MASNET No. 2 OF 05.07.2004
Announcement No. 2

SINGAPORE POST LIMITED

Announcement on Spring Joint Venture

As stated in the prospectus for the Initial Public Offering of Singapore Post Limited ("SingPost"), Royal Mail's Sales Agency Agreement with G3 Worldwide Mail N.V. ("Spring") terminates in July 2004. The purpose of this Sales Agency Agreement is to provide certain of Royal Mail's services on a commission basis outside their home market of the United Kingdom. Spring and Royal Mail have agreed to continue the provision of sales agency services and are currently in the final stages of negotiations.

In conjunction with the ongoing discussions, the three joint venture partners for Spring – Royal Mail (24.5%), TPG (51%) and SingPost (24.5%) – are revising their commission structures with Spring and concurrently reviewing Spring's strategy and business. This may entail the restructuring of Spring to operate more effectively from a lower cost base in a very competitive cross border mail market.

SingPost estimates that the impact of the revised commission structures and business reorganization, together with a one-time restructuring cost, could decrease our net profit for the current financial year ending 31 March 2005 by S$4.5 million to S$6.5 million. These estimates are based on current business plans proposed and being evaluated by Spring management. The final quantum will depend on the eventual restructuring plan approved by the joint venture partners.

On 1 July 2004, the Council on Corporate Disclosure and Governance ("CCDG") issued Financial Reporting Standard ("FRS") 103 Business Combinations to be adopted by companies with financial years commencing on or after 1 July 2004. Upon adoption of FRS 103, goodwill acquired in a business combination shall not be amortised. Instead, the goodwill is required to be tested for impairment in accordance with FRS 36 Impairment of Assets.

As permitted by FRS 103, SingPost is considering the early adoption of this standard. If SingPost elects for early adoption in FY2004/05 beginning 1 April 2004, there would not be an annual goodwill amortization charge in respect of Spring currently amounting to S$4 million. In addition, based on current estimates of the future cash flows of the investment in Spring, we do not expect an impairment charge in FY2004/05.

Consequently, SingPost does not expect the combined impact of the revised commission structures, business reorganization and one-time restructuring cost at Spring, as well as the effect of adoption of FRS 103 to be significant to SingPost's overall financial performance for FY2004/05.

By Order of the Board

Chan Su Shan (Ms)
Company Secretary

Dated: 5 July 2004

Submitted by Chan Su Shan (Ms), Company Secretary on 05/07/2004 to the SGX