

## SINGAPORE POST LIMITED

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

### CLARIFICATION ON ANALYST'S REPORT

Singapore Post Limited (the "**Company**") refers to the report dated 16 May 2017 by Deutsche Bank titled "dbAccess Asia Conference 2017 Highlights" (the "**Report**") and wishes to make the clarifications herein.

(1) The Report stated as follows:

***"Paul Demirdjian, who was co-founder of Jagged Peak, was appointed as the interim CEO for SingPost's US Businesses 2 months ago. Management explained that he was instrumental in proposing the recent impairments to the Board and group management, which went ahead with auditors approval."***

With respect to the statement that Mr Paul Demirdjian "*was instrumental in proposing the recent impairments to the Board and group management*", the Company wishes to clarify that Management had communicated that Mr Paul Demirdjian had prepared the business plan for TradeGlobal. Management had proposed the impairment provision based on the business plan base case scenario. The impairment provision was agreed by the auditors, PricewaterhouseCoopers LLP, and approved by the Board. FTI Consulting, an independent global business advisory firm, had verified that the impairment provision was properly calculated following an appropriate review process and that the assumptions adopted were reasonable.

(2) The Report stated as follows:

**"Management did not rule out divestment if the new group CEO deems fit."**

As announced by the Company on 12 May 2017, the Company is focused on extracting post-acquisition synergies from the networks and capabilities of SingPost eCommerce units. However, while the Company evaluates all its strategic options from time to time, no decision has been made with respect to its eCommerce businesses in the US. The Company wishes to clarify that any such strategic decision, including any merger, acquisition or divestment, will be made pursuant to requisite approval processes within the Company, including obtaining the approval of the Board.

(3) The Report stated as follows:

***"They indicated that S\$5-6m of losses, out of the S\$15m in eCommerce for 4Q17, was attributable to TradeGlobal."***

The Company wishes to clarify as follows:

- (a) Out of the operating losses of S\$15.1 million in respect of eCommerce for Q4 FY16/17, S\$10.5 million was attributable to TradeGlobal;
- (b) In relation to the TradeGlobal impairment and the eCommerce segment performance as announced in the Company's announcement released on 12 May 2017:
  - (i) Of the S\$185.0 million impairment charge on TradeGlobal, S\$166.0 million is on goodwill and S\$19.0 million is on customer relationship. The disruption in the United States retail industry is expected to lead to a loss of a few more TradeGlobal customers; and

- (ii) Of the operating losses of S\$15.1 million in respect of eCommerce for Q4 FY16/17, S\$5.2 million is in respect of a one-off write-off of receivables at TradeGlobal arising from customers' bankruptcy, and a one-off amortisation expense at Jagged Peak post the completion of the purchase price allocation exercise.

(4) The Report stated as follows:

***“Management felt that the eCommerce logistics market is too large for SingPost alone to capture, and they prefer Alibaba to invest in Malaysia to jointly develop the SEA market.”***

The Company wishes to clarify that Management had communicated that the Company would rather that Alibaba be in Malaysia than farther away, which would give the Company the opportunity to work together and leverage on some of Alibaba's volumes in Malaysia.

(5) The Report stated as follows:

***“Management believes that changes in international terminal dues is positive.”***

The Company wishes to clarify that the context of the statement, which had been conveyed by the Company's Management, was that when postal rates increase following changes in the international terminal dues system with effect from 1 January 2018, it would give opportunities to the commercial delivery network. However, the SingPost Group is still assessing the potential overall impact of the increase in terminal dues.

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