

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

31ST ANNUAL GENERAL MEETING TO BE HELD ON WEDNESDAY, 19 JULY 2023
RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS PRIOR TO THE COMPANY'S
ANNUAL GENERAL MEETING

The board of directors of Singapore Post Limited (the “**Company**” or “**SingPost**”) wishes to address questions received from shareholders of the Company prior to the upcoming 31st Annual General Meeting (“**AGM**”) to be held at Suntec Singapore Convention & Exhibition Centre, Level 3, Summit 1, 1 Raffles Boulevard, Suntec City, Singapore 039593 and using virtual meeting technology on Wednesday, 19 July 2023 at 2.30 p.m..

The Appendix annexed herein sets out the Company’s responses to the substantial questions received from shareholders as of 10 July 2023.

Issued by Singapore Post Limited on 13 July 2023.

RESPONSES TO QUESTIONS FROM SHAREHOLDERS

Category	No.	Question (as received)	Response
Business & Operations	1.	How long is the strategic review expected to take? When will the outcome of the strategic review be announced? What are the key parameters that the strategic review would encompass?	<p>We expect the Strategic Review to be completed within the financial year, and for the recommendations to be presented to the Board.</p> <p>The Strategic Review will cover the structure of the Group and its businesses. This will involve the long-term sustainability of the postal business, the structure for the Australia and International businesses, divestment of non-core businesses and assets, and recycling of capital to support further growth as the Company pivots towards being a pure-play logistics enterprise.</p>
Business & Operations	2.	Referring to the Company's recent announcement that its board has initiated a strategic review of its portfolio of businesses to enhance shareholder returns and to ensure the group is appropriately valued, please let us know what is the outcome so far and what is the timeline to implement the findings?	
Business & Operations	3.	The share price of Singapost has seen a decline of more than 70% over the last 8 odd years. Whilst stock prices are beyond the control of the Directors, it is obviously a reflection of the Company's performance. What are the plans of the Board to improve the company's performance and profitability so that the share price may rise in tandem? And perhaps give some light to see at the end of the tunnel for shareholders. Thank you.	<p>The structural decline of the Post & Parcel segment has overshadowed the value created by the Company's transformation.</p> <p>The Logistics segment has seen significant improvement from an operating loss of S\$5.6 million in FY2019/20 to an operating profit of S\$84.7 million in FY2022/23. We will continue to execute our strategic initiatives to transform into a pure play logistics enterprise and grow the Logistics business.</p> <p>In the same period, the Post & Parcel segment has declined from operating profit of S\$119 million to a loss position due to the structural decline in mail volumes. This is a structural challenge that will require a structural solution. We are in discussions with the government to rectify this and ensure the commercial viability of the Postal service with the necessary postage adjustments and cost rationalisation.</p>

Category	No.	Question (as received)	Response
			We are now in the next stage of our transformation, with a Strategic Review initiated with a view to enhancing shareholder returns and ensuring that the Group is appropriately valued.
Business & Operations	4.	(For Remuneration Committee Chairperson) The share price of SINGPOST has been dropping for many years and counting. Many years ago, the share price used to be \$1 and higher. Today, the share price is less than 50 cents... I would like to know if the share price of SINGPOST is factored in when measuring management's performance? Is the performance of the share price of SINGPOST one of the KPI for management? If not, why not? Please explain.	Total Shareholder Returns, which include consideration for share price, as well as Underlying Net Profit targets are performance measures used in determining senior Management's remuneration in short-term and long-term incentives. Management's remuneration is structured to drive SingPost's business strategy and shareholder value creation through the delivery of corporate targets that include financial outcomes as well as non-financial measures, for instance, initiatives relating to strategy, transformation, service quality and sustainability.
Business & Operations	5.	(For Remuneration Committee Chairperson) From pg 48, the net profit generated by the company SINGPOST has been dropping for many years and counting. I would like to know if the net profit earned by SINGPOST is factored in when measuring management's performance? Is the net profit earned by SINGPOST one of the KPI for management? If not, why not? Please explain. Would the Remuneration Committee please increase the weightage of "net profit" when measuring management performance and remuneration? Please comment.	
Resolution	6.	It is proposed that the director fees would be increased from 1.22m to 1.24m. The profit of the company fell very significantly last year. Dividends to shareholders have also decreased significantly last year. Please justify why the	There is no change in the framework for determining Director's fees. Fees of the Board Sustainability Committee set up in FY2020/21 were waived for FY2021/22. The fees for the Committee were included in Directors' fees for FY2022/23.

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		company is proposing to increase director fees when the company profits and shareholders dividends have dropped significantly last year? Shouldn't the director fees be reduced instead? Please explain and elaborate clearly.	
Resolution	7.	<Resolution 4> Why has the fees increase?	
Business & Operations	8.	From pg 146 of AR, wages and salaries have increased from 204m to 242m whilst the profit of the company fell very significantly last year. Can the company please rein in on its manpower costs, employ cost cutting measures, tighten its belt so as to ensure that the company is able to be financially resilient and grow its profitability Y-O-Y?	<p>The increase in wages and salaries was mainly due to the consolidation of Freight Management Holdings ("FMH"). Excluding FMH, wages and salaries declined by S\$11.8 million or 5.9%.</p> <p>Cost management remains a key discipline for the Group. We continue to focus on prudent cost management and driving cost efficiency in the Group's operations to manage rising cost pressures across our markets.</p>
Business & Operations	9.	Does it still make sense to remain in the postal business since volumes are dwindling and most organizations are sending electronic instead of physical mail?	The domestic postal business comprises the delivery business and the post office network. In the delivery business, the decline in letter mail volume has resulted in a loss in operating leverage. Cost increases over the years have raised operating expenses, particularly in the running of the post office network.
Business & Operations	10.	How does the company plan to prevent losses from growing for the postage business seeing mail volumes will continue to fall? Time to scrape the letterbox and focus on goods delivery	By itself, the postal-only business is structurally challenged. Similarly, the eCommerce delivery industry in Singapore does not yield an attractive return. We have optimised both postal and eCommerce logistics delivery networks and infrastructure to maximise the operating leverage, which is our competitive advantage.
Business & Operations	11.	Does the eCommerce segment able to fully replace the continuous erosion of income from the postal business? If yes, how long more? If not, then what else can we re-strategise the company going forward? Thks	As announced in Parliament, SingPost and IMDA are working together to review costs and the operating model, including optimisation of the post office services. SingPost is seeking postage rate adjustments to better reflect the true cost of the letter

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Business & Operations	12.	<p>I refer to Company's strategic review and the recent report regarding review with IMDA. It sounded like privatising the postal services is off the table? Why this option is off? My view, just by hiking postage rates may not help, as, a). high postage cost will probably cause volume decline further, b). it'll create competitive channels. So at the end, it'll still be challenging to maintain as a sustainable public postal services. Long-term solution should be privatising the postal services and paying SingPost according to mail volume and service standard, this model has been proved to be effective in running other public services like public transport. Can Management/Board comment?</p>	<p>mail business. SingPost is working with the authorities towards a framework for the long-term commercial viability of the postal service.</p>
Financials	13.	<p>Can the Board please break down the operating profit of the various investments it has made in the past (e.g. Quantum Solutions, CourierPlease, Famous, FMH etc)</p>	<p>SingPost's acquisitions comprised CouriersPlease, FMH and Famous Holdings group, and these are profitable in FY2022/23. Quantum Solutions group incurred a loss in FY2022/23.</p> <p>The financial performance of these businesses is collectively reported in the Logistics segment, which has seen significant improvement over the years, from an operating loss of S\$5.6 million in FY2019/20 to operating profit of S\$84.7 million in FY2022/23.</p> <p>The strong growth in the Australia business of CouriersPlease and FMH contributed to the improvement in the Logistics segment's performance. Operating profit from the Australia business increased 281.3% year-on-year to S\$51.1 million in FY2022/23.</p>