



**SALE AND PURCHASE AGREEMENT ENTERED INTO WITH MYP LTD.
FOR THE PROPOSED ACQUISITION OF SHARES IN THE CAPITAL OF
(I) HAI POH TERMINALS PTE LTD; (II) ISLAND LINE PTE LTD;
(III) NANYANG MARITIME (S'PORE) PTE LTD; AND (IV) SSC SHIPPING AGENCIES PTE LTD**

1. INTRODUCTION

The Board of Directors (the "**Board**") of Singapore Shipping Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that it has on 8 January 2013 entered into a sale and purchase agreement (the "**S&P Agreement**") with MYP Ltd. (the "**Vendor**") for the sale to the Company by the Vendor of all of the Vendor's shareholdings in the capital of (I) Hai Poh Terminals Pte Ltd ("**HPTL**"); (II) Island Line Pte Ltd ("**ISPL**"); (III) Nanyang Maritime (S'pore) Pte Ltd ("**NYML**"); and (IV) SSC Shipping Agencies Pte Ltd ("**SSPL**") for an aggregate cash consideration S\$15,000,000.00 (the "**Proposed Acquisition**").

(HPTL, ISPL, NYML and SSPL shall hereinafter be collectively referred to as the "**Target Companies**".)

SSPL and HPTL are principally involved in the business of agency and terminal operations, while ISPL and NYML are principally involved in the business of strategic projects and logistics.

Upon completion of the Proposed Acquisition, the Company shall hold:

- (i) 50,000 HPTL shares (the "**HPTL Sale Shares**"), representing 50% of HPTL's total issued and paid up share capital of S\$100,000;
- (ii) 400,000 ISPL shares (the "**ISPL Sale Shares**"), representing 100% of ISPL's total issued and paid up share capital of S\$400,000;
- (iii) 245,000 NYML shares (the "**NYML Sale Shares**"), representing 49% of NYML's total issued and paid up share capital of S\$500,000; and
- (iv) 10,000,000 SSPL shares (the "**SSPL Sale Shares**"), representing 100% of SSPL's total issued and paid up share capital of S\$5,000,500.

(HPTL Sale Shares, ISPL Sale Shares, NYML Sale Shares and SSPL Sale Shares are hereinafter collectively referred to as the "**Sale Shares**".)

2. INFORMATION ON THE TARGET COMPANIES

2.1 HPTL

HPTL, an associated entity of the Vendor, was incorporated in 1984. HPTL is owned by the Vendor and Poh Tiong Choon Logistics Limited in equal shares. It provides stevedoring and other port services to a major car carrier operator.

Based on the audited financial statements of HPTL for the financial year ended 31 March 2012 ("**FY2012**"), the net tangible asset value of the HPTL Shares is S\$817,061, and the net profits attributable to the HPTL Shares is S\$500,492.

2.2 ISPL

ISPL, a wholly-owned subsidiary of the Vendor, was incorporated in 1994. ISPL handles strategic projects and provides logistic services. It is also a member of the Singapore Logistics Association.

In addition to providing transportation, warehousing, distribution, transshipment and installation services, ISPL also provides specialist logistics services and solutions for niche markets (such as shipments of hazardous materials and shipments for military and classified uses) and other cargos and equipment that require special handling such as elevators and escalators.

Based on the audited financial statements of ISPL for FY2012, the net tangible asset value of the ISPL Shares is S\$894,833, and the net profits attributable to the ISPL Shares is S\$1,031,085.

2.3 NYML

NYML, an associated entity of the Vendor, was incorporated in 1988. NYML is 49% owned by the Vendor and 51% owned by ISK Singapore Pte Ltd. It provides distribution, warehousing and other support services and is also in the business of port operations.

Based on the audited financial statements of NYML for FY2012, the net tangible asset value of the NYML Shares is S\$1,828,920, and the net profits attributable to the NYML Shares is S\$178,699.

2.4 SSPL

SSPL, a wholly-owned subsidiary of the Vendor, was incorporated in 1966. SSPL provides a one-stop agency and terminal services which includes stevedoring, cargo management and berthing services. It is also a member of the Singapore Shipping Association.

It has a team of logistics professionals, including port captains and on-site managers, that provide services such as co-coordinating cargo readiness prior to vessel berthing, deploying teams and equipment to facilitate vessel dispatch, and facilitating the collection of cargoes by consignees. Its terminal operations are situated at Pasir Panjang Automobile Terminal and Jurong Port.

Based on the audited financial statements of SSPL for FY2012, the net tangible asset value of the SSPL Shares is S\$6,641,213, and the net profits attributable to the SSPL Shares is S\$2,480,292.

As the Sale Shares are not listed on any stock exchange, there is no open market value. The Company has not conducted any independent valuation of the Target Companies.

3. INFORMATION ON THE VENDOR

The Vendor was incorporated on 14 July 2005 and listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The principal activity of the Vendor is that of investment holding. The Vendor (through its subsidiaries and associated companies) is currently engaged in (i) the property investment business (the “**Property Business**”), and (ii) the agency, terminal operations, strategic projects and logistics businesses (the “**Logistics Business**”).

The Vendor has recently obtained the approval of its shareholders to undertake the Property Business, which primarily involves investments in real estate and real estate-related assets for rental income and capital appreciation. In this regard, the Vendor has acquired a stake in Grace Shine Pte. Ltd., a property investment company which has a portfolio comprising ABI Plaza, a commercial building, and residential units in Sky@Eleven and Saint Regis Residences.

The proposed sale of the Sale Shares by the Vendor represents a divestment of its Logistics Business which are operated through the Target Companies.

4. CONSIDERATION

The aggregate consideration payable by the Company for the Sale Shares (the “**Consideration**”) is S\$15,000,000.00, consisting of the following sums:

- (i) S\$1,500,000.00 payable for the HPTL Sale Shares;
- (ii) S\$2,000,000.00 payable for the ISPL Sale Shares;

- (iii) S\$1,500,000.00 payable for the NYML Sale Shares; and
- (iv) S\$10,000,000.00 payable for the SSPL Sale Shares.

The Consideration was arrived at on a willing-buyer and willing-seller basis, based on the future prospects of the businesses of the Target Companies.

The Proposed Acquisition will be funded through the Company's internal resources, and on completion, the Consideration shall be satisfied by the Company in cash.

5. SALIENT TERMS OF THE PROPOSED TRANSACTIONS

5.1 Conditions Precedent

The obligations of the parties under the S&P Agreement are subject to the fulfilment of, *inter alia*, the following conditions precedent:

- (a) satisfactory financial, business and legal due diligence on each of the Target Companies by the Company;
- (b) approval of the board of directors of the Vendor, for the proposed sale of the Sale Shares to the Company;
- (c) approval of the Board, for the proposed purchase of the Sale Shares from the Vendor;
- (d) approval of the shareholders of the Vendor, for the proposed sale of the Sale Shares to the Company;
- (e) approval of the shareholders of the Company ("**Shareholders**"), for the proposed purchase of the Sale Shares from the Vendor;
- (f) approval of the board of directors of (a) HPTL for the transfer of the HPTL Sale Shares; (b) ISPL for the transfer of the ISPL Sale Shares; (c) NYML for the transfer of the NYML Sale Shares; and (d) SSPL for the transfer of the SSPL Sale Shares, from the Vendor to the Company;
- (g) all required regulatory, listing compliance and other approvals (including but not limited to the SGX-ST) as may be necessary or required on the part of the Vendor and its shareholders, in relation to the proposed sale of the Sales Shares to the Company;
- (h) all required regulatory, listing compliance and other approvals (including but not limited to the SGX-ST) as may be necessary or required on the part of the Company and its Shareholders, in relation to the proposed purchase of the Sales Shares from the Vendor;
- (i) clearance being obtained by the Vendor from the SGX-ST for the circular to the shareholders of the Vendor in respect of the transactions contemplated in the S&P Agreement and not having been revoked or amended; and
- (j) clearance being obtained by the Company from the SGX-ST for the circular to the Shareholders in respect of the transactions contemplated in the S&P Agreement and not having been revoked or amended.

5.2 Long Stop Date

If any of the conditions precedent set out in paragraph 5.1 above are not fulfilled by any party on or before 31 March 2013 or such other date as the Company and the Vendor may agree in writing, the S&P Agreement shall *ipso facto* cease, lapse and determine and in that event, the Parties shall be released and discharged from their respective further obligations under the S&P Agreement, save for the provisions of the S&P Agreement which are expressly intended to survive the termination of the S&P Agreement, and no party shall have any claim against any other party for any costs, damages (whether special, indirect or consequential of any nature), compensation or otherwise under the S&P Agreement, save for any claim by any party against the other party in respect of any antecedent breaches of the S&P Agreement.

5.3 Service Contracts

No director is proposed to be appointed to the Company or proposed to be engaged through any service agreement with the Company in connection with the Proposed Acquisition.

5.4 Other Material Conditions

There are no other material conditions attaching to the Proposed Acquisition including put, call or other options.

6. **RATIONALE FOR THE PROPOSED TRANSACTIONS**

The Group's business is presently based on its fleet of car-carriers, which are placed on long-term charters to blue-chip operators. Whilst the Group has in recent years adhered to its proven strategy of acquiring suitable tonnages backed by long-term quality charters and attractive returns, it remains open to complementary, opportunistic acquisitions that can help improve the Group's revenue streams, profitability and returns for shareholders.

The Proposed Acquisition presents the opportunity for the Group to increase its revenue streams, by expanding its current ship owning and ship management business, into complementary industry segments such as agency and terminal operations, and the higher margin strategic projects and logistics businesses. The Group intends to leverage on the existing relationships, networks and resources relating to its current businesses as well as those of the Target Companies, to explore new business opportunities.

The Target Companies will to a certain extent also mitigate the currency exchange risks faced by the Group with the weakening of the US\$, as the Group's net income from the ship owning and ship management business is mainly denominated in US\$, whilst the Group's annual dividend payments to shareholders are paid in S\$. With the Target Companies' revenue mainly derived from Singapore and denominated in S\$, the Proposed Acquisition is expected to mitigate the Group's currency exchange risks.

7. **FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

For the purposes of illustration and based on the audited consolidated financial statements of the Group for FY2012, the financial effects of the Proposed Acquisition on the Group are as follows:

Net Tangible Assets ("NTA")

The effects of the Proposed Acquisition on the NTA of the Group, assuming that the Proposed Acquisition had been effected at the end of FY2012, are as follows:

	Before Proposed Acquisition	After Proposed Acquisition
NTA (US\$'000)	53,829	49,996
NTA per share (US\$ cents)	12.35	11.47

Earnings per Share (“EPS”)

The effects of the Proposed Acquisition on the EPS of the Group, assuming that the Proposed Acquisition had been effected at the beginning of FY2012, are as follows:

	Before Proposed Acquisition	After Proposed Acquisition
Profit after tax and non-controlling interests (US\$'000)	6,066	9,360
EPS (US\$ cents)	1.39	2.15

8. RELATIVE FIGURES COMPUTED UNDER RULE 1006 OF THE LISTING MANUAL

Based on the latest announced unaudited consolidated financial statements of the Group for the period ended 30 September 2012, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable to an acquisition of assets
(b)	The net profits attributable to the Proposed Acquisition compared with the Group’s net profits ⁽¹⁾	40.45
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares, excluding treasury shares ⁽²⁾	18.02
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	Not applicable

Notes:

- (1) "Net profits" means profit or loss before income tax, non-controlling interests and extraordinary items.
- (2) "Market capitalisation" is determined by multiplying the number of shares of the Company in issue by the weighted average price of such shares transacted on 7 January 2013 (being the market day preceding the date of the S&P Agreement.)

As the relative figure as computed under Rule 1006(b) exceeds 20%, the Proposed Acquisition constitutes a "major transaction" within the meaning of Chapter 10 of the Listing Manual and therefore requires the approval of shareholders.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, save for their interests arising by way of their directorships and/or shareholdings, as the case may be, in the Company.

10. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the S&P Agreement is available for inspection during normal office hours at the registered office of the Company at 200 Cantonment Road, #09-01 Southpoint, Singapore 089763, for a period of three (3) months from the date of this announcement.

11. CIRCULAR TO SHAREHOLDERS

The Company will in due course despatch to the shareholders a circular containing information pertaining to the Proposed Acquisition and seeking approval for the same at an extraordinary general meeting to be convened.

12. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

BY ORDER OF THE BOARD

CHEW HENG SIANG CHRISTINA
COMPANY SECRETARY

SINGAPORE

8 January 2013