terminal dues for international postal items also increased with effect from 1 January 2020.

Labour and related expenses rose 6.3% or S$8.9 million in H1 20/21. This was due to higher contracted services for eCommerce related deliveries in line with strong volume growth, as well as higher costs related to COVID-19 disruptions such as health and safety arrangements for postmen. There was also higher unutilised leave compared to the same period last year.

In H1 20/21, the Group recognised approximately S$13 million for the Job Support Scheme ("**JSS**") relief, which was offset against labour and related expenses, as part of the Government of Singapore's measures to help businesses in coping with the impact from COVID-19. This has helped the Group mitigate the impact of COVID-19.

Administrative expenses rose 3.6% in H1 20/21, largely due to the roll out of a new information system in Australia to improve customer experience and manage the higher volumes.

Selling-related expense decreased 21.5% in H1 20/21, due to lower sales promotion and advertising spend.

Impairment loss on trade and other receivables was higher at S$4.7 million for H1 20/21 compared to $1.0 million for H1 19/20, largely due to higher provisions for bad debt.

**Other income**

Other income was S$2.4 million in H1 20/21, lower compared to S$2.9 million in H1 19/20 due to a one-off insurance claim in H1 19/20.

**Exceptional items**

The Group recorded an exceptional loss of S$0.5 million in H1 20/21 largely due to impairment of an associated company.

In H1 19/20, there was an exceptional gain of S$1.0 million largely due to a reversal of provision for contingent consideration of a foreign subsidiary.

**Interest Income and Finance Expense**

Interest income and investment income was lower at S$3.3 million in H1 20/21 due to lower interest income, while Finance expense was lower at S$5.1 million in H1 20/21 due to lower interest expenses.

**Share of Results of Associated Companies and Joint Venture**

The share of profit from associated companies and joint venture rose to S$0.3 million for H1 20/21, compared to S$0.1 million in H1 19/20, largely due to improved performance from an associate in Australia.

**Income Tax Expense**

Income tax expense was S$7.0 million in H1 20/21 compared to S$16.8 million in H1 19/20, largely due to lower profit before tax, as well as the effect of the JSS payouts received, which are exempt from tax.

**Discontinued Operations**

The Group had deconsolidated the financials for the U.S. Subsidiaries with effect from September 2019. Accordingly, there was no loss from discontinued operations in H1 20/21, compared to a loss of S$12.0 million in H1 19/20.

**Net Profit**

For H1 20/21, net profit attributable to equity holders of the Company declined 42.1% to S$30.9 million compared to H1 19/20, as COVID-19 related disruptions significantly impacted International Post and Parcel profitability. This was partly offset by higher earnings contribution from eCommerce growth in Singapore and Australia, as well as the absence of losses from discontinued operations.

Excluding exceptional items, underlying net profit declined 40.0% to S$31.5 million in H1 20/21.

**Statement of Financial Position**

**Assets**

The Group's total assets amounted to S$2.7 billion as at 30 September 2020.

Current assets declined to S$685.3 million as at 30 September 2020, from S$785.6 million as at 31 March 2020, largely due to lower cash and cash equivalents as a result of net repayment of bank loans of S$100.9 million during this period.

Trade and other receivables declined to S$206.8 million as at 30 September 2020, from S$262.1 million as at 31 March 2020, due to payments received.

Current financial assets, which comprises SingPost's investments in corporate bonds, declined to zero as at 30 September 2020 due to redemption upon maturity.

Current derivative financial instruments declined to S$0.5 million at 30 September 2020 from S$2.1 million at 31 March 2020, due to largely to maturity of hedge for a foreign currency.

Current inventories were stable at S$0.3 million, while Other current assets rose marginally to S$18.9 million as at 30 September 2020, from S$18.6 million as at 31 March 2020.

Non-current assets were stable at S$2.0 billion as at 30 September 2020.

Non-current financial assets, Investments in associated companies and joint ventures, and Investment properties remained largely stable at S$95.9 million, S$35.5 million and S$1,007.9 million respectively.

Non-current trade and other receivables rose to S$9.2 million as at 30 September 2020 from S$8.6 million as at 31 March 2020, largely due to translation difference from a loan to an associated company.

Property, plant and equipment declined to S$425.0 million as at 30 September 2020 from S$441.5 million as at 31 March 2020, mainly due to depreciation charges for the period.

Right-of-use assets increased to S$75.3 million as at 30 September 2020 from S$73.2 million as at 31 March 2020, due to additional leases offset by the depreciation for the period and expiry of leases.

Intangible assets rose to S$309.5 million as at 30 September 2020, compared to S$297.4 million as at 31 March 2020, largely due to translation differences from the Australian dollar.

Deferred income tax assets rose to S$3.6 million as at 30 September 2020 from S$2.3 million as at 31 March 2020, due to an increase in tax credit.

Other non-current asset increased to S$6.3 million as at 30 September 2020 from S$3.8 million as at 31 March 2020 due to payments for an extension of call/put option for the freight forwarding business.

**Liabilities**

The Group's total liabilities were S$1.0 billion as at 30 September 2020, compared to S$1.1 billion as at 31 March 2020.

Current liabilities declined to S$656.4 million as at 30 September 2020 from S$756.7 million as at 31 March 2020, due substantially to a decline in current borrowings from S$157.0 million to S$57.1 million from partial repayment of a term loan.

Trade and other payables increased to S$511.3 million as at 30 September 2020, from S$507.0 million as at 31 March 2020, due largely to JSS, partly offset by lower balances from the timing of settlements in relation to the International Post and Parcel business.

Current contract liabilities rose to S$33.8 million as at 30 September 2020 from S$32.0 million as at 31 March 2020, due largely to advance collections.

Current lease liabilities, which relates to the current portion of lease payments recognised in accordance with SFRS(I) 16 Leases effective from 1 April 2019, rose marginally to S$20.0 million as at 30 September 2020.

Current income tax liabilities declined to S$33.9 million as at 30 September 2020 due to payment of tax, partly offset by tax provisioning for the period.

Derivative financial instruments declined to S$0.2 million as at 30 September 2020 from S$0.9 million as at 31 March 2020, after being marked to market.

Non-current liabilities declined to S$348.6 million as at 30 September 2020, from S$352.6 million as at 31 March 2020.

Non-current trade and other payables as well as Non-current borrowings remained largely stable at S$13.2 million and S$206.5 million respectively as at 30 September 2020.

Non-current lease liabilities, which relates to the non-current portion of lease payments recognised in accordance with SFRS(I) 16 Leases effective from 1 April 2019, declined marginally to S$64.9 million as at 30 September 2020.

Non-current contract liabilities mainly relates to upfront payments received from our postassurance collaboration with AXA Life Insurance Singapore Private Limited for which a financing component exists. The decline to S$27.2 million as at 30 September 2020 from S$30.7 million as at 31 March 2020 was mainly due to amortisation for the period.

Deferred income tax liabilities rose to S$36.8 million as at 30 September 2020 from S$34.4 million as at 31 March 2020, largely due to the increase in subsidiaries' profit.

A foreign subsidiary has tax-related contingent liabilities, which are yet to be fully determined.

**Cash Flow**

For H1 20/21, operating cash flow before working capital changes was S$44.5 million, compared to S$52.7 million for H1 19/20, due to lower profit.

Working capital movement for H1 20/21 improved significantly to S$65.6 million, due largely to favourable movement in trade receivables for eCommerce deliveries from China.

Consequently, net cash inflow from operating activities for H1 20/21 rose to S$127.1 million, compared to S$38.7 million in H1 19/20.

Net cash outflow for investing activities was S$3.3 million for H1 20/21, compared to S$1.8 million for H1 19/20. Capital expenditure rose to S$13.7 million in H1 20/21 compared to S$6.9 million in H1 19/20, largely due to final release of payment for the SPC retail mall redevelopment of around S$7.1 million. This was offset by proceeds from maturity of financial assets of S$9.5 million.

Net cash outflow from financing activities for H1 20/21 amounted to S$158.0 million, compared to outflow of S$103.7 million in H1 19/20. This was largely due to net repayment of bank loans of S$100.9 million, partly offset by lower interest paid and lower dividends to shareholders.

**Financial Position**

As at 30 September 2020, the Group was in a net cash position of S$195.1 million, compared to a net cash position of S$128.6 million as at 31 March 2020, due to higher operating cashflows over the period.

Ordinary shareholders' equity stands at S$1.26 billion as at 30 September 2020, marginally higher as compared to 31 March 2020.

**OUTLOOK**

There remains significant uncertainty in the operating environment due to COVID-19. Group earnings and operating cashflows will continue to face headwinds from the disruptions to businesses. The extent and duration of the headwinds will depend on when the global pandemic situation will ease up.

The Group is carefully managing its expenses, cashflows and liquidity.

Notwithstanding the immediate challenges, SingPost remains committed to its transformation efforts.

The Group is implementing the Future of Post initiative, which will reengineer the Postal business to capture the broader growing opportunities for smart urban logistics. A key component of this ecosystem, the world's first-ever "Smart Letterbox", will commence public trials by the end of the calendar year.

Meanwhile, Property contribution from SPC retail mall and office is expected to remain relatively stable.

With a relatively strong balance sheet, the Group will continue to seek out new opportunities that will strengthen its capabilities and competitiveness in key markets.

**Strategic acquisition in Australia**

On 19 October 2020, the Group announced that it had entered into a conditional sale and purchase agreement to acquire an aggregate 38% equity interest in FMH for an aggregate consideration of approximately A$85.0 million (equivalent to approximately S$84.1 million).

FMH is a leading 4PL service company in Australia. Through the use of proprietary technology, FMH manages and executes its customers' supply chain and distribution requirements.

The acquisition will allow the Group to further scale its Business-to-Business-to-Consumer logistics capabilities in Australia, and capitalise on the growing eCommerce segment.

Together with Couriers Please and Quantium Solutions Australia, the Group aims to derive synergistic benefits, grow volumes and build scale. This provides a strong platform for the Group to drive revenue and earnings in Australia over the long term.

## REGULATORY

*Unless otherwise defined in this Information Memorandum, all capitalised terms in this section shall have the meanings ascribed to them in the Postal Services Act and the Postal Competition Code.*

SingPost's provision of postal services in Singapore is regulated under the Postal Services Act, which is administered by the IMDA in respect of postal matters. Pursuant to the Postal Services Act, the IMDA has granted SingPost a licence as a Public Postal Licensee.

SingPost was granted a 25-year Postal Licence on 1 April 1992 by the then Info-communications Development Authority of Singapore, with a 15-year exclusive right to convey by post between places in Singapore, and between places in Singapore and places outside Singapore, whether by land, by sea or by air, all letters and postcards, and to perform all the incidental services of receiving, collecting, sending, dispatching and delivering of all letters and postcards i.e. basic mail services.

On 31 March 2007, SingPost's monopoly in the basic mail services market came to an end with the Government's decision to liberalise the postal industry on 1 April 2007. Industry players interested in providing domestic and international basic mail services in Singapore are required to first obtain a licence from the then Infocomm Development Authority of Singapore.

With effect from 1 April 2017, SingPost's Postal Licence was renewed for a 20-year period.

The Basic Letter Services cover the conveyance of letters weighing 500g and below. Letters as defined in the Postal Services Act excludes books, catalogues, newspapers, and periodicals. The conveyance of direct mail will also be exempted from licensing.

As a Public Postal Licensee, SingPost will be required to perform a set of prescribed functions relating to the provision of postal services in Singapore determined by the IMDA, including:

- the provision of services for the conveyance and delivery of letters to any person in Singapore who requests for such services; and
- the provision and maintenance of posting boxes and post offices throughout Singapore.

To protect consumers' interests and to preserve mail integrity and security, the IMDA will continue to grant SingPost the following:

- access to letterbox masterdoor keys;
- the right to issue national stamps;
- the right to maintain the national postal code system; and
- the designated organisation representing Singapore at international and regional postal meetings.

*Duty as a Dominant Licensee*

As SingPost has enjoyed an exclusive right to provide basic mail services prior to 1 April 2007, the IMDA deemed that at this material point in time, SingPost has significant market power in the Basic Letter Services markets and has classified SingPost as dominant in these markets from the outset. Nonetheless, the IMDA has reiterated that the dominant classification is not permanent and would be removed if the IMDA determines that a postal licensee no longer possesses significant market power.

Having been deemed a Dominant Licensee by the IMDA, SingPost is required to fulfil its obligations under the Postal Competition Code issued by the IMDA, namely:

- duty to provide Basic Letter Services at just and reasonable prices, terms and conditions;
- duty to provide Basic Letter Services on a non-discriminatory basis;
- duty to provide Basic Letter Services on an unbundled basis;
- duty to file tariffs;
- duty to publish tariffs; and
- duty to provide Basic Letter Services consistent with effective tariffs.

At the same time, a Dominant Licensee that has significant market power in any market, whether in Singapore or elsewhere, must not use its dominant position in that market in a manner that unreasonably restricts, or is likely to unreasonably restrict, competition in any Basic Letter Services market in Singapore. In addition, a Dominant Licensee must not engage in conduct that constitutes an unfair method of competition.

*Duty as a Mandated Licensee*

The IMDA has also designated SingPost to be a Mandated Licensee at this material point in time, as SingPost has been classified as a postal licensee who controls facilities that are required as an input for the provision of a Basic Letter Service and/or Direct Mail Service, and that replicating the facilities or obtaining the use of such facilities through other means, is infeasible or sufficiently costly or difficult that requiring other Licensees to do so would create a significant barrier to entry.

Other Licensees may obtain a Mandated Service from SingPost to provide any Basic Letter Service and/or Direct Mail Service (of up to 500g) to recipients in Singapore. Therefore, having been designated a Mandated Licensee, SingPost is required to provide Mandated Services to other Licensees, or to provide "downstream delivery service" to SingPost's delivery network to facilitate access to Recipients at the following access points:

(a) at its central mail sorting centre; and

(b) premises at which its post office boxes or mail boxes are located.

SingPost can provide the Mandated Services to the other Licensees through two types of Network Access Agreements: (i) a Reference Access Offer (a standard offer pre-approved by the IMDA), or (ii) an Individualised Access Agreement (a commercial agreement between parties). For any Network Access Agreement entered into by SingPost, it is required to publish on its website a summary of the agreement or the entire Network Access Agreement.

In this regard, the IMDA has established a standard set of access prices, terms and conditions based on the following standards:

(i) for delivering homogeneous and/or pre-sorted domestic mail, the access prices for new entrants shall be no less favourable than the discounted charges given by SingPost to its existing own bulk mailers;

(ii) for delivering other unsorted and heterogeneous domestic mail, the access prices will be determined using the standard of retail price for delivery of such mail minus avoidable costs, taking into account the extra handling costs for heterogeneous mail; and

(iii) for delivering incoming international mail to recipients in Singapore, the access prices will be determined using the UPU Terminal Dues system as reference points.

Although SingPost is subject to regulation by the IMDA as a Public Postal Licensee, many of its business lines operate in a non-regulated market, including the express delivery market.

**IMDA**

The IMDA is a statutory board that was established under the Info-communications Media Development Authority of Singapore Act 2016, Act 22 of 2016. The IMDA is the regulatory authority principally responsible for administering the Postal Services Act, with the power to grant, modify and suspend licences, and to give directions, issue codes of practice and standards of performance.

**Postal Services Licensing Framework**

*Power to Grant Licence*

The Postal Services Act confers on the IMDA, which has been appointed to be the Postal Authority, the exclusive privilege to convey from one place to another letters and to perform all incidental services of receiving, collecting, sorting, sending, dispatching and delivering letters as well as the right (subject to Ministerial consent or in accordance with the terms of a Ministerial general authority) to grant licences in respect of all such services. The IMDA may, subject to Ministerial approval, designate any postal licensee as a Public Postal Licensee to perform all or any of the functions relating to the provision of postal services within the exclusive privilege of the IMDA under the Postal Services Act.

*Power to Establish Licence Conditions*

A licence granted by the IMDA may be granted either to any person, class of persons or a particular person and may include conditions requiring the licensee:

(a) to enter into agreements or arrangements with any person, class of persons or another postal licensee for:

  (i) the interconnection of, and access to, postal systems;

  (ii) the sharing of installation or plant used for posts belonging to any postal licensee; and

  (iii) such other purpose as may be specified in the licence,

  on such terms and conditions as may be agreed to by the licensee and such other persons or licensees or, in default of agreement, as may be determined by the IMDA;

(b) to pay to the IMDA a licence fee(s);

(c) to comply with any direction given by the IMDA as to such matters as are specified in the licence;

(d) to comply with codes of practice and standards of performance that are applicable to the licensee; and

(e) to do or not to do such things as are specified in the licence or are of a description so specified.

*Modification of Licence Conditions*

The IMDA may modify the conditions of any licence to provide postal services which has been granted pursuant to the Postal Services Act. However, before making modifications to the conditions of a licence of a Public Postal Licensee, the IMDA must give notice to the licensee stating that it proposes to make the modifications in the manner as specified in the notice and the compensation payable for any damage caused thereby. The notice must also specify the time (not being less than 28 days from the date of service of notice on such licensee) within which written representations with respect to the proposed modifications may be made.

Upon receipt of any such written representation, the IMDA must consider such representation and may reject the representation or amend the proposed modifications or compensation payable in accordance with the representation, or otherwise. In either event, the IMDA will thereupon issue a direction in writing to such licensee requiring that effect be given to the proposed modifications specified in the notice or to such modifications as subsequently amended by the IMDA within a reasonable time.

If no written representation is received by the IMDA within the specified time or if any written representation is subsequently withdrawn, the IMDA may forthwith carry out the modifications as specified in its notice.

*Suspension or Cancellation of Licence*

If the IMDA is satisfied that a postal licensee is contravening, or has contravened, any of its licence conditions, any provision of any code of practice or standard of performance, or any direction of the IMDA, the IMDA may, by notice in writing, issue such written order to the person as it considers requisite for the purpose of securing compliance thereof and/or require the payment within a specified period of a financial penalty.

Where the IMDA is satisfied that (i) any such postal licensee is again likely to so contravene, (ii) any such postal licensee has gone into liquidation other than for the purpose of amalgamation or consolidation, (iii) any such postal licensee is no longer in a position to comply with the provisions of the Postal Services Act or (iv) the public interest so requires, the IMDA may (in lieu of an order or financial penalty, or both), by notice in writing and without any compensation, do all or any of the following:

(a) cancel the licence or part thereof;

(b) suspend the licence or part thereof for such period as it thinks fit; and

(c) reduce the period for which the licence is to be in force.

*Basic Obligations of Public Postal Licensee*

As a Public Postal Licensee, SingPost is required to convey, receive, collect, sort, send, dispatch and deliver letters within, from and to Singapore on the request of any person in Singapore. In addition, SingPost is required by its Postal Licence to take all reasonable steps to provide any person in Singapore with international postal services in association with other postal administrations worldwide, unless the IMDA is satisfied that it would be unreasonable for it to do so. Under its Postal Licence, SingPost is required to seek the prior written approval of the IMDA before making any changes to its licensable postal service.

As a Public Postal Licensee, SingPost must also, subject to such directions as the IMDA may from time to time give, provide and maintain posting boxes and post offices throughout Singapore. The directions that are currently applicable to SingPost include provisions relating to:

(a) the criteria for distribution of posting boxes; and

(b) the criteria for distribution of post offices.

The terms of the Postal Licence of SingPost include the following:

- SingPost shall seek the IMDA's approval for any joint venture, association, contract or arrangement with a third party into which it intends to enter, the effect or purported effect of which would be to permit a person not originally a party to the licence to share in any benefit of, or otherwise gain any rights or privileges under, the licence, or which would otherwise result in a breach or circumvention of its Non-Transferability Obligation (as defined below);

- SingPost shall seek the IMDA's prior written approval for the appointment of its Chairman, Board of Directors and Chief Executive Officer and provide the IMDA with details of its shareholding and management arrangements;

- SingPost shall seek the IMDA's approval for any change (above 12%) in its ownership, shareholding or management arrangements which must be submitted to the IMDA for approval before such change is intended to be implemented;

- SingPost shall not enter into agreement or arrangement which shall in any way unreasonably prevent or restrict competition in relation to the provision of any other postal services licensed or authorised by the IMDA;

- SingPost shall not show undue preference towards, or exercise undue discrimination against, any person or class of persons in, amongst others, the price and performance characteristics of the postal services provided or the terms and conditions under which the postal services are provided, including giving undue preference to, or receiving unfair advantage from, a business carried on by SingPost or its associated or affiliated company, service or person;

- SingPost shall, where required by the IMDA, participate in any emergency activity in collaboration with other relevant agencies, organisations and Singapore Government ministries and departments, in accordance with the written law in Singapore; and

- SingPost shall not assign, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges under the licence except with the prior approval of the IMDA (the "**Non-Transferability Obligation**").

The approval of the IMDA is required for any change (above 12%) in the ownership or shareholding of SingPost and consequently it has the power to restrict the transfer of shares of SingPost.

*Tariff Regulation*

The IMDA's price control regulatory framework requires SingPost to seek the IMDA's approval for any proposed change to the tariffs relating to certain postal services. Such proposed changes must be filed with the IMDA prior to the proposed implementation date and cannot be implemented without the written approval of the IMDA.

*Dispute Resolution*

In the event that SingPost (as the Public Postal Licensee) fails to reach an agreement with other persons licensed by the IMDA on matters relating to the requirements of its Postal Licence or the Postal Services Act, the matter will be determined by the IMDA whose decision shall be binding on all parties concerned.

*Postal Services Act*

The Postal Services Act gives the IMDA the power to issue or approve and, from time to time, review codes of practice and standards of performance in connection with the operation of postal systems, the provision of postal services and the conduct of postal licensees in the provision of postal services.

*Quality of Service Standards*

The IMDA regulates SingPost's performance by setting Quality of Service ("**QoS**") standards.

SingPost must submit quarterly reports regarding its service quality to the IMDA. In this regard, monthly letter tests and audits are conducted by appointed independent assessors to measure these service standards and the results are submitted to the IMDA.

The Postal QoS standards imposed by the IMDA on SingPost remain one of the most stringent in the world, with delivery standards of 100% for basic letters and registered letters posted by the second working day.

The penalty framework for non-compliance with IMDA's Postal QoS is "up to S$50,000 per month per indicator".

**International Settlement Rates**

Singapore is a member of the UPU. The UPU is a specialised agency within the United Nations framework. It is responsible for the regulation of cross-border postal services and 192 countries are members of the UPU. The most important international provisions for cross-border postal services are established by the Universal Postal Convention, the agreement that regulates postal services among UPU members. The Universal Postal Convention is supplemented by the Postal Payment Services Regulations and Final Protocol, the Letter Post Regulations and Final Protocol and the Parcel Post Regulations and Final Protocol as well as various UPU Congress decisions and recommendations.

The UPU has established an international system for payments for international mail, known as the terminal dues settlement system. Terminal dues are the amount a postal administration charges foreign postal administrations for access to its delivery network. Prior to 2001, terminal dues were generally uniform flat rates unless countries opted to pay each other negotiated rates for bilateral mail flows. Rates were based on worldwide average cost and a worldwide average number of items per kilogram.

At its 2016 Congress, the UPU adopted changes to the terminal dues settlement system and modified the country classification system (dependent on Gross National Income and Postal Factors) that will determine the level of remuneration between countries. There are currently four country classification levels.

As Singapore is a member of the UPU, SingPost is required to adhere to the various settlement rates prescribed in the Universal Postal Convention of the UPU. For international mail, the terminal dues settlement rates are reviewed and determined by all members of the UPU. With effect from 1 January 2018, a new remuneration system for small packets was established based on the existing terminal dues settlement system. Under this new remuneration system, there are now separate rates for packages. The modified rates are generally higher than letter-mail rates as they reflect the higher costs of processing and delivery. For express delivery (Speedpost), the settlement rates between two countries are mutually agreed and changes to the rates are made as and when necessary. Tariff settlements are made quarterly or annually.

In 2020, the UPU introduced self-declared rates as an additional option to set the terminal dues settlement rates. Members can choose to use their domestic rates instead of the UPU's settlement rates to charge the sending postal operators.

SingPost has also entered into bilateral agreements with other postal administrations. These commercial agreements provide alternative settlement rates to the UPU terminal dues settlement system.

# PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme (after deducting issue expenses, if applicable) will be used for financing general working capital, corporate requirements and funding needs of the Group or such other purposes as may be specified in the relevant Pricing Supplement.

# CLEARING AND SETTLEMENT

## Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a global security or global certificate for persons holding the Securities in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Securities through the Depository System may be effected through securities sub-accounts held with corporate depositors ("**Depository Agents**"). Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payments of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the CDP Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

## Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

# TAXATION

## A. SINGAPORE TAXATION

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and e-tax guides issued by the MAS and IRAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or e-tax guides, or the interpretation of those laws, guidelines or e-tax guides, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and e-tax guides are also subject to various interpretations or conclusions set out below and no assurance can be given that the relevant tax authorities or the courts will agree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements made herein should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Holders and prospective holders of the Securities are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Guarantor, the Arranger, the Dealer(s) and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.*

*In addition, the disclosure below is on the assumption that the IRAS regards each Tranche of the Perpetual Securities as "debt securities" for the purposes of the ITA and that distribution payments made under each Tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the Qualifying Debt Securities Scheme are satisfied. If any Tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA, or distribution payments made under any tranche of the Perpetual Securities are not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the Qualifying Debt Securities Scheme, the tax treatment to holders may differ. Investors and holders of any Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any Tranche of the Perpetual Securities.*

### 1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore, unless specifically exempted. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is the prevailing corporate tax rate, currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent.

However, if the payment is derived by a person not resident in Singapore and such payment is (aa) not derived from any trade, business, profession or vocation carried on or exercised by such person in Singapore and (bb) is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

In addition, as the Programme as a whole is arranged by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, which is a Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (as defined in the ITA) at such time, any Tranche of the Securities ("**Relevant Securities**") issued or to be issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 would be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Securities paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person's operations through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require), Specified Income from the Relevant Securities paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore, other than any non-resident who qualifies for the tax exemption as described in paragraph (i) above, is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require,

payments of Specified Income derived from the Relevant Securities are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(A) if during the primary launch of any Tranche of Relevant Securities, the Relevant Securities of such Tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Securities would not qualify as QDS; and

(B) even though a particular Tranche of Relevant Securities are QDS, if, at any time during the tenure of such Tranche of Relevant Securities, 50.0 per cent. or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Securities held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or the concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) is derived from the Relevant Securities by any person who is not tax resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Securities using the funds and profits of such person's operations through a permanent establishment in Singapore.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Securities without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

## 2. Capital Gains

Singapore does not impose tax on capital gains. Any gains considered to be in the nature of capital arising from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific laws or regulations which deal with the characterisation of capital gains. The characterisation of the gains arising from a sale of the Securities will depend on the individual facts and circumstances of the holder and relating to that sale of the Securities.

Holders of the Securities who apply or are required to apply Singapore Financial Reporting Standard ("**FRS**") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be) for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes".

## 3. Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has issued an e-tax guide entitled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued an e-tax guide entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 — Financial Instruments".

Holders of the Securities who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

### 4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## B. FOREIGN ACCOUNT TAX COMPLIANCE ACT WITHHOLDING

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Singapore) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of these rules to securities such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on securities such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on securities such as the Securities, such withholding would not apply prior to 1 January 2019 and Securities issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Securities that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

Securityholders should consult their own tax advisers regarding how these rules may apply to their investment in the Securities.

# SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealer(s) under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

The Arranger, the Dealer(s) or any of their respective affiliates may have performed certain banking and advisory services for the Issuer, the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective affiliates in the ordinary course of the Issuer's or the Guarantor's business. The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealer(s) or any affiliate of the Dealer(s) is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

In connection with the issue of any Tranche of Securities, such Securities, when issued, may not have a market. The Dealer or Dealers (if any) may advise the Issuer and the Guarantor that they intend to make a market in such Securities as permitted by applicable law. They are not obligated, however, to make a market in the Securities and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for such Securities.

The Arranger, the Dealer(s) or any of their respective affiliates may purchase Securities for its own account or enter into secondary market transactions or derivative transactions relating to the Securities, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps, at the same time as the offering of the Securities. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Information Memorandum relates (notwithstanding that such selected counterparties may also be a purchaser of the Securities). As a result of such transactions, the Arranger, the Dealer(s) or any of their respective affiliates may hold long or short positions relating to the Securities.

The Arranger, the Dealer(s) and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealer(s) may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor and/or their respective subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealer(s) and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer, the Guarantor or their respective subsidiaries, jointly controlled entities or associated companies, including Securities issued under the Programme, may be entered into at the same time or proximate to offers and sales of Securities or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Securities. Securities issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Securities to the Dealer(s) and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

While the Arranger, the Dealer(s) and/or any of their respective affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause the Arranger, the Dealer(s) or any of their respective affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Securities. The Arranger, the Dealer(s) or any of their respective affiliates may receive returns on such transactions and have no obligations to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Securities.

**United States**

(1) The Securities and the Guarantee have not been and will not be registered under the Securities Act and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

Each Dealer represents and agrees that it has offered and sold, and represents and agrees that it will offer and sell, Securities of any Series (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the CDP Issuing and Paying Agent or, in the case of a Syndicated Issue, the Lead Manager, by such Dealer (or in the case of a sale of an identifiable tranche of Securities to or through more than one Dealer, by such Dealers with respect to the Securities of an identifiable tranche purchased by or through it, in which case the CDP Issuing and Paying Agent shall notify each Dealer when all such Dealers have so certified), only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer and its affiliates also agree that, at or prior to confirmation of sale of Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."

Terms used in this paragraph have the meanings given to them by Regulation S.

(2) In respect of Securities that are expressed in the applicable Pricing Supplement to be subject to the D Rules (as defined below), the following applies:

(i) Each Dealer represents that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Securities, except with its affiliates or with the prior written consent of the Issuer; and

(ii) In addition:

(a) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with the Internal Revenue Service Notice 2012.20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**"), each Dealer (I) represents that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Securities to a person who is within the United States or its possessions or to a United States person, and (II) represents that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Securities that are sold during the restricted period;

(b) each Dealer represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Securities are aware that such Securities may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if a Dealer is a United States person, such Dealer represents that it is acquiring the Securities for purposes of resale in connection with their original issue and if it retains Securities for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) or any successor U.S. Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service 2012.20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010); and

(d) with respect to each affiliate that acquires from it Securities for the purpose of offering or selling such Securities during the restricted period, each Dealer either (I) repeats and confirms the representations and agreements contained in sub-paragraphs (a), (b) and (c) on its behalf or (II) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b) and (c).

Terms used in this paragraph have the meaning given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the D Rules.

(3) In respect of Securities that are expressed in the applicable Pricing Supplement to be subject to the C Rules (as defined below), the following applies:

Under U.S. Treas. Reg. § 1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service 2012.20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**C Rules**"), to set out the criteria for "foreign targeted obligations" that are exempt from the excise tax under Section 4701(b)(1)(B) of the Code, Securities in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Securities in bearer form within the United States or its possessions in connection with their original issuance. In connection with the original issuance of Securities in bearer form, each Dealer represents and agrees that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions, and will not otherwise involve its U.S. office in the offer and sale of Securities in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the C Rules and Notice 2012-20.

**Prohibition of sales to EEA and UK Retail Investors**

Unless the Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

(i) the expression "**retail investor**" means a person who is one (or more) of the following:

  (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (c) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(ii) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

If the Pricing Supplement in respect of any Securities specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each, a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Securities which are the subject of an offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make such an offer of such Securities to the public in that Relevant State:

(i) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Securities referred to in paragraphs (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Securities to the public**" in relation to any Securities in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

**United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Securities which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

**Hong Kong**

Each Dealer has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

**Singapore**

Each Dealer acknowledges that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further

Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold the Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell the Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

**Japan**

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**"). Accordingly, each Dealer represents, warrants and undertakes that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or re-sale, directly or indirectly, in Japan or to any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other applicable laws, regulations and ministerial guidelines of Japan. For the purpose of this paragraph, "**Japanese Person**" shall mean any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)).

**Australia**

Each Dealer represents and agrees that no prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the "**Corporations Act**")) in relation to the Programme or any Securities has been or will be lodged with the Australian Securities and Investments Commission ("**ASIC**") or the Australian stock exchange operated by ASX Limited (ABN 98 008 624 691) ("**ASX Limited**"). Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that it:

(a) has not offered, and will not offer for issue or sale and has not invited, and will not invite applications, for issue, or offers to purchase, the Securities in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive information memorandum, advertisement or other offering material relating to the Securities in Australia,

unless:

(i) the aggregate consideration payable by each offeree or invitee is at least A$500,000 (or its equivalent in other currencies, but disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to the investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act;

(ii) the offer or invitation does not constitute an offer or invitation to a "retail client" for the purposes of section 761G of the Corporations Act;

(iii) such action complies with all applicable laws, regulations and directives; and

(iv) does not require any document to be lodged with ASIC or ASX Limited.

**General**

The selling restrictions herein contained may be modified, varied or amended from time to time by notification from the Issuer to the Dealer(s) and each Dealer has undertaken that it will at all times comply with all such selling restrictions.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will comply with all applicable laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum or any Pricing Supplement in connection with the offer or sale, or invitation for subscription or purchase, of the Securities.

Neither this Information Memorandum or any Pricing Supplement nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue of the Securities may be used for the purpose of, and does not constitute, an offer of, or a solicitation or an invitation by or on behalf of the Issuer, the Guarantor or the Dealer(s) to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful or not authorised, or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any Pricing Supplement or any such other document or information and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any Pricing Supplement or any such other document or information or into whose possession this Information Memorandum or any Pricing Supplement or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Dealer(s) understands that no action has been taken in any jurisdiction by the Issuer or the Guarantor that would permit a public offering of any of the Securities, or possession or distribution of any offering or publicity material relating to the Securities (including this Information Memorandum or any Pricing Supplement), in any country or jurisdiction (other than Singapore) where action for that purpose is required.

The Dealer(s) will not acquire, offer, sell or deliver Securities or any interest therein or rights in respect thereof or distribute or publish any offering or publicity material relating to the Securities (including this Information Memorandum or any Pricing Supplement) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all acquisitions, offers, sales and deliveries of Securities or any interest therein or rights in respect thereof by it will be made on the foregoing terms.

The Issuer and the Guarantor will not have responsibility for, and the Dealer(s) will obtain, any consent, approval or permission required by them for the acquisition, offer, sale or delivery of the Securities under the laws and regulations in force in any jurisdiction to which they are subject or from which they may make any such acquisition, offer, sale or delivery.

*Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.*

# GENERAL AND OTHER INFORMATION

## INFORMATION ON SHAREHOLDING AND SHARE CAPITAL

1. Save for the 1,000,000 subscriber shares issued upon incorporation, no shares in, or debentures of, the Issuer have been issued, as fully or partly paid-up, for cash or for a consideration other than cash, within the two years preceding the date of this Information Memorandum.

2. No shares in, or debentures of, the Issuer are under option or agreed conditionally or unconditionally to be put under option and no person has been, or is entitled to be, given an option to subscribe for any shares in, or debentures of, the Issuer.

3. As at the date of this Information Memorandum, the share capital of the Guarantor comprises ordinary shares. The rights and privileges attached to the shares are stated in the Constitution of the Guarantor. The voting rights of the shareholders of the Guarantor are set out in the Constitution of the Guarantor.

4. The issued share capital of the Guarantor as at the Latest Practicable Date is as follows:

| Share Designation | Issued and Paid-Up Share Capital | |
|---|---|---|
| | (no.) | (S$) |
| Ordinary shares | 2,275,089,525* | 628,393,841.32 |

* Including 25,511,422 shares held in treasury.

5. The substantial shareholders of the Guarantor as at the Latest Practicable Date are as follows:

| Substantial Shareholders | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | No. of Shares | %(1) | No. of Shares | %(1) |
| Temasek Holdings (Private) Limited | — | — | 494,616,743(2) | 21.74 |
| Singapore Telecommunications Limited | 494,000,000 | 21.71 | — | — |
| Alibaba Investment Limited | 327,649,907 | 14.40 | — | — |
| Alibaba Group Holding Limited | — | — | 327,649,907(3) | 14.40 |
| SoftBank Group Corp. | — | — | 327,649,907(4) | 14.40 |

**Notes:**

(1) The percentage of issued Shares is calculated based on the number of issued shares as at the Latest Practicable Date, including 25,511,422 shares held in treasury as at that date.

(2) Deemed through its subsidiaries, Singapore Telecommunications Limited, Fullerton Fund Management Company 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.

6. Other than Shares issued pursuant to the exercise by employees of share options granted under the Singapore Post Share Option Scheme, no shares in, or debentures of, the Guarantor have been issued, as fully or partly paid-up, for cash or for a consideration other than cash, within the two years preceding the date of this Information Memorandum.

7. Save for the options and share awards which may be granted under the Singapore Post Share Option Scheme and the Restricted Share Plan respectively, no shares in, or debentures of, the Guarantor are under option or agreed conditionally or unconditionally to be put under option and no person has been, or is entitled to be, given an option to subscribe for any shares in, or debentures of, the Guarantor.

## BORROWINGS

8. Save as disclosed in Appendix II, the Group had as at 31 March 2020, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

## WORKING CAPITAL

9. After taking into account the banking facilities and debt financing presently available to the Issuer and the Guarantor and cash flows from the operations of the Issuer and the Guarantor and the net proceeds of the issue of the Securities, the Issuer and the Guarantor will have sufficient working capital available for its present requirements.

## LITIGATION

10. Save as disclosed in this Information Memorandum and to the best of the knowledge and belief of the Issuer and the Guarantor, having made all reasonable inquiries, there are no legal or arbitration proceedings (other than those of a frivolous or vexatious nature), including those which are pending, which may have, or which have had in the last 12 months, a material adverse effect on the financial position or profitability of the Issuer or the Guarantor.

## MATERIAL ADVERSE CHANGE

11. As at the Latest Practicable Date and save as disclosed in this Information Memorandum, there has been no material adverse change in the financial condition or business of the Issuer since its incorporation, or the financial condition or business of the Guarantor or the Group since 30 September 2020.

## AUDITOR'S CONSENT

12. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

## DOCUMENTS AVAILABLE FOR INSPECTION

13. Copies of the following documents may be inspected at the registered office of the Issuer at 10 Eunos Road 8 Singapore Post Centre Singapore 408600, during normal business hours for a period of six months from the date of this Information Memorandum provided that the Issuer receives at least two business days' notice through sp_cosec@singpost.com:

    (a) the Constitution of the Issuer and the Guarantor;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 12 above; and

    (d) the audited accounts of the Guarantor and its subsidiaries for the financial year ended 31 March 2020.

## FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

14. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

# AUDITED FINANCIAL STATEMENTS OF THE GUARANTOR AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

*The information in this Appendix II has been extracted and reproduced from the audited financial statements of the Guarantor and its subsidiaries for the financial year ended 31 March 2020 and has not been specifically prepared for inclusion in this Information Memorandum. The references to page numbers herein are those as reproduced from the audited financial statements of the Guarantor and its subsidiaries for the financial year ended 31 March 2020.*

Deloitte.

# SINGAPORE POST LIMITED

*(Incorporated in Singapore, Registration Number: 199201623M)*

# AND ITS SUBSIDIARIES

# DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

*FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020*

**SINGAPORE POST LIMITED**
*(Incorporated in Singapore, Registration Number: 199201623M)*
**AND ITS SUBSIDIARIES**

**DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS**
*For the financial year ended 31 March 2020*

# Contents

**DIRECTORS' STATEMENT**
*For the financial year ended 31 March 2020*

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 17 to 163 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 3 to 8 of this statement.

## 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 3 to 8 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:

**Share options** (continued)

| 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 |

- 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.

**Share options** (continued)

- 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.

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.

**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 date before second anniversary of award date | On second anniversary of date award | 30% (rounded to nearest whole share) |
| From second anniversary of award 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** | **-** |

**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** |

**Share options** (continued)

***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.

**Audit Committee** (continued)

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 17 to 163.

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.

<table>
<tr><th>Key Audit Matter</th><th>Our audit performed and responses thereon</th></tr>
<tr><td>

**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.

</td><td>

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.

</td></tr>
</table>

| Key Audit Matter | Our audit performed and responses thereon |
|---|---|
| **Valuation of investment properties**<br><br>*Refer to Notes 3(c) and 24 to the financial statements.*<br><br>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).<br><br>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.<br><br>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. | 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.<br><br>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.<br><br>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.<br><br>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.<br><br>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 | Our audit performed and responses thereon |
|---|---|
| **Recoverability of trade receivables from a customer**<br><br>*Refer to Notes 3(g) and 17 to the financial statements.*<br><br>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).<br><br>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.<br><br>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.<br><br>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.<br><br>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. | The following audit procedures were performed:<br><br>- 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;<br>- For the amount due from this Customer, we reviewed management's assessment on collectability and estimated credit loss and performed the following audit procedures:<br>• 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;<br>• reviewed collections during the year and subsequent to the year-end;<br>• reviewed the repayment plan provided by this Customer to settle the amount outstanding as at year end within the next financial year;<br>• reviewed management's assessment on the financial position and capability of this Customer in making the scheduled repayments; and<br>• held discussions with management and reviewed the basis of management's assessment of the estimated credit loss.<br><br>Based on the procedures performed, we noted management's basis of assessment for the recoverability of trade receivables from the Customer to be appropriate<br><br>We also reviewed the adequacy and appropriateness of disclosures made in the financial statements and found them to be adequate |

### 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.

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

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.
- 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.

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

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*

| | Note | Group 2020 S$'000 | Group 2019 S$'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 |

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

## CONSOLIDATED INCOME STATEMENT

*For the financial year ended 31 March 2020*

| | Note | Group 2020 S$'000 | Group 2019 S$'000 |
|---|---|---|---|
| **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 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the financial year ended 31 March 2020*

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **S$'000** | S$'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 | | Company | |
|---|---|---|---|---|---|
| | | **2020** | 2019 | **2020** | 2019 |
| | | **S$'000** | S$'000 | **S$'000** | S$'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 |

## STATEMENTS OF CHANGES IN EQUITY
*For the financial year ended 31 March 2020*

| | | Attributable to ordinary shareholders of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **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 |
| 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** | 2019 |
| | **S$'000** | S$'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 |

## 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 period | **392,220** | 314,050 |
| **Cash and cash equivalents at end of financial period** | **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.

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.

## 2. Significant accounting policies (continued)

### 2.2 Adoption of new and revised standards (continued)

***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*.

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.

**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)

- 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.

| | **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.

**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)

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.

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.

**2. Significant accounting policies** (continued)

2.2 Adoption of new and revised standards (continued)

***SFRS(I) 16 Leases*** (continued)

(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.

**2. Significant accounting policies** (continued)

2.3 Group accounting (continued)

*(a) Subsidiaries (continued)*

*(iii) Disposals of subsidiaries or businesses*

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

*(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.

**2. Significant accounting policies** (continued)

2.3 Group accounting (continued)

*(c) Associated companies and joint ventures*

Associated companies are entities over which the Group has significant influence, but not control. 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.

**2. Significant accounting policies** (continued)

2.3 Group accounting (continued)

*(c) Associated companies and joint ventures (continued)*

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. Significant accounting policies** (continued)

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. Significant accounting policies** (continued)

2.4 Leases (continued)

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.

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.

**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):*

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.

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.

**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):*

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.

**2. Significant accounting policies** (continued)

2.4 Leases (continued)

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

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

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.

2.5 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.

**2. Significant accounting policies** (continued)

2.5 Revenue recognition (continued)

(a) Post and Parcel (continued)

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.

(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. Significant accounting policies (continued)

### 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.

**2. Significant accounting policies** (continued)

2.6 Employee compensation (continued)

*(c) Share-based compensation*

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

2.7 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. Significant accounting policies** (continued)

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.

**2. Significant accounting policies** (continued)

2.11 Currency translation

*(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;

(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

**2. Significant accounting policies** (continued)

2.11 Currency translation (continued)

*(c) Translation of Group entities' financial statements (continued)*

(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.

**2. Significant accounting policies** (continued)

2.14 Financial assets

*(i) Classification of financial assets* (continued)

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.

*Amortised cost and effective interest method*

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.

**2. Significant accounting policies** (continued)

2.13 Financial assets (continued)

*(i) Classification of financial assets (continued)*

*Equity instruments designated as at FVTOCI*

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.

*(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.

**2. Significant accounting policies** (continued)

2.13 Financial assets (continued)

*(ii) Impairment of financial assets (continued)*

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. Significant accounting policies (continued)

### 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.

### 2.15 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. Significant accounting policies (continued)

### 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 to 99 years |
| Buildings | 5 to 50 years |
| Postal equipment | 3 to 20 years |
| Plant and machinery | 3 to 20 years |

Capital work-in-progress, representing costs of property, plant and equipment which have not been commissioned for use, is not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at 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.

## 2. Significant accounting policies (continued)

2.18 Property, plant and equipment (continued)

*(e) Transfer*

A transfer from property, plant and equipment to investment properties is fair valued at the date of transfer and the difference between fair value and the previous carrying amount is accounted for as an asset revaluation surplus or deficit in equity. Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless there was an impairment loss recognised for the same property in prior years and a portion of the increase is recognised in profit or loss to the extent of that impairment loss. Decreases are recognised in profit or loss for any decrease in excess of the amount included in the revaluation surplus for that property.

Please refer to Note 2.17 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.

*(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.

**2. Significant accounting policies** (continued)

2.19 Intangible assets (continued)

*(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. Significant accounting policies (continued)

### 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.

### 2.22 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. Significant accounting policies** (continued)

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.

## 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.

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.

**3. Critical accounting estimates, assumptions and judgements** (continued)

*(a)* *Impact of Covid-19* (continued)

(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.

**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.

**3. Critical accounting estimates, assumptions and judgements** (continued)

(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).

(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.

## 3. Critical accounting estimates, assumptions and judgements (continued)

### (e) *Estimated impairment of other non-financial assets (continued)*

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.

## 3. Critical accounting estimates, assumptions and judgements (continued)

### (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.

### (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 |

A disaggregation of the Group's revenue for the year is as follows:

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | **2020** | | | 2019 | | |
| | **Revenue from services rendered** | **Sale of products** | **Total** | Revenue from services rendered | Sale of products | Total |
| | **S$'000** | **S$'000** | **S$'000** | S$'000 | S$'000 | S$'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.

## 4. **Revenue** (continued)

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.

## 5. Labour and related 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 |
| 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** | 2019 | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 | **S$'000** | S$'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 |

## 7a. Administrative and other 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 |
| 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 |

## 7b. 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 |

**11. Income tax expense** (continued)

The tax expense on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as explained below:

| | Group 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 |
| - Overprovision in preceding financial years | **(1,039)** | (960) |
| Tax charge | **28,319** | 36,082 |

## 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.

## 12. Discontinued operations (continued)

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.

## 13. Earnings per share (continued)

(i) From continuing and discontinued operations (continued)

(b) *Diluted earnings per share* (continued)

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$'000) | **91,078** | 18,958 |
| Less: Net profit attributable to perpetual securities holders of the Company (S$'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 |

## 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** | 2019 |
| | **S$'000** | S$'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 cents per share (2019: 6.52 cents per share) and diluted earnings per share for the discontinued operation is 0.53 cents 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$147.2 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.

Details of the deconsolidation of the U.S. businesses are as follows:

### Carrying amounts of net liabilities over which control was lost

| | **2020**<br>**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) |

## 14. Loss of control of subsidiaries (continued)

| **Net financial impact on disposal** | **2020** **S$'000** |
|---|---|
| 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.

## 15. Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'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** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'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** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'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) |

*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 S$'000** | 2019 S$'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 |

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.

## 20. Trade and other receivables - non-current (continued)

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.

## 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<br>S$'000 | ITL<br>S$'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.

## 22. Investments in associated companies and joint venture (continued)

(a) Associated companies (continued)

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.

## 23. Investments in subsidiaries

| | Company | |
|---|---|---|
| | **2020** | 2019 |
| | **S$'000** | S$'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** | 2019 |
|---|---|---|
| | **S$'000** | S$'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 |

Exercise of put option in a subsidiary

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** | 2019 |
| | **S$'000** | S$'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** | 2019 |
| | **S$'000** | S$'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 |

## 23. Investments in subsidiaries (continued)

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

*Summarised cash flows*

| | QSI | |
|---|---|---|
| | **2020** | 2019 |
| | **S$'000** | S$'000 |
| Cash flows from operating activities | | |
| Cash generated from/ | **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** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'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 |

## 24. Investment properties (continued)

| Location | Description/existing use | Tenure |
|---|---|---|
| 350 Bedok Road | Building for commercial and retail. | Leasehold of 99 years expiring on 31 March 2091 |
| 56 Tanglin Road | Building for commercial and retail. | Leasehold of 99 years expiring on 31 March 2091 |
| 6 Ayer Rajah Crescent | Building for warehousing and self-storage. | Leasehold of 30 years expiring on 1 February 2026 |
| 755 Upper Serangoon Road | Building for commercial and retail. | Leasehold of 99 years expiring on 31 March 2091 |
| 5 Mandai Road | Building for commercial and retail. | Leasehold of 99 years expiring on 31 March 2091 |
| 21 Ghim Moh Road | Building for commercial and retail. | Leasehold of 82 years expiring on 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 |

Valuation techniques used to derive Level 2 fair values

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.

## 24. **Investment properties** (continued)

Valuation techniques used to derive Level 3 fair values

Level 3 fair values have been generally derived using capitalisation/income approach and discounted cash flow approach. In the capitalisation/income approach, the net income of the property is capitalised for the balance term of the lease tenure at a yield rate which is appropriate for the type of use, tenure and reflective of the quality of the investment. The revenue is adjusted for outgoings such as property tax and also vacancies to arrive at net income. The discounted cash flow approach involved the estimation and projection of the net rent over a period and discounting the future income stream to arrive at a present value. Net rent is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The 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.

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) | Valuation techniques | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| | 2020 | | | 2020 | |
| 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) | Valuation techniques | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| | **2020** | | | **2020** | |
| 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)

| Company | Leasehold land | Buildings | Postal equipment | Plant and machinery | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **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)

| Company | Leasehold land | Buildings | Postal equipment | Plant and machinery | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **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 |
|---|---|---|---|---|
| Group | | | | |
| **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** | 2019 |
| | **S$'000** | S$'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 |

### (a) Goodwill on acquisitions

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **S$'000** | S$'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 |

**27. Intangible assets** (continued)

(a) Goodwill on acquisitions (continued)

*Impairment tests for goodwill*

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

| | Group 2020 S$'000 | Group 2019 S$'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).

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% |

## 27. **Intangible assets** (continued)

### (a) Goodwill on acquisitions (continued)

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.

### (b) Customer relationships

| | Group | |
|---|---|---|
| | **2020 S$'000** | 2019 S$'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 | **-** | - |

## 27. Intangible assets (continued)

(b) Customer relationships (continued)

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** | 2019 |
| | **S$'000** | S$'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 |

(d) Acquired software licence

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **S$'000** | S$'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 |

## 27. **Intangible assets** (continued)

(e) Trademarked brands

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **S$'000** | S$'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** | 2019 |
| Terminal growth rate | **2.5%** | 2.5% |
| Discount rate | **7.6%** | 8.9% |

## 28. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| Current | **S$'000** | S$'000 | **S$'000** | S$'000 |
| 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 |
| Total trade and other payables | **520,158** | 504,747 | **459,584** | 409,235 |

**28. Trade and other payables** (continued)

(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 | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'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 |

(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).

**28. Trade and other payables** (continued)

(c) Contingent consideration payable (continued)

(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 |

[(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 $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.

## 29. Lease liabilities / Borrowings (continued)

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).

*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.

## 29. Lease liabilities / Borrowings (continued)

| | 31 March 2019 | Adoption of SFRS(I) 16 (Note 2.2) | 1 April 2019 | Financing cash flows (i) | Non-cash changes: Foreign exchange movement | Non-cash changes: Other changes (ii) | 31 March 2020 |
|---|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| Borrowing | 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 |

| | 1 April 2018 | Financing cash flows (i) | Non-cash changes: Foreign exchange movement | Non-cash changes: Other changes (ii) | 31 March 2019 |
|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | 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 2020 S$'000 | Group 2019 S$'000 | Company 2020 S$'000 | Company 2019 S$'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.

## 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** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'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** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'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) 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.

## 31. Deferred income taxes (continued)

*Deferred income tax liabilities*

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

*Deferred income tax liabilities*

| | Accelerated tax depreciation | Others[1] | Total |
|---|---|---|---|
| | S$'000 | S$'000 | 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** |

| | Accelerated tax depreciation | Others[1] | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **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.

*Deferred income tax assets*

| | Provisions | Tax losses | Total |
|---|---|---|---|
| | S$'000 | S$'000 | 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)** |

## 31. Deferred income taxes (continued)

*Deferred income tax assets*

| | Provisions<br>S$'000 | Tax losses<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|
| **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<br>S$'000 | Others<br>S$'000 | Total<br>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<br>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) |

## 32. Share capital and treasury shares

| | Number of ordinary shares | | Amount | |
|---|---|---|---|---|
| | Issued share capital | Treasury shares | Share capital | Treasury shares |
| | ’000 | ’000 | S$’000 | S$’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).

**32. Share capital and treasury shares** (continued)

(b) Share options

The Singapore Post Share Option Scheme was adopted on 21 March 2003, and a new scheme, known as Singapore Post Share Option Scheme 2012 was adopted on 29 June 2012; collectively known as the "Scheme". The Scheme is administered by the Compensation Committee comprising 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.

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.

## 32. Share capital and treasury shares (continued)

(b) Share options (continued)

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

- 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.

## 32. Share capital and treasury shares (continued)

(b) Share options (continued)

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.

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 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** |

## 32. Share capital and treasury shares (continued)

(b) Share options (continued)

**Enhanced Plan** (continued)

***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 | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| (a) Composition: | | | | |
| Share option reserve | **13,182** | 10,828 | **13,182** | 10,828 |
| Fair value reserve | **227** | 494 | **-** | (8) |
| Currency translation | **(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 | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'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)

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'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 | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'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** | 2019 |
| | **S$'000** | S$'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** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'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:

| 2019 | Group S$'000 | Company S$'000 |
|---|---|---|
| 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:

| 2020 | Group<br>**S$'000** | Company<br>**S$'000** |
|---|---|---|
| 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** |

**38. Commitments** (continued)

(c) Operating lease commitments - where the Group is a lessor (continued)

*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:

| 2019 | Group S$'000 | Company S$'000 |
|---|---|---|
| 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 |

**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.

**39. Financial risk management** (continued)

(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 | SDR | EUR | USD | HKD | AUD | MYR | RMB | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'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** | |

## 39. Financial risk management (continued)

### (a) Market risk (continued)

#### (i) *Currency risk* (continued)

| | SGD | SDR | EUR | USD | HKD | AUD | MYR | RMB | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Group** | | | | | | | | | | |
| **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 | SDR | EUR | USD | HKD | AUD | MYR | RMB | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S'000 | S$'000 | 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** | 2019 |
| | **S$'000** | S$'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** | 2019 |
| | **S$'000** | S$'000 |
| Group | | |
| EUR against SGD | | |
| - strengthened | **40** | 60 |
| - weakened | **(40)** | (60) |
| Company | | |
| EUR against SGD | | |
| - strengthened | **6** | 24 |
| - weakened | **(6)** | (24) |

**39. Financial risk management** (continued)

(a) Market risk (continued)

*(i) Currency risk* (continued)

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** | 2019 |
| | **S$'000** | S$'000 |
| Group | | |
| USD against SGD | | |
| - strengthened | **212** | 232 |
| - weakened | **(212)** | (232) |
| Company | | |
| USD against SGD | | |
| - strengthened | **84** | (1,873) |
| - weakened | **(84)** | 1,873 |

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) |

**39. Financial risk management** (continued)

(a) Market risk (continued)

*(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).

## 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.

## 39. **Financial risk management** (continued)

(b) Overview of the Group's exposure to credit risk (continued)

*(i) Trade receivables (continued)*

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.

*(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.

## 39. Financial risk management (continued)

### (b) Overview of the Group's exposure to credit risk (continued)

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:

| 2020 | Note | External credit rating | Internal credit rating | 12-month ("12m") or lifetime ECL | Gross carrying amount | Loss allowance | Net carrying amount |
|---|---|---|---|---|---|---|---|
| | | | | | S$'000 | S$'000 | S$'000 |
| **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

| 2019 | Note | External credit rating | Internal credit rating | 12-month ("12m") or lifetime ECL | Gross carrying amount | Loss allowance | Net carrying amount |
|---|---|---|---|---|---|---|---|
| | | | | | S$'000 | S$'000 | S$'000 |
| **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 | Lifetime ECL | Total |
|---|---|---|---|---|
| | % | S$'000 | S$'000 | 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 | Lifetime ECL | Total |
|---|---|---|---|---|
| | % | S$'000 | S$'000 | 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.

## 39. Financial risk management (continued)

### (d) Liquidity risk (continued)

| | 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) |

**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 |

| | 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 |
|---|---|---|---|---|
| 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 |
| ***Less than 1 year*** | **S$'000** | S$'000 | **S$'000** | S$'000 |
| 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% |

**39. Financial risk management** (continued)

(e) Capital risk (continued)

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.

(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 |

| | Level 1 S$'000 | Level 2 S$'000 | Level 3 S$'000 | Total S$'000 |
|---|---|---|---|---|
| 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 | Financial assets designated as at FVTOCI | Contingent consideration | Total |
| | S$'000 | S$'000 | S$'000 | S$'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 |

## 39. Financial risk management (continued)

(f) Fair value estimation of financial assets and liabilities (continued)

There were no transfers between Levels 1, 2 and 3 during the year.

(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** | 2019 |
| | **S$'000** | S$'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.

(b) Key management personnel compensation is as follows:

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **S$'000** | S$'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 | Logistics | Property | All other segments | Eliminations | Total |
|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'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 |

**41. Segment information** (continued)

(a) Segment revenues and results (continued)

**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.

## 41. Segment information (continued)

A reconciliation of profit on operating activities to profit from continuing operations is provided as follows:

| Continuing operations | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **S$'000** | S$'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** | 2019 |
| | **S$'000** | S$'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 | Logistics | U.S. Business | Property | All other segments | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | 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 | Group 2019 |
|---|---|---|
| | **S$'000** | S$'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.

**41. Segment information** (continued)

(c) Other segment information (continued)

These impairment (losses) / gain were attributable to the following reportable segments:

| | **2020** | 2019 |
|---|---|---|
| | **S$'000** | S$'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.

(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.

## 41. Segment information (continued)

(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

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 | | by the NCI | |
|---|---|---|---|---|---|---|
| | | | **2020 %** | 2019 % | **2020 %** | 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 | - | - |
| 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 |

## 43. Listing of companies in the Group (continued)

| Name | Principal activities | Country of incorporation | Percentage of effective equity held by the Group | | by the NCI | |
|---|---|---|---|---|---|---|
| | | | **2020** | 2019 | **2020** | 2019 |
| | | | **%** | % | **%** | % |
| **SUBSIDIARIES** (continued) | | | | | | |
| Held by the Subsidiaries (continued) | | | | | | |
| 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 |

## 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 | | by the NCI | |
|---|---|---|---|---|---|---|
| | | | **2020** | 2019 | **2020** | 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 | **-** | - |

## 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 | | by the NCI | |
|---|---|---|---|---|---|---|
| | | | **2020 %** | 2019 % | **2020 %** | 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 |

## 43. Listing of companies in the Group (continued)

### 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

## UNAUDITED FINANCIAL STATEMENTS OF THE GUARANTOR AND ITS SUBSIDIARIES FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020

*The information in this Appendix III has been extracted and reproduced from the announcement on 6 November 2020 of the Guarantor and its subsidiaries for the half year ended 30 September 2020 and has not been specifically prepared for inclusion in this Information Memorandum nor has it been audited or reviewed by independent auditors of the Guarantor.*

# SINGAPORE POST LIMITED
# AND ITS SUBSIDIARIES
(Registration number: 199201623M)

# SGXNET ANNOUNCEMENT
# UNAUDITED RESULTS FOR THE
# HALF YEAR ENDED 30 SEPTEMBER 2020

**PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS**

**(1)(a)(i) Statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**<u>Consolidated Income Statement</u>**

| | **FY2020/21** | FY2019/20 | |
|---|---|---|---|
| | **H1** | H1 | Variance |
| **Continuing operations** | **S$'000** | S$'000 | % |
| Revenue | **707,781** | 645,648 | 9.6% |
| Labour and related expenses | **(149,865)** | (140,953) | 6.3% |
| Volume-related expenses[1] | **(429,215)** | (338,754) | 26.7% |
| Administrative and other expenses | **(50,324)** | (48,595) | 3.6% |
| Depreciation and amortisation | **(33,056)** | (34,206) | (3.4%) |
| Selling expenses | **(3,197)** | (4,073) | (21.5%) |
| Impairment loss on trade and other receivables | **(4,708)** | (1,035) | @ |
| Operating expenses | **(670,365)** | (567,616) | 18.1% |
| Other income | **2,367** | 2,933 | (19.3%) |
| Profit on operating activities | **39,783** | 80,965 | (50.9%) |
| Share of profit of associated companies and joint venture | **319** | 64 | @ |
| Exceptional items[2] | **(532)** | 985 | N.M. |
| Interest income and investment income (net) | **3,275** | 5,204 | (37.1%) |
| Finance expenses | **(5,056)** | (6,339) | (20.2%) |
| Profit before tax | **37,789** | 80,879 | (53.3%) |
| Income tax expense | **(6,982)** | (16,781) | (58.4%) |
| **Profit from continuing operations** | **30,807** | 64,098 | (51.9%) |
| **Discontinued operations[3]** | | | |
| Loss from discontinued operations | **-** | (11,994)[3] | N.M. |
| **Profit after tax** | **30,807** | 52,104 | (40.9%) |
| Attributable to: | | | |
| Equity holders of the Company | **30,940** | 53,411 | (42.1%) |
| Non-controlling interests | **(133)** | (1,307) | (89.8%) |
| **Underlying Net Profit [4]** | **31,472** | 52,426 | (40.0%) |

N.M. Not meaningful.
@ Denotes variance more than 300%

**Earnings/(loss) per share for profit / (loss) attributable to the equity holders of the Company during the period / year:** [5]

| | FY2020/21 H1 | FY2019/20 H1 |
|---|---|---|
| **Continuing operations** | | |
| **- Basic** | **1.04₵** | 2.57₵ |
| **- Diluted** | **1.04₵** | 2.57₵ |
| | | |
| **Discontinued operations** | | |
| **- Basic** | **-** | (0.53₵) |
| **- Diluted** | **-** | (0.53₵) |

Notes

1 Volume-related expenses comprise mainly of traffic expenses and cost of sales.

2 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.

3 Discontinued operations arise from U.S. subsidiaries (as defined in announcement dated 19 September 2019) which results have been re-presented in accordance with SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations. The loss from discontinued operations of S$12.0 million last year represents the operating loss of the U.S. Subsidiaries till the date of deconsolidation.

4 Underlying net profit is defined as net profit before exceptional items, net of tax.

5 Earnings/(loss) per share were calculated based on net profit/(loss) attributable to equity holders of the Company less distribution attributable to perpetual securities holders, divided by the weighted average number of ordinary shares outstanding (excluding treasury shares).

## Consolidated Statement of Comprehensive Income

| | FY2020/21 H1 S$'000 | FY2019/20 H1 S$'000 | Variance % |
|---|---|---|---|
| **Profit after tax** | **30,807** | 52,104 | (40.9%) |
| **Other comprehensive income (net of tax):** | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Deconsolidation of a foreign subsidiary's other capital reserve | **-** | 1,622 | N.M. |
| Currency translation differences | | | |
| - Gain / (loss) on translation of foreign operations | **10,936**# | (6,052) | N.M. |
| - Transfer to profit or loss arising from disposal of foreign subsidiaries | **-** | 2,115 | N.M. |
| **Items that will not be reclassified subsequently to profit loss:** | | | |
| Equity investments at fair value through other comprehensive income | | | |
| - Fair value gain / (loss) | **114** | (3,149) | N.M. |
| - Gain on sale | **-** | 5 | N.M. |
| **Other comprehensive income / (loss) for the period (net of tax)** | **11,050** | (5,459) | N.M. |
| **Total comprehensive income for the period*** | **41,857** | 46,645 | (10.3%) |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | **42,252** | 49,206 | (14.1%) |
| Non-controlling interests | **(395)** | (2,561) | (84.6%) |
| | **41,857** | 46,645 | (10.3%) |

* As shown in the Statement of changes in equity on pages 9 and 10.

\# Mainly due to translation of foreign operations in Australia.

N.M. Not meaningful.

## Underlying Net Profit Reconciliation Table

| | FY2020/21 H1 | FY2019/20 H1 | Variance |
|---|---|---|---|
| | **S$'000** | S$'000 | % |
| Profit attributable to equity holders of the Company | **30,940** | 53,411 | (42.1%) |
| Impairment of investment and loan to an associated company | **472** | - | N.M. |
| Gain on disposal of property, plant and equipment | **(162)** | (16) | @ |
| Professional fees | **76** | 2 | @ |
| Provision for the restructuring of overseas operations | **146** | - | N.M. |
| Reversal of over-provision for contingent consideration of a foreign subsidiary | **-** | (971) | N.M. |
| Underlying Net Profit | **31,472** | 52,426 | (40.0%) |

N.M. Not meaningful.
@ Denotes variance more than 300%

## (1)(a)(ii) The following items have been included in arriving at profit before income tax:

| Continuing Operations | FY2020/21 H1 S$'000 | FY2019/20 H1 S$'000 | Variance % |
|---|---|---|---|
| Other interest income and investment income (net) | **3,275** | 5,204 | (37.1%) |
| Interest on borrowings | **(2,987)** | (4,294) | (30.4%) |
| Depreciation and amortisation | **(33,056)** | (34,206) | (3.4%) |
| Impairment loss on impairment on trade and other receivables | **(4,708)** | (1,035) | @ |
| Foreign exchange gains | **2,560** | 2,165 | 18.2% |
| Gain on disposal of property, plant and equipment | **162** | 16 | @ |

| Included in loss from discontinued operations | FY2020/21 H1 S$'000 | FY2019/20 H1 S$'000 | Variance % |
|---|---|---|---|
| Interest income and investment income (net) | **-** | (29) | N.M. |
| Interest on borrowings | **-** | (860) | N.M. |
| Reversal of impairment on trade and other Receivables | **-** | 491 | N.M. |
| Foreign exchange Losses | **-** | (218) | N.M. |

| Total | FY2020/21 H1 S$'000 | FY2019/20 H1 S$'000 | Variance % |
|---|---|---|---|
| Interest income and investment income (net) | **3,275** | 5,175 | (36.7%) |
| Interest on borrowings | **(2,987)** | (5,154) | (42.0%) |
| Depreciation and amortisation | **(33,056)** | (34,206) | (3.4%) |
| Impairment loss on trade and other receivables | **(4,708)** | (544) | @ |
| Foreign exchange gains | **2,560** | 1,947 | 31.5% |
| Gain on disposal of property, plant and equipment | **162** | 16 | @ |

N.M. Not meaningful.
@ Denotes variance more than 300%

**(1)(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

| | The Group | | The Company | |
|---|---|---|---|---|
| | **Sep-20** | Mar-20 | **Sep-20** | Mar-20 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | **458,727** | 492,997 | **380,774** | 431,056 |
| Financial assets | **-** | 9,501 | **-** | 9,501 |
| Trade and other receivables | **206,776** | 262,067 | **163,437** | 218,392 |
| Derivative financial instruments | **537** | 2,109 | **537** | 2,109 |
| Inventories | **344** | 331 | **81** | 36 |
| Other current assets | **18,921** | 18,628 | **8,684** | 8,913 |
| | **685,305** | 785,633 | **553,513** | 670,007 |
| **Non-current assets** | | | | |
| Financial assets | **95,942** | 95,841 | **19,095** | 19,104 |
| Trade and other receivables | **9,150** | 8,641 | **246,018** | 246,723 |
| Investments in associated companies and joint venture | **35,482** | 35,334 | **18,534** | 18,534 |
| Investments in subsidiaries | **-** | - | **319,371** | 319,371 |
| Investment properties | **1,007,932** | 1,008,020 | **951,501** | 951,501 |
| Property, plant and equipment | **425,027** | 441,474 | **274,148** | 277,410 |
| Right-of-use assets | **75,340** | 73,218 | **23,337** | 21,101 |
| Intangible assets | **309,469** | 297,363 | **-** | - |
| Deferred income tax assets | **3,580** | 2,277 | **-** | - |
| Other non-current asset | **6,275** | 3,834 | **-** | - |
| | **1,968,197** | 1,966,002 | **1,852,004** | 1,853,744 |
| **Total assets** | **2,653,502** | 2,751,635 | **2,405,517** | 2,523,751 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | **511,258** | 506,952 | **455,714** | 457,542 |
| Current income tax liabilities | **33,895** | 40,531 | **21,588** | 27,540 |
| Contract liabilities | **33,841** | 31,957 | **21,302** | 20,190 |
| Lease liabilities | **20,038** | 19,346 | **12,438** | 9,179 |
| Derivative financial instruments | **219** | 932 | **219** | 932 |
| Borrowings | **57,103** | 156,963 | **49,850** | 149,750 |
| | **656,354** | 756,681 | **561,111** | 665,133 |
| **Non-current liabilities** | | | | |
| Trade and other payables | **13,197** | 13,206 | **2,162** | 2,042 |
| Borrowings | **206,509** | 207,461 | **200,000** | 200,000 |
| Contract liabilities | **27,187** | 30,712 | **27,175** | 30,962 |
| Lease liabilities | **64,904** | 66,820 | **11,480** | 12,281 |
| Deferred income tax liabilities | **36,848** | 34,437 | **21,648** | 21,621 |
| | **348,645** | 352,636 | **262,465** | 266,906 |
| **Total liabilities** | **1,004,999** | 1,109,317 | **823,576** | 932,039 |
| **NET ASSETS** | **1,648,503** | 1,642,318 | **1,581,941** | 1,591,712 |
| **EQUITY** | | | | |
| Capital and reserves attributable to the Company's equity holders | | | | |
| Share capital | **638,762** | 638,762 | **638,762** | 638,762 |
| Treasury shares | **(29,724)** | (29,724) | **(29,724)** | (29,724) |
| Other reserves | **84,265** | 73,310 | **44,369** | 42,859 |
| Retained earnings | **566,693** | 570,206 | **581,749** | 592,989 |
| Ordinary equity | **1,259,996** | 1,252,554 | **1,235,156** | 1,244,886 |
| Perpetual securities | **346,785** | 346,826 | **346,785** | 346,826 |
| | **1,606,781** | 1,599,380 | **1,581,941** | 1,591,712 |
| Non-controlling interests | **41,722** | 42,938 | **-** | - |
| **Total equity** | **1,648,503** | 1,642,318 | **1,581,941** | 1,591,712 |

**(1)(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities.**

| | **Sep-20** | Mar-20 |
|---|---|---|
| | **S$'000** | S$'000 |
| Amount repayable in one year or less, or on demand | | |
| - Borrowings (secured) | **1,888** | 1,863 |
| - Borrowings (unsecured) | **55,215** | 155,100 |
| Amount repayable after one year: | | |
| - Borrowings (secured) | **6,509** | 7,461 |
| - Borrowings (unsecured) | **200,000** | 200,000 |
| | **263,612** | 364,424 |

The Group's unsecured borrowings in the financial year comprised S$200 million long term loan facility and short term loans, interest bearing at rates in the range of 1.2%-3.5% per annum.

**Details of any collateral.**

Secured borrowings comprised bank loans and are secured over investment properties asset of a subsidiary.

## (1)(c) Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | The Group | |
|---|---|---|
| | **FY2020/21 H1** | FY2019/20 H1 |
| | **S$'000** | S$'000 |
| **Cash flows from operating activities** | | |
| Profit after tax | **30,807** | 52,104 |
| Adjustments for: | | |
| Income tax expense | **6,982** | 16,853 |
| Impairment loss on trade and other receivables | **4,708** | 544 |
| Amortisation of contract liabilities | **(5,044)** | (3,738) |
| Amortisation of intangible assets | **228** | 279 |
| Depreciation | **32,828** | 33,926 |
| Gains on disposal of investments, property, plant and equipment | **(162)** | (16) |
| Share-based staff costs | **1,510** | 1,228 |
| Interest expense | **5,056** | 7,199 |
| Interest income | **(1,749)** | (3,533) |
| Impairment of associated companies | **115** | - |
| Impairment of a loan to an associated company | **357** | - |
| Share of profit of associated companies and joint venture | **(319)** | (64) |
| | **44,510** | 52,678 |
| **Operating cash flow before working capital changes** | **75,317** | 104,782 |
| Changes in working capital, net of effects from | | |
| Inventories | **(13)** | 28 |
| Contract liabilities | **11,611** | (3,855) |
| Trade and other receivables | **46,845** | (7,675) |
| Trade and other payables | **7,154** | (36,176) |
| **Cash generated from operations** | **140,914** | 57,104 |
| Income tax paid | **(13,834)** | (18,448) |
| **Net cash provided by operating activities** | **127,080** | 38,656 |
| **Cash flows from investing activities** | | |
| Additions to property, plant and equipment, investment properties and intangible assets | **(13,676)** | (6,871) |
| Contingent consideration paid in relation to acquisition of a subsidiary | **(1,508)** | - |
| Deconsolidation of subsidiaries, net of cash acquired | **-** | (3,934) |
| Interest received | **2,016** | 3,730 |
| Loan to an associated company | **(56)** | (1,040) |
| Proceeds from sale of financial assets | **-** | 741 |
| Proceeds from disposal of property, plant and equipment | **343** | 84 |
| Proceeds on maturity of financial assets | **9,501** | 5,500 |
| Repayment of loans by associated company | **62** | - |
| **Net cash used in investing activities** | **(3,318)** | (1,790) |
| **Cash flows from financing activities** | | |
| Acquisition of non-controlling interests | **(2,296)** | - |
| Distribution paid to perpetual securities | **(7,499)** | (7,499) |
| Dividends paid to shareholders | **(26,995)** | (56,239) |
| Dividends paid to non-controlling interests in a subsidiary | **(392)** | (992) |
| Interest paid | **(4,007)** | (10,263) |
| Proceeds from bank loans | **100,018** | 69,599 |
| Repayment of principal portion of lease liabilities | **(15,937)** | (13,991) |
| Repayment of bank term loans and fixed rate notes | **(200,924)** | (84,274) |
| **Net cash used in financing activities** | **(158,032)** | (103,659) |
| **Net decrease in cash and cash equivalents** | **(34,270)** | (66,793) |
| Cash and cash equivalents at beginning of financial period | **492,997** | 392,220 |
| **Cash and cash equivalents at end of financial period** | **458,727** | 325,427 |

During the 6 months ended 30 September 2019, the deconsolidated US businesses contributed S$5.3 million to the Group's net operating cash flows, contributed Nil in respect of investing activities and paid S$7.1 million in respect of financing activities.

## (1)(d)(i) Statement of changes in equity (for the issuer and group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

### The Group – H1

| | Attributable to ordinary shareholders of the Company | | | | | | | Non- | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Treasury shares | Retained earnings | Other reserves | Total | Perpetual securities | Total | controlling interests | Total equity |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| Balance at 1 April 2020 | **638,762** | **(29,724)** | **570,206** | **73,310** | **1,252,554** | **346,826** | **1,599,380** | **42,938** | **1,642,318** |
| Total comprehensive income / (loss) for the period | **-** | **-** | **30,940** | **11,312** | **42,252** | **-** | **42,252** | **(395)** | **41,857** |
| ***Transactions with owners, recognised directly in equity*** | | | | | | | | | |
| Acquisition of non-controlling interests | **-** | **-** | **-** | **(1,867)** | **(1,867)** | **-** | **(1,867)** | **(429)** | **(2,296)** |
| Distribution of perpetual securities | **-** | **-** | **(7,458)** | **-** | **(7,458)** | **7,458** | **-** | **-** | **-** |
| Distribution paid on perpetual securities | **-** | **-** | **-** | **-** | **-** | **(7,499)** | **(7,499)** | **-** | **(7,499)** |
| Dividends paid to shareholders | **-** | **-** | **(26,995)** | **-** | **(26,995)** | **-** | **(26,995)** | **-** | **(26,995)** |
| Dividends paid to non-controlling interests in a subsidiary | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(392)** | **(392)** |
| Employee share option scheme:<br>- Value of employee services | **-** | **-** | **-** | **1,510** | **1,510** | **-** | **1,510** | **-** | **1,510** |
| Total | **-** | **-** | **(34,453)** | **(357)** | **(34,810)** | **(41)** | **(34,851)** | **(821)** | **(35,672)** |
| Balance at 30 September 2020 | **638,762** | **(29,724)** | **566,693** | **84,265** | **1,259,996** | **346,785** | **1,606,781** | **41,722** | **1,648,503** |
| Balance at 1 April 2019 | 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 period | - | - | 53,411 | (4,205) | 49,206 | - | 49,206 | (2,561) | 46,645 |
| ***Transactions with owners, recognised directly in equity*** | | | | | | | | | |
| Transfer upon disposal of investment | - | - | 5 | (5) | - | - | - | (407) | (407) |
| Distribution of perpetual securities | - | - | (7,458) | - | (7,458) | 7,458 | - | - | - |
| Distribution paid on perpetual securities | - | - | - | - | - | (7,499) | (7,499) | - | (7,499) |
| Dividends paid to shareholders | - | - | (56,239) | - | (56,239) | - | (56,239) | - | (56,239) |
| Dividends paid to non-controlling interests in a subsidiary | - | - | - | - | - | - | - | (992) | (992) |
| Employee share option scheme: | | | | | | | | | |
| - Value of employee services | - | - | - | 1,228 | 1,228 | - | 1,228 | - | 1,228 |
| - Treasury shares re-issued | - | 450 | - | (450) | - | - | - | - | - |
| Total | - | 450 | (63,692) | 773 | (62,469) | (41) | (62,510) | (1,399) | (63,909) |
| Balance at 30 September 2019 | 638,762 | (29,724) | 562,493 | 74,592 | 1,246,123 | 346,785 | 1,592,908 | 43,432 | 1,636,340 |

## The Company – H1

| | Attributable to ordinary shareholders of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Treasury shares | Retained earnings | Other reserves | Total | Perpetual securities | Total |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Balance at 1 April 2020** | **638,762** | **(29,724)** | **592,989** | **42,859** | **1,244,886** | **346,826** | **1,591,712** |
| Total comprehensive income for the period | **-** | **-** | **23,213** | **-** | **23,213** | **-** | **23,213** |
| ***Transactions with owners, recognised directly in equity*** | | | | | | | |
| Distribution on perpetual securities | **-** | **-** | **(7,458)** | **-** | **(7,458)** | **7,458** | **-** |
| Distribution paid on perpetual securities | **-** | **-** | **-** | **-** | **-** | **(7,499)** | **(7,499)** |
| Dividends paid to shareholders | **-** | **-** | **(26,995)** | **-** | **(26,995)** | **-** | **(26,995)** |
| Employee share option scheme: | | | | | | | |
| - Value of employee services | **-** | **-** | **-** | **1,510** | **1,510** | **-** | **1,510** |
| Total | **-** | **-** | **(34,453)** | **1,510** | **(32,943)** | **(41)** | **(32,984)** |
| Balance at 30 September 2020 | **638,762** | **(29,724)** | **581,749** | **44,369** | **1,235,156** | **346,785** | **1,581,941** |
| Balance at 1 April 2019 | 638,762 | (30,174) | 585,832 | 40,127 | 1,234,547 | 346,826 | 1,581,373 |
| Total comprehensive income for the period | - | - | 66,501 | 14 | 66,515 | - | 66,515 |
| ***Transactions with owners, recognised directly in equity*** | | | | | | | |
| Transfer upon disposal of investment | - | - | 5 | (5) | - | - | - |
| Distribution on perpetual securities | - | - | (7,458) | - | (7,458) | 7,458 | - |
| Distribution paid on perpetual securities | - | - | - | - | - | (7,499) | (7,499) |
| Dividends paid to shareholders | - | - | (56,239) | - | (56,239) | - | (56,239) |
| Employee share option scheme: | | | | | | | |
| - Value of employee services | - | - | - | 1,228 | 1,228 | - | 1,228 |
| - Treasury shares re-issued | - | 450 | - | (450) | - | - | - |
| Purchase of treasury shares | - | - | - | - | - | - | - |
| Total | - | 450 | (63,692) | 773 | (62,469) | (41) | (62,510) |
| Balance at 30 September 2019 | 638,762 | (29,724) | 588,641 | 40,914 | 1,238,593 | 346,785 | 1,585,378 |

**(1)(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the 1st half ended 30 September 2020, no share was issued under the Singapore Post Share Option Scheme.

As at 30 September 2020, there were unexercised options for 13,266,000 (30 September 2019: 14,818,000) unissued ordinary shares under the Singapore Post Share Option Scheme (including Performance Option Plan but excluding Restricted Share Plan) and unvested shares for 14,032,262 (30 September 2019: 8,624,034) unissued ordinary shares under the Restricted Share Plan.

As at 30 September 2020, the Company held 25,511,422 treasury shares (30 September 2019: 25,511,422).

**(1)(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 30 September 2020, total issued shares excluding treasury shares were 2,249,578,103 (31 March 2020: 2,249,578,103).

**(1)(d)(iv) A statement showing all sales, transfers, disposal, cancellation and / or use of treasury shares as at end of the current financial period reported on.**

During the 1st half ended 30 September 2020, no treasury share was re-issued.

**(2) Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed.

**(3) Where figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

**(3A) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

**(4) Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed under paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 March 2020.

**(5) If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the amendments and interpretations of Singapore Financial Reporting Standards (International) ("SFRS(I)") that are relevant to its operations and effective from 1 April 2020.

The adoption of these pronouncements did not have any significant impact on the financial performance or position of the Group except for the early adoption of Amendment to SFRS(I) 16: Covid 19 - Related Rental Concessions that is effective for annual periods beginning on or after 1 June 2020. As a practical expedient, the amendment to SFRS(I) 16 allows a lease to elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification. The Group has applied the practical expedient to all rent concessions that meet the conditions set out.

**(6) Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

| | **FY2020/21 H1** | FY2019/20 H1 |
|---|---|---|
| **Continued Operations** | | |
| Based on weighted average number of ordinary shares in issue | **1.04₵** | 2.57₵ |
| On fully diluted basis | **1.04₵** | 2.57₵ |
| **Discontinued Operations** | | |
| Based on weighted average number of ordinary shares in issue | **-** | (0.53₵) |
| On fully diluted basis | **-** | (0.53₵) |
| **Total** | | |
| Based on weighted average number of ordinary shares in issue | **1.04₵** | 2.04₵ |
| On fully diluted basis | **1.04₵** | 2.04₵ |

## (7) Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on and immediately preceding financial year.

| | The Group | | The Company | |
|---|---|---|---|---|
| | **Sep-20** | Mar-20 | **Sep-20** | Mar-20 |
| Net asset value per ordinary share based on issued share capital of the Company at the end of the financial period (cents) | **71.43** | 71.10 | **70.32** | 70.76 |

| | The Group | | The Company | |
|---|---|---|---|---|
| | **Sep-20** | Mar-20 | **Sep-20** | Mar-20 |
| Ordinary equity per ordinary share based on issued share capital of the Company at the end of the financial period (cents) | **56.01** | 55.68 | **54.91** | 55.34 |

## (8) Review of the performance of the group.

The consolidated income statement of the Group is presented as "Continuing Operations", which excludes the U.S. Subsidiaries that had been deconsolidated with effect from September 2019.

**Revenue**

| | **FY20/21 H1 S$'000** | FY19/20 H1 S$'000 | Variance % |
|---|---|---|---|
| Post and Parcel | **392,605** | 373,365 | 5.2% |
| Logistics | **293,896** | 244,265 | 20.3% |
| Property | **55,504** | 60,185 | (7.8%) |
| Inter-segment eliminations* | **(34,224)** | (32,167) | (6.4%) |
| Total | **707,781** | 645,648 | 9.6% |

* Inter-segment eliminations relate to the elimination of inter-segment billings for internal services to better reflect the profitability of each business segment.

**Profit on operating activities**

| | **FY20/21 H1 S$'000** | FY19/20* H1 S$'000 | Variance % |
|---|---|---|---|
| Post and Parcel | **22,667** | 68,810 | (67.1%) |
| Logistics | **5,705** | (3,488) | N.M. |
| Property | **23,723** | 26,765 | (11.4%) |
| Others# | **(12,312)** | (11,122) | (10.7%) |
| **Profit on operating activities** | **39,783** | 80,965 | (50.9%) |

**With effect from 1 April 2020, corporate cost allocation has been revised and prior year numbers have been restated for comparative purposes.*

# *Others refer to unallocated corporate overhead items*

**Group**

For the half year ended 30 September 2020 (“H1”), Group revenue rose 9.6%, led by growth in the Post and Parcel as well as Logistics segments, with strong eCommerce volume growth across the Group.

Notwithstanding the higher earnings contribution from eCommerce, Covid-19 related disruptions impacted profitability, leading to a 50.9% decline in Group’s Profit on operating activities.

More details are provided below.

**Post & Parcel**

In the Post & Parcel segment, revenue rose 5.2% for the half year.

The Domestic Post and Parcel business saw significant eCommerce volume growth of 43% for the half year ended September, as initiatives such as the new tracked letterbox product saw significant traction with customers. Volumes of letters and printed papers in Singapore continue to decline as expected due to electronic substitution, while business mails were also reduced as a result of the circuit breaker during the first quarter.

In the International Post and Parcel business, cross-border eCommerce volumes were largely resilient. This was achieved despite Covid-19 causing a massive disruption to international air freight out of Changi Airport, which resulted in delays and increased conveyance costs. With air freight disruptions leading to higher conveyance costs, International Post and Parcel’s margins were largely eroded.

Due to the above reasons, profit on operating activities declined by 67.1% in H1 to S$22.7 million. This was partly mitigated by growth in earnings contribution from eCommerce revenue. During this period, eCommerce revenue contributed to 32% of total Domestic Post and Parcel revenues, up from 18% in the same period last year.

**Logistics**

In the Logistics segment, revenue rose 20.3% for the half year, with Couriers Please, Quantium Solutions and SP eCommerce experiencing strong growth as a result of increased adoption and rapid growth of eCommerce activities in Asia-Pacific.

In particular, Couriers Please has seen solid volume growth in Australia, with revenue rising 48%, or S$34 million, for the half-year.

Quantium Solutions and SP eCommerce benefited from the reengineering of processes to improve customer experience, efficiency, and scalability. This resulted in more customers coming on board for eCommerce logistics solutions, including warehousing, fulfilment as well as front-end solutions.

The freight forwarding entity Famous Holdings, despite facing a global trade slowdown, delivered a resilient performance.

As a result of the above, the Logistics segment delivered a strong turnaround to a profit of S$5.7 million for the half year ended 30 September 2020, from a loss of S$3.5 million in the corresponding period last year.

**Property**

In the Property segment, revenue declined 7.8% or S$4.7 million for H1, largely due to rental rebates provided for eligible tenants which amounted to approximately S$3.2 million, as well as lower receipts from car-park and atrium sales.

Accordingly, Profit on Operating activities declined by 11.4% or S$3.0 million to S$23.7 million.

In the first quarter of the financial year, the retail mall saw a substantial decline in footfall due to the circuit breaker measures and many tenants had to temporarily close as a result.

However, the mall's footfall and tenant sales have been on a recovery trajectory since the recent gradual reopening measures and easing of restrictions by the Government.

In spite of a weak leasing market due to the challenging economic environment, committed occupancy remained largely stable as the SingPost Centre retail mall and office remained at close to full occupancy as at 30 September 2020.

**Others**

The Others segment refers to unallocated corporate overhead items.

For H1, expenses under the Others segment was higher by 10.7% due to reversals of one-off expenses amounting to S$1.2 million in the comparative period last year. Excluding this, the Others segment remained stable.

**Operating Expenses**

Total operating expenses rose 18.1% in H1, driven by eCommerce volume growth, and exacerbated by Covid-19 related disruptions.

Volume-related expenses, which reflect outpayments for international postal terminal dues and mail conveyancing costs, rose 26.7% or S$90.5 million in H1, with higher eCommerce volumes across the Group.

Further, Covid-19 had caused a massive disruption to international air freight out of Changi Airport, and this resulted in substantially higher conveyance costs for the Group's International Post and Parcel business. Terminal dues for international postal items also increased with effect from 1 January 2020.

Labour and related expenses rose 6.3% or S$8.9 million in H1. This was due to higher contracted services for eCommerce related deliveries in line with strong volume growth, as well as higher costs related to Covid-19 disruptions such as health and safety arrangements for postmen. There was also higher unutilised leave compared to the same period last year.

In H1, the Group recognised approximately S$13 million for the Job Support Scheme ("JSS") relief, which was offset against labour and related expenses, as part of the Government of Singapore's measures to help businesses in coping with the impact from Covid-19. This has helped the Group mitigate the impact of Covid-19.

Administrative expenses rose 3.6% in H1, largely due to the roll out of a new information system in Australia to improve customer experience and manage the higher volumes.

Selling-related expense was lower by 21.5% in H1, due to lower sales promotion and advertising spend.

Impairment loss on trade and other receivables was higher at S$4.7 million for H1 compared to $1.0 million for the same period year, largely due to higher provisions for bad debt.

**Other income**

Other income was S$2.4 million, lower compared to S$2.9 million in the corresponding period last year due to a one-off insurance claim in the same period last year.

**Exceptional items**

The Group recorded an exceptional loss of S$0.5 million in H1 largely due to impairment of an associated company.

For H1 last year, there was an exceptional gain of S$1.0 million largely due to a reversal of provision for contingent consideration of a foreign subsidiary.

**Interest Income and Finance Expense**

Interest income and investment income was lower at S$3.3 million with lower interest income, while Finance expense was lower at S$5.1 million with lower interest expenses.

**Share of Results of Associated Companies and Joint Venture**

The share of profit from associated companies and joint venture rose to S$0.3 million for H1, compared to S$0.1 million in the corresponding period last year, largely due to improved performance from an associate in Australia.

**Income Tax Expense**

Income tax expense was S$7.0 million in H1 compared to S$16.8 million in the same period last year, largely due to lower profit before tax, as well as the effect of the JSS payouts received, which are exempt from tax.

**Discontinued Operations**

The Group had deconsolidated the financials for the U.S. Subsidiaries with effect from September 2019. Accordingly, there was no loss from discontinued operations in H1, compared to a loss of S$12.0 million in the corresponding period last year.

**Net Profit**

For the half year, net profit attributable to equity holders of the Company declined 42.1% to S$30.9 million, as Covid-19 related disruptions significantly impacted International Post and Parcel profitability. This was partly offset by higher earnings contribution from eCommerce growth in Singapore and Australia, as well as the absence of losses from discontinued operations.

Excluding exceptional items, underlying net profit declined 40.0% to S$31.5 million.

**Statement of Financial Position**

**Assets**

The Group's total assets amounted to S$2.7 billion as at 30 September 2020.

Current assets declined to S$685.3 million as at 30 September 2020, from S$785.6 million as at 31 March 2020, largely due to lower cash and cash equivalents as a result of net repayment of bank loans of S$100.9 million during this period.

Trade and other receivables declined to S$206.8 million as at 30 September 2020, from S$262.1 million as at 31 March 2020, due to payments received.

Current financial assets, which comprises SingPost's investments in corporate bonds declined to zero, due to redemption upon maturity.

Current derivative financial instruments declined to S$0.5 million from S$2.1 million, due to largely to maturity of hedge for a foreign currency.

Current inventories were stable at S$0.3 million, while Other current assets rose marginally to S$18.9 million, from S$18.6 million.

Non-current assets were stable at S$2.0 billion as at 30 September 2020.

Non-current financial assets, Investments in associated companies and JV, and Investment properties all remained largely stable at S$95.9 million, S$35.5 million and S$1,007.9 million respectively.

Non-current trade and other receivables rose to S$9.2 million from S$8.6 million, largely due to translation difference from a loan to an associated company.

Property, plant and equipment declined to S$425.0 million from S$441.5 million, mainly due to depreciation charges for the period.

Right-of-use assets increased to S$75.3 million, due to additional leases offset by the depreciation for the period and expiry of leases.

Intangible assets rose to S$309.5 million as at 30 September 2020, compared to S$297.4 million as at 31 March 2020, largely due to translation differences from the Australian dollar.

Deferred income tax assets rose to S$3.6 million from S$2.3 million, due to an increase in tax credit.

Other non-current asset increased to S$6.3 million, from S$3.8 million due to payments for an extension of call/put option for the freight forwarding business.

**Liabilities**

The Group's total liabilities were S$1.0 billion as at 30 September 2020, compared to S$1.1 billion as at 31 March 2020.

Current liabilities declined to S$656.4 million, from S$756.7 million, due substantially to a decline in current borrowings from S$157.0 million to S$57.1 million from partial repayment of a term loan.

Trade and other payables increased to S$511.3 million, from S$507.0 million, due largely to JSS, partly offset by lower balances from the timing of settlements in relation to the International Post and Parcel business.

Current contract liabilities rose to S$33.8 million, from S$32.0 million, due largely to advance collections.

Current lease liabilities, which relates to the current portion of lease payments recognised in accordance with SFRS(I) 16 Leases effective from 1 April 2019, rose marginally to S$20.0 million.

Current income tax liabilities declined to S$33.9 million due to payment of tax, partly offset by tax provisioning for the period.

Derivative financial instruments declined to S$0.2 million, from S$0.9 million after being marked to market.

Non-current liabilities declined to S$348.6 million, from S$352.6 million.

Non-current trade and other payables as well as Non-current borrowings were largely stable at S$13.2 million and S$206.5 million respectively.

Non-current lease liabilities, which relates to the non-current portion of lease payments recognised in accordance with SFRS(I) 16 Leases effective from 1 April 2019, declined marginally to S$64.9 million.

Non-current contract liabilities mainly relates to upfront payments received from our postassurance collaboration with AXA Life Insurance Singapore Private Limited for which a financing component exists. The decline to S$27.2 million from S$30.7 million was mainly due to amortisation for the period.

Deferred income tax liabilities rose to S$36.8 million, from S$34.4 million, largely due to the increase in subsidiaries' profit.

A foreign subsidiary has tax-related contingent liabilities, which are yet to be fully determined.

**Cash Flow**

For the half year ended 30 September 2020, operating cash flow before working capital changes was S$44.5 million, compared to S$52.7 million last year, due to lower profit.

Working capital movement for the year improved significantly to positive S$65.6 million, due largely to favourable movement in trade receivables for eCommerce deliveries from China.

Consequently, net cash inflow from operating activities for H1 rose to S$127.1 million, compared against S$38.7 million in the corresponding period last year.

Net cash outflow for investing activities was S$3.3 million for H1, compared to S$1.8 million for the corresponding period last year. Capital expenditure rose to S$13.7 million compared to S$6.9 million last year, largely due to final release of payment for the SPC retail mall redevelopment of around S$7.1 million. This was offset by proceeds from maturity of financial assets of S$9.5 million.

Net cash outflow from financing activities for H1 amounted to S$158.0 million, compared to outflow of S$103.7 million in the same period last year. This was largely due to net repayment of bank loans of S$100.9 million, partly offset by lower interest paid and lower dividends to shareholders.

**Financial Position**

As at 30 September 2020, the Group was in a net cash position of S$195.1 million, compared to a net cash position of S$128.6 million as at 31 March 2020, due to higher operating cashflows over the period.

Ordinary shareholders' equity stands at S$1.26 billion as at 30 September 2020, marginally higher compared to 31 March 2020.

**(9) Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**(10) A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

There remains significant uncertainty in the operating environment due to Covid-19. Group earnings and operating cashflows will continue to face headwinds from the disruptions to businesses. The extent and duration of the headwinds will depend on when the global pandemic situation will ease up.

The Group is carefully managing its expenses, cashflows and liquidity.

Notwithstanding the immediate challenges, SingPost remains committed to its transformation efforts.

The Group is implementing the Future of Post initiative, which will reengineer the Postal business to capture the broader growing opportunities for smart urban logistics. A key component of this ecosystem, the world's first-ever "Smart Letterbox", will commence public trials by the end of the calendar year.

Meanwhile, Property contribution from SingPost Centre retail mall and office is expected to remain relatively stable.

With a relatively strong balance sheet, the Group will continue to seek out new opportunities that will strengthen its capabilities and competitiveness in key markets.

**Strategic acquisition in Australia**

On 19 October 2020, the Group announced that it has entered into a conditional sale and purchase agreement to acquire an aggregate 38% equity interest in Freight Management Holdings Pty Ltd ("FMH") for an aggregate consideration of approximately A$85.0 million (equivalent to approximately S$84.1 million).

FMH is a leading 4th party logistics ("4PL") service company in Australia. Through the use of proprietary technology, FMH manages and executes its customers' supply chain and distribution requirements.

The acquisition will allow the SingPost Group to further scale its Business-to-Business-to-Consumer (B2B2C) logistics capabilities in Australia, and capitalise on the growing eCommerce segment.

Together with Couriers Please and Quantium Solutions Australia, the Group aims to derive synergistic benefits, grow volumes and build scale. This provides a strong platform for the SingPost Group to drive revenue and earnings in Australia over the long term.

**(11) Dividends**

**Interim dividend**

The outlook remains uncertain due to the ongoing Covid-19 situation, and the Group needs to adopt a prudent approach in managing cash flows.

For the 1st half ended 30 September 2020, the Board of Directors has declared an interim dividend of 0.5 cents per ordinary share (tax exempt one-tier).

The interim quarterly dividend of 0.5 cent per ordinary share will be paid on 2 December 2020. The transfer book and register of members of the Company will be closed on 20 November 2020 for the preparation of dividend warrants. Duly completed registrable transfers of the ordinary shares in the capital of the Company received by the Company's registrar up to 5.00 pm on 19 November 2020 will be registered to determine members' entitlements to the dividend.

**Corresponding period of the immediately preceding financial year**

Interim dividend

An interim dividend of 0.5 cent per ordinary share (tax exempt one-tier) for the 1st quarter ended 30 June 2019 was declared on 2 August 2019 and paid on 30 August 2019.

An interim dividend of 0.5 cent per ordinary share (tax exempt one-tier) for the 2nd quarter ended 30 September 2019 was declared on 1 November 2019 and paid on 29 November 2019.

**(12) If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Not applicable.

## (13) Interested Person Transactions

During the 1st half ended 30 September 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$100,000) | |
|---|---|---|---|---|---|
| | | **FY2020/21 H1 S$'000** | FY2019/20 H1 S$'000 | **FY2020/21 H1 S$'000** | FY2019/20 H1 S$'000 |
| **Sales** | | | | | |
| Singapore Power Limited | Each interested person is an associate of Singapore Post Limited's major shareholder, Temasek Holdings (Private) Limited | **-** | - | **379*** | - |
| Singapore Telecommunications Group | | **-** | - | **907*** | 1,365 |
| Starhub Group | | **-** | - | **266** | 432 |
| | | **-** | - | **1,552** | 1,797 |
| **Purchases** | | | | | |
| Ascendas Real Estate Investment Trust | Each interested person is an associate of Singapore Post Limited's major shareholder, Temasek Holdings (Private) Limited | **-** | - | **1,686*** | - |
| Harbourfront Centre Pte Ltd | | **-** | - | **524*** | - |
| PSA Corporation | | **-** | - | **-** | 949 |
| Sembcorp Group | | **-** | - | **-** | 8,200* |
| Singapore Airlines Group | | **-** | - | **12,236** | 18,780 |
| Singapore Telecommunications Group | | **-** | - | **109** | - |
| SMRT Corporation | | **-** | - | **267** | - |
| | | **-** | - | **14,822** | 27,929 |
| **Total interested person transactions** | | **-** | - | **16,374** | 29,726 |

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 5 years) or annual values for open-ended contracts.

*Include contracts of duration exceeding one year.

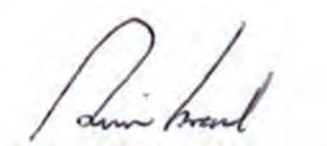
**(14) Confirmation by the Board pursuant to rule 720(1) of the Listing Manual**

The Board had received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 in pursuant to Rule 720(1) of the listing manual of the Singapore Exchange Securities Trading Limited.

**(15) Confirmation by the Board pursuant to rule 705(5) of the Listing Manual**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the 1st half ended 30 September 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors



**MR SIMON CLAUDE ISRAEL**
Chairman

**MR PAUL COUTTS**
Director

Singapore
6 November 2020