Singapore Shipping Corporation Limited

DRIVEN BY A STRONG FOCUS

ANNUAL REPORT 2018/2019

• m.v. Taurus Leader
Pure Car and Truck Carrier

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CHAIRMAN'S MESSAGE

"In our search for opportunities, we must always be mindful that our sustainability should not be sacrificed in the haste of achieving growth."

C. K. OW
Executive Chairman

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

OUR MISSION WITHOUT A PORT

OUR MARKET

2018 saw its fair share of challenges. The long-awaited upturn in the maritime sector has not materialised. Although car trade volumes are expected to grow driven by the demands of the developing markets, the rise in trade tariffs led by the United States has removed the remnant of any optimism that remains.

OUR PERFORMANCE

Despite these challenging conditions, the team has delivered a creditable performance again this year, leveraging on its strengths. Profit for the financial year ended 31 March 2019 was US$10.6 million. Gearing has reduced to 39% net of cash, with free cash reserves continuing to rise to the current level of US$26.1 million. This achievement to sustain consistent performance over the years requires the contributions of a team of talented individuals, dedicated to the Group's mission towards its people, customers and shareholders.

OUR PEOPLE

We will continue to sharpen our focus on our people. Talented individuals, led by senior managers, that offer a wealth of experience and a clear understanding of the market that the Group operates in, will allow the Group to continue with its sustainable performance or even better ones.

The ability to provide the very best service at the lowest cost means that the Group continues to invest in technology that empowers its people to excel. Purchasing, inventory management, manpower management, and even safety monitoring and certification, are now all automated. The technology and the people have given the Group an excellent platform where we are able to build upon, when the opportunity presents itself.

OUR CUSTOMERS

Trusted relationships with our principals and customers remain the cornerstone of the Group. Our customers experience in our delivery of services remains the core of our focus, and this commitment emanates through our two business divisions. Reliability, responsiveness, integrity and excellence are not just words that we abide by, but are values that we embrace in our mission to deliver the best service experience to our principals and customers.

OUR SHAREHOLDERS

Sustainable earnings and optimising capital productivity are what we trust to deliver to all likeminded fellow shareholders. In our search for opportunities, we must always be mindful that our sustainability should not be sacrificed in the haste of achieving growth. In a similar vein, our reserves should be guarded until such time that an opportunity or a need arises. Guided by the Group's earnings and performance, and the need for a consistent and sustainable dividend, the Board, after much deliberation, proposes a final dividend of 1.0 Singapore cent per ordinary share.

MY APPRECIATION

On behalf of the Board, I would like to welcome Mr Huong Wei Beng to the Board.

To my esteemed colleagues on the Board, I would like to thank you for your invaluable contributions. To my fellow shareholders, I extend my appreciation for your continuing support. To our principals and customers, I thank you for your trust and we look forward to many more years of meeting your expectations.

To all my colleagues working with me, I recognise the hard work that you have all put in. Let us all continue with our never-ending mission, that we have set out to achieve.

C. K. OW
Executive Chairman

OUR BUSINESSES

OUR CORE PILLARS

SHIP OWNING

SHIP MANAGEMENT

AGENCY

LOGISTICS

BOARD OF DIRECTORS

OW CHIO KIAT
Executive Chairman

Fellow of the Institute of Chartered Shipbrokers

Date of Appointment: *15 May 2000* **Date of Last Re-election:** *28 July 2016*	
1962	Joined Hai Sun Hup Co.
1966	Managing Partner, Hai Sun Hup Co.
1970	Joined Hai Sun Hup Co. (Pte.) Limited
1971-1973	Member, Free Trade Zone Advisory Committee
1977-2007	Chairman, Mitsui O.S.K Lines (Singapore) Pte. Ltd.
1977-2007	Singapore Representative, Federal State of Bremen
1989-present	Executive Chairman, Stamford Land Corporation Ltd (formerly known as Hai Sun Hup Group Ltd)
2000	Gran Oficial, Order of Bernardo O'Higgins by the President of Chile
2000-present	Executive Chairman, Singapore Shipping Corporation Limited
2001-2007	Honorary Consul-General, Slovak Republic to Singapore
2005-2012	Chairman, Cougar Logistics Corporation Ltd.
2007-2015	Singapore's Ambassador to Argentina
2009-2011	Committee Member, National Arts Council
2011	Honorary Officer, Order of Australia by the Prime Minister of Australia
2015-present	Singapore's Ambassador to Italy
2017	Public Service Star Award by the President of Singapore

OW CHEO GUAN
Deputy Executive Chairman

Fellow of the Institute of Chartered Shipbrokers

Date of Appointment: *19 November 1994* **Date of Last Re-election:** *28 July 2017*	
1970	Joined Hai Sun Hup Co. (Pte.) Limited
1973	Executive Vice President, Hai Sun Hup Co. (Pte.) Limited
1991-present	Deputy Executive Chairman, Stamford Land Corporation Ltd (formerly known as Hai Sun Hup Group Ltd)
2000-present	Deputy Executive Chairman, Singapore Shipping Corporation Limited
2008-present	Honorary Consul of the Slovak Republic

OW YEW HENG
Executive Director and Chief Executive Officer

Bachelor of Business, Accounting & Management, University of Technology, Sydney

Date of Appointment: *10 August 2010* **Date of Last Re-election:** *27 July 2018*	
2010	Joined the Group as Assistant to Chief Operating Officer
2010-present	Executive Director, Singapore Shipping Corporation Limited
2010-present	Executive Director, Stamford Land Corporation Ltd
2015-present	Chief Executive Officer, Singapore Shipping Corporation Limited
2015-present	Chief Executive Officer, Stamford Land Corporation Ltd

BOARD OF DIRECTORS

NG JUI PING
Independent Non-Executive Director

Master of Arts (History), Duke University, USA
Graduate of the Advanced Management Programme, Harvard Business School, USA

Date of Appointment: *29 July 2010* **Date of Last Re-election:** *27 July 2018*	
Selected Appointments in the Singapore Armed Forces ("SAF")	
1966	Enrolled in the SAF
1967	Commissioned Officer, SAF
1984	Chief of Staff (General Staff)
1990	Chief of Army
1992	Chief of Defence Force
1995-present	Retired from the SAF and established own businesses in the private sector
Selected Appointments from 1995	
1995-2001	Deputy Chairman, Central Provident Fund Board
1995-1998	Chairman, Chartered Industries of Singapore (Pte.) Limited
1995-2009	Chairman, Sun Yuan Holdings Pte Ltd
1996-2005	Director, NTUC Income
1998-1999	Corporate Advisor, Singapore Technologies Holdings Pte Ltd
1999-2007	Director, Suntec Real Estate Consultants Pte. Ltd.
2000-2001	Chairman, Singapore Technologies Automotive Ltd
2000-2008	Director, Unisteel Technology Limited
2000-2004	Chairman, Horizon.com Limited (founder and controlling shareholder)
2004-2008	Director, PSA International Pte Ltd and Chairman of its China and North East Asia Group
2006-2008	Advisor, Aldar Properties PJSC (Abu Dhabi)
2006-2018	Director, Yanlord Land Group Limited
2007-2010	Chairman (controlling shareholder), Nanyang Institute of Management Pte Ltd
2010-present	Independent Director, Singapore Shipping Corporation Limited
Significant Concurrent Positions	
Chairman	August Asia Consulting Pte. Ltd.
Director	Pacific Andes Resources Development Limited
Director	August Nanyang Holdings Pte. Ltd.
Director	Miclyn Express Offshore Pte. Ltd.
Consultant	Sumitomo Mitsui Banking Corporation

PEBBLE SIA HUEI-CHIEH
Independent Non-Executive Director

Bachelor of Laws (Hons), King's College, University of London, UK
Barrister at Law, Middle Temple
Advocate & Solicitor, Supreme Court of Singapore

Date of Appointment: *28 July 2017* **Date of Last Re-election:** *27 July 2018*	
1997-1999	Legal Associate, David Lim & Partners
1999-2002	Legal Associate/Partner, John Koh & Co
2002-present	Founding Director, Esquire Law Corporation
2013-present	Independent Director, GDS Global Limited
2015-2018	Independent Director, Choo Chiang Holdings Ltd
2017-present	Independent Director, Singapore Shipping Corporation Limited
Significant Concurrent Position	
Director	GDS Global Limited

HUONG WEI BENG
Independent Non-Executive Director

Bachelor in Business (Banking) (Hons), Nanyang Technological University, Singapore

Date of Appointment: *27 July 2018* **Date of Last Re-election:** *Not applicable*	
1996-2000	Senior Officer (Corporate Finance), Financial Supervision Group, Monetary Authority of Singapore
2000-2002	Manager (Mergers & Acquisitions Advisory), Investment Banking Group, DBS Bank Ltd
2002-2004	Assistant Vice President (Corporate Finance), Hong Leong Finance Limited
2004-2005	Associate Director, Corporate Bridge Private Limited
2005-2016	Partner (Corporate Finance), SAC Capital Private Limited
2017	Senior Director (Investment), OMG Venture Pte. Ltd. and Director (Corporate Development), Gowild Singapore Pte. Ltd.
2018	Director, 3 Peaks Capital Private Limited
2018-present	Director, Novus Corporate Finance Pte. Ltd.
Significant Concurrent Position	
Director	Stamford Land Corporation Ltd

CORPORATE INFORMATION

BOARD OF DIRECTORS
Ow Chio Kiat
(Executive Chairman)
Ow Cheo Guan
(Deputy Executive Chairman)
Ow Yew Heng
(Executive Director and Chief Executive Officer)
Ng Jui Ping
(Independent Non-Executive Director)
Pebble Sia Huei-Chieh
(Independent Non-Executive Director)
Huong Wei Beng
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE
Ng Jui Ping (Chairman)
Pebble Sia Huei-Chieh
Huong Wei Beng

NOMINATING COMMITTEE
Pebble Sia Huei-Chieh (Chairman)
Ow Chio Kiat
Ng Jui Ping

REMUNERATION COMMITTEE
Huong Wei Beng (Chairman)
Ng Jui Ping
Pebble Sia Huei-Chieh

COMPANY SECRETARIES
Lee Li Huang
Cheok Hui Yee
Kong Wei Fung

REGISTERED OFFICE
200 Cantonment Road
#09-01 Southpoint
Singapore 089763

SHARE REGISTRAR
M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

AUDITOR
Ernst & Young LLP
Public Accountants and
Chartered Accountants
1 Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Lim Tze Yuen
Year of Appointment: Financial Year Ended
31 March 2017

INTERNAL AUDITOR
Nexia TS Risk Advisory Pte. Ltd.
100 Beach Road
Shaw Tower #30-00
Singapore 189702

PRINCIPAL BANKERS
Development Bank of Japan Inc.
Oversea-Chinese Banking Corporation
Standard Chartered Bank

CORPORATE MILESTONES

1935 Hai Sun Hup Co. began lighterage business along the Singapore River.

1966 Chairman, Mr. Ow Chio Kiat, took over and diversified the business into all aspects of shipping.

1978 m.v. Singa Satu, a pure car truck carrier with capacity for 2,000 CEU, was built at Oshima Shipyard and co-owned with Nihonkai Kisen Kasha.

1984 m.v. Singa Ace, a pure car truck carrier with capacity for 4,889 CEU, was built at Tsuneishi Shipyard and long-term chartered to Mitsui O.S.K. Lines Ltd.

1989 Hai Sun Hup Group Ltd was listed on the Singapore Stock Exchange and ranked second largest shipping group in Singapore.

1990 m.v. Envoyager, a heavy lift with a lifting capacity of 400 tonnes, was acquired and chartered to Mitsui O.S.K Lines Ltd.

2000 Singapore Shipping Corporation Limited ("SSC") was listed on the main board of the Singapore Exchange Securities Trading Limited.

2006 Demerger of SSC. Warehousing, logistics, agency and terminal operations were subsumed under Cougar Logistics Corporation Ltd., which was listed in the same year.

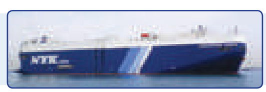
2010 m.v. Boheme, a pure car truck carrier with capacity for 7,200 CEU, was acquired.

2011

m.v. Sirius Leader, a pure car truck carrier with capacity for 5,190 CEU, was acquired.

2013 The shipping agency and logistics business of MYP Ltd. (formerly known as Cougar Logistics Corporation Ltd.) was acquired.

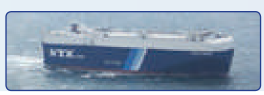
2014 m.v. Capricornus Leader, a pure car truck carrier with capacity for 6,500 CEU, was acquired.



2015

m.v. Centaurus Leader, a pure car truck carrier with capacity for 6,500 CEU, was acquired.

m.v. Taurus Leader, a pure car truck carrier with capacity for 7,020 CEU, was acquired.



VESSEL FLEET

COUGAR ACE	
% Owned	30
IMO* No	9051375
Registry	Singapore
Vessel Type	PCTC* (Capacity 5,540)
Year Built	October 1993
Charterer	Mitsui O.S.K. Lines Ltd.

BOHEME	
% Owned	100
IMO* No	9176565
Registry	Singapore
Vessel Type	PCTC* (Capacity 7,200)
Year Built	May 1999
Charterer	Wall RO/RO AB

SIRIUS LEADER	
% Owned	100
IMO* No	9213806
Registry	Singapore
Vessel Type	PCTC* (Capacity 5,190)
Year Built	July 2000
Charterer	Nippon Yusen Kabushiki Kaisha

Vessel capacity is based on RT43 standard.*

** See Glossary*

VESSEL FLEET

CAPRICORNUS LEADER

% Owned	100
IMO* No	9283863
Registry	Singapore
Vessel Type	PCTC* (Capacity 6,500)
Year Built	August 2004
Charterer	Nippon Yusen Kabushiki Kaisha

CENTAURUS LEADER

% Owned	100
IMO* No	9284740
Registry	Singapore
Vessel Type	PCTC* (Capacity 6,500)
Year Built	November 2004
Charterer	Nippon Yusen Kabushiki Kaisha

TAURUS LEADER

% Owned	100
IMO* No	9700550
Registry	Singapore
Vessel Type	PCTC* (Capacity 7,020)
Year Built	March 2015
Charterer	Nippon Yusen Kabushiki Kaisha

Vessel capacity is based on RT43 standard.*

** See Glossary*

FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS

For the Financial Year Ended 31 March	2015	2016	2017	2018	2019
Revenue (US$'000)	34,712	44,921	43,461	46,234	**48,473**
Net Profit (US$'000)	8,896	9,588	8,550	10,435	**10,584**
Earnings per Share (US cent)	2.04	2.20	2.00	2.39	**2.44**
Dividend per Share (Singapore cent)	1.00	1.00	1.00	1.00	**1.00**
Return on Equity (%)	13.40	13.46	10.74	11.70	**11.47**

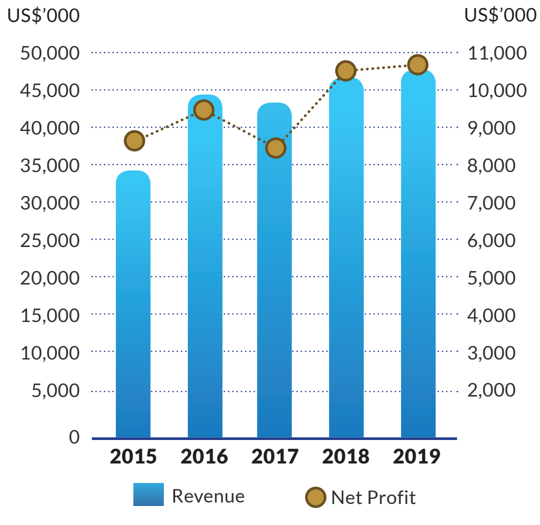
FINANCIAL POSITION

All Figures in US$'000

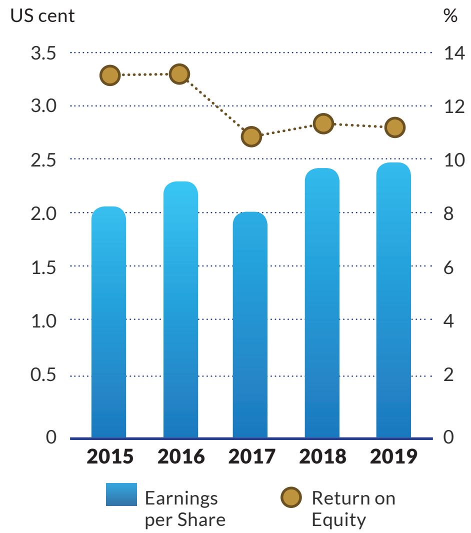
As at 31 March	2015	2016	2017	2018	2019
Current Assets	13,938	19,110	15,602	21,248	**32,994**
Financial and Other Assets	1,242	853	2,042	8,026	**1,460**
Investments in Associated Company and Joint Venture	4,110	4,000	3,355	2,602	**2,618**
Property, Plant and Equipment	162,280	157,026	152,267	145,922	**139,849**
Total Assets	181,570	180,989	173,266	177,798	**176,921**
Trade and Other Liabilities	7,588	14,332	16,065	18,735	**22,405**
Bank Borrowings	107,602	95,414	77,575	69,908	**62,241**
Total Liabilities	115,190	109,746	93,640	88,643	**84,646**
Equity	66,380	71,243	79,626	89,155	**92,275**
Net Asset Value per Share (US cent)	15.22	16.33	18.24	20.40	**21.68**

FINANCIAL HIGHLIGHTS

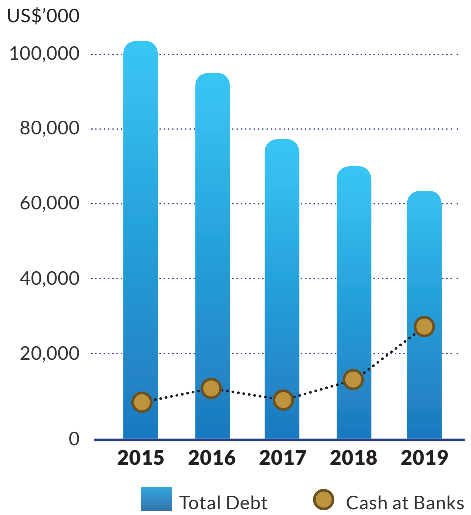
REVENUE VS NET PROFIT



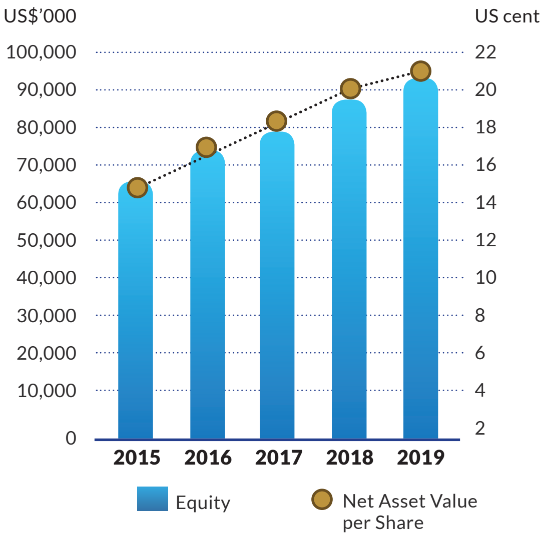
RETURN ON EQUITY VS EARNINGS PER SHARE



CASH AT BANKS VS TOTAL DEBT



NET ASSET VALUE PER SHARE VS EQUITY



GLOSSARY

TERM	DESCRIPTION
IMO	International Maritime Organisation
PCTC	Pure Car and Truck Carrier
RO-RO	Ro-Ro stands for Roll On-Roll Off. Cargoes are driven onboard and ashore by means of own machinery or by prime movers. There are 3 main types of Ro-Ro ships. A Pure Car and Truck Carrier transports vehicles and other rolling machineries. A Ro-Ro liner ship carries containers, flat racks, pallets or general cargoes. A Ro-Ro ferry carries a combination of trucks, lorries, cars and passengers.
RT43	Revenue Ton - A measure of cargo earning space for carriage of a vehicle being equivalent to a volume span of length/4125 mm, width/1550 mm and height/1420 mm (which is actually the size of a 1968 Toyota Corona).

• Pasir Panjang Auto Terminal

SHAREHOLDER CALENDAR

July 2019	Annual General Meeting for financial year ended 31 March 2019 ("FY2019")
	Announcement of financial year ending 31 March 2020 ("FY2020") first quarter results
August 2019	Scheduled payment of final dividend for FY2019
November 2019	Announcement of FY2020 second quarter results
February 2020	Announcement of FY2020 third quarter results
May 2020	Announcement of FY2020 full year results

SUSTAINABILITY

Singapore Shipping Corporation Limited ("SSC") presented its inaugural sustainability report on 31 August 2018, which sets out how SSC considers and practices sustainability across all aspects of its business strategy and operations, in recognition of the increased importance that SSC's stakeholders are attaching to environment, social and governance ("ESG") issues in their decisions.

SSC is committed to grow sustainably, especially since our ship management and agency and terminal operations operate in sectors with substantial environmental and social impact. Set out below are extracts from SSC's 2018 Sustainability Report "Chartering a Greener Future" ("2018 Sustainability Report"). Please refer to SSC's website at http://singaporeshipping.listedcompany.com, for a copy of the full report.

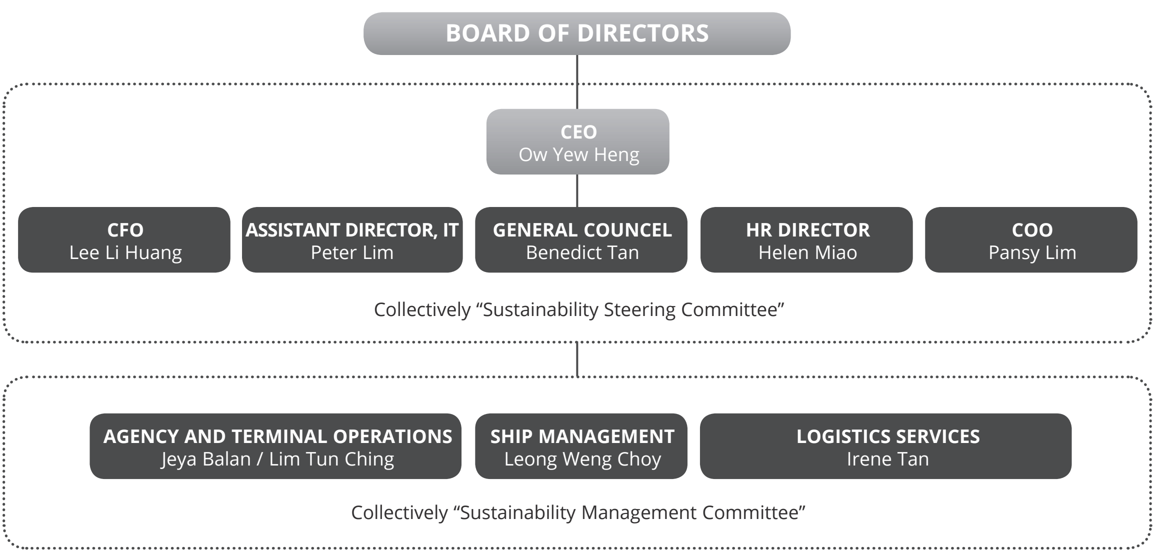
OUR SUSTAINABILITY APPROACH

Sustainability Governance Structure

Recognising the importance of corporate sustainability and the value of safeguarding the interests of our people and preserving the environment, SSC seeks to conduct its business in a responsible manner. To this end, SSC's Sustainability Committee was established and is tasked with the responsibility of overseeing the Company's sustainability agenda, performance and goals in its business operations. In our first year of reporting, we have adopted primarily objective-based targets to allow us to incrementally progress on our sustainability journey.

Sustainability Governance Structure

SSC reviews its operational policies and processes periodically to ensure that they stay updated and relevant, such reviews of which takes into consideration the ESG factors. The detailed policies may be found in the 2018 Sustainability Report published on 31 August 2018.



SSC Sustainability Committee Structure

Singapore Shipping Corporation Limited (the "Company") and its subsidiaries (the "Group") are committed to maintaining a high standard of corporate governance in complying with the principles and provisions of the revised Code of Corporate Governance issued by the Monetary Authority of Singapore on 6 August 2018 (the "2018 Code") which applies to annual reports covering financial years commencing from 1 January 2019. The Group has complied with majority of the principles and provisions set out in the 2018 Code.

Where the Company's practices vary from any provisions of the 2018 Code, it has explicitly stated the provision from which it has varied, explained the reason for variation, and explained how the practices it had adopted are consistent with the intent of the relevant principle.

The Company has elected to describe its corporate governance practices with specific reference to the principles and provisions of the 2018 Code and to adopt the amended Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Listing Manual") in advance, such that these would be applied in respect of the financial year ended 31 March 2019 ("FY2019"). Hence, the Company would not need to make reference to the Code of Corporate Governance 2012.

This report describes the Group's corporate governance practices that were in place in FY2019.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Company is headed by an effective Board of Directors (the "Board") which is collectively responsible and works with management for the long-term success of the Company. The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group. Besides carrying out its statutory duties and responsibilities, the Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans, key operating initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

In addition, the principal duties of the Board include:

- Setting the Group's strategic objectives and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- Overseeing the process for evaluating the adequacy of internal control, risk management, financial reporting and compliance;
- Reviewing the performance of management and overseeing succession planning for management;
- Setting the Group's values and standards (including ethical standards) and ensuring the obligations to shareholders and other stakeholders are understood and met; and
- Considering sustainability issues as part of the strategic formulation.

Independent Judgement

All the Directors exercise due diligence and independent judgement and make decisions objectively as fiduciaries in the best interests of the Group and hold management accountable for performance.

For FY2019, the members of the Board and their membership on the board committees of the Company are as follows:

Name of Director	Board Appointments	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee
Ow Chio Kiat	Executive Chairman and Executive Director	–	Member	–
Ow Cheo Guan	Deputy Executive Chairman and Executive Director	–	–	–
Ow Yew Heng	Chief Executive Officer and Executive Director	–	–	–
Ng Jui Ping	Lead Independent and Non-Executive Director	Chairman	Member	Member
Pebble Sia Huei-Chieh	Independent and Non-Executive Director	Member	Chairman	Member
Huong Wei Beng (1)	Independent and Non-Executive Director	Member	–	Chairman
Stanley Lai Tze Chang (2)	Independent and Non-Executive Director	Member	–	Chairman

(1) Huong Wei Beng was appointed as an Independent Non-Executive Director of the Company on 27 July 2018.

(2) Stanley Lai Tze Chang ceased to be an Independent Non-Executive Director of the Company on 27 July 2018.

Delegation by the Board

The Board has delegated certain functions to various board committees, namely the Audit and Risk Management Committee (“ARMC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”). Each of the various board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these various board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Key Features of Board Processes

The dates of Board and board committee meetings as well as the annual general meeting (“AGM”) are scheduled one year in advance. To assist the Directors in planning their attendance, the Company Secretary consults every Director before fixing the dates of these meetings. The Board meets at least four times a year and as warranted by particular circumstances. Ad-hoc meetings are also convened to deliberate on urgent substantive matters. Telephone attendance and conference via audio-visual communication at Board and board committee meetings are allowed under the Company’s Constitution. The details of the number of Board and board committee meetings held in FY2019 as well as the attendance of each board member at those meetings are disclosed below.

Directors' Attendance at Board and Board Committee Meetings and General Meetings in FY2019

	Board		Audit and Risk Management Committee		Nominating Committee		Remuneration Committee		AGM	EGM
Name of Director	**No. of Meetings Held [1]**	**No. of Meetings Attended**	**No. of Meetings Held [1]**	**No. of Meetings Attended**	**No. of Meetings Held [1]**	**No. of Meetings Attended**	**No. of Meetings Held [1]**	**No. of Meetings Attended**		
Ow Chio Kiat	4	4	–	4 [2]	1	1	–	2 [2]	Y	Y
Ow Cheo Guan	4	4	–	4 [2]	–	1 [2]	–	2 [2]	Y	Y
Ow Yew Heng	4	4	–	4 [2]	–	1 [2]	–	2 [2]	Y	Y
Ng Jui Ping	4	4	4	4	1	1	2	2	Y	Y
Pebble Sia Huei-Chieh	4	4	4	4	1	1	2	2	Y	Y
Huong Wei Beng [3]	3	3	3	3	–	–	1	1	–	–
Stanley Lai Tze Chang [4]	1	–	1	–	–	–	1	–	N	N

(1) Represents the number of meetings held as applicable to each individual Director.

(2) Attendance at meetings on a "By Invitation" basis.

(3) Huong Wei Beng was appointed as an Independent Non-Executive Director of the Company on 27 July 2018.

(4) Stanley Lai Tze Chang ceased to be an Independent Non-Executive Director of the Company on 27 July 2018.

Board Approval

Matters specifically reserved for the Board's approval are listed below:

- Policies, strategies and objectives of the Group;
- Announcement of quarterly and full year financial results and release of annual reports;
- Issuance of shares;
- Declaration of interim dividends and proposal of final dividends;
- Convening of shareholders' meetings;
- Material investments, divestments or capital expenditure;
- Commitments to term loans and lines of credit from banks and financial institutions; and
- Interested person transactions.

Clear written directions have been imposed on and communicated to management that the above matters must be approved by the Board.

The Company has established policy on conflicts of interest to guide Directors in their dealings with any conflict of interest and fulfilling their disclosure obligations. A conflicted Director is required to recuse himself and will not participate in the discussion and decision on any conflict related matter.

Induction and Training of Directors

The Board ensures that incoming new Directors are given guidance and orientation (including onsite visits, if necessary) to familiarise the new Directors with the Group's business and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in training courses, seminars and workshops as relevant. All new Directors, in particular those without any prior experience being a director of a listed company, will be encouraged to attend courses held by the Singapore Institute of Directors. The Company will bear the cost of all training recommended and approved by the Board.

Briefings, Updates and Trainings provided for Directors in FY2019

The NC reviews and makes recommendations on the training and professional development programs to the Board.

The Chief Executive Officer (the "CEO") updates the Board at each meeting on the business and strategic developments of the Group.

Directors are encouraged to attend relevant courses, conferences, seminars, workshops or training programs so that Directors are equipped to effectively discharge their duties as a Director. The Company will bear the cost of all training recommended and approved by the Board. Periodical updates of changes in the law and accounting standards are arranged by the Company. For FY2019, the Board was updated on the new accounting changes and changes in the law and regulations, including the changes under the 2018 Code, that took effect in FY2019 and those that will take effect in the financial year ending 31 March 2020 ("FY2020").

Code of Conduct and Ethics

The Board has put in place a Code of Conduct and Ethics for Directors, senior management, key personnel and staff of the Group. The Board leads the Group and sets the desired compliance culture. The Board ensures proper accountability within the Company.

The Company has on 31 August 2018 published its inaugural sustainability report which outlines the Group's strategic commitment to grow and fulfil the Board's responsibility to the communities that the Group operates in and the environment. A copy of the Sustainability Report 2018 "Chartering a Greener Future" ("Sustainability Report") may be found on SGXNET and the Company's website. The Sustainability Report sets out the corporate social responsibility policies and practices of the Company which are reproduced at page 16 of this annual report.

Complete, Adequate and Timely Information

Management provides complete, adequate and timely information to the Directors prior to meetings and on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow the Directors sufficient time to prepare for the meetings, all Board and board committee papers are distributed to the Directors a week in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and board committee meetings. In order to keep the Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and on an on-going basis.

The Directors have separate and independent access to management. To facilitate direct access to management, the Directors are also provided with the names and contact details of the management team.

Company Secretary

The Directors have separate and independent access to the Company Secretary. The Company Secretary (assisted by the Chief Legal Officer) is responsible for, amongst other things, ensuring that the Board's procedures are observed and the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act (Chapter 50) and the Listing Manual, are complied with. She also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

The Company Secretary assists the Chairman in ensuring good information flows within the Board and its board committees and between management and the Non-Executive Directors.

As primary compliance officer for the Group's compliance with the Listing Manual, the Company Secretary (assisted by the Chief Legal Officer) is responsible for designing and implementing a framework for management's compliance with the Listing Manual, including advising management to ensure that material information is disclosed promptly.

The Company Secretary attends and prepares minutes for all Board meetings. As secretary for all board committees, the Company Secretary assists in ensuring coordination and liaison between the Board, board committees and management. The Company Secretary assists the Chairman of the Board, the Chairman of board committees and management in the development of the agendas for the various Board and board committee meetings.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Independent Professional Advice

The Board has a process for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Group's expense.

Principle 2: Board Composition and Guidance

Board Size and Composition

The Board comprises six Directors, three Independent Non-Executive Directors (the "Independent Non-Executive Directors" or the "Independent Directors" or each the "Independent Non-Executive Director" or the "Independent Director"), and three Executive Directors.

Provision 2.2 of the 2018 Code recommends that Independent Directors must make up a majority of the Board where the Chairman is not independent and it also recommends that Non-Executive Directors make up a majority of the Board.

For FY2019, the Chairman was not an Independent Director, and the Independent Directors did not make up a majority of the Board. Also, for FY2019, the Non-Executive Directors did not make up a majority of the Board. These are variations from Provisions 2.2 and 2.3 of the 2018 Code.

Notwithstanding the variations from Provisions 2.2 and 2.3 of the 2018 Code, the Company is of the view that the intent of Principle 2 is met as there are three Independent Non-Executive Directors and this makes up half of the Board. The Nominating Committee will review the Board's composition with a view of having Non-Executive Directors comprise a majority of the Board.

Each year, the NC reviews the size and composition of the Board and board committees and the skills and core competencies of its members to ensure an appropriate balance and mix of skills and experience, and other aspects of diversity such as age. These competencies include accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively. The Directors' academic and professional qualifications are presented at pages 5 to 7 of this annual report.

Taking into account the nature and scope of the Group's business and the number of board committees, the Board believes that the current size and composition of the Board and board committees provide sufficient diversity and is not so large as to be unwieldy or would interfere with efficient decision making. No individual or group dominates the Board's decision-making process.

The Company has a Board Diversity Policy which sets out its approach for achieving diversity on the Board. In terms of the Board's composition, the Company is mindful that the Board should be of an appropriate size and composition and is not so large as to be unwieldy or would interfere with efficient decision making. No individual or group dominates the Board's decision-making process. In addition, the Board should comprise Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

In terms of measurable objectives, the Company seeks to have a Board with diversity in various aspects, including gender, age, professional experience, background, skills, core competencies and knowledge. There are also regular assessments of the performance and effectiveness of the Board, board committees and individual Directors. From time to time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

Nevertheless, the Board recognises the importance and value of diversity and will take this into consideration for any future Board appointments. There are several aspects of diversity, and gender is one of these aspects. New Directors will continue to be selected based on objective criteria set as part of the process for the appointment of new Directors and Board succession planning.

Directors' Independence Review

Rule 210(5)(d)(i) of the Listing Manual provides circumstances for which a director will not be independent. A director will not be independent if he is employed by the issuer or any of its related corporations for the current or any of the past three financial years. Under the 2018 Code, there have been revisions to the description of an "independent" director. A Director who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers which could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company ("Associated Relationships"), is considered to be independent.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the guidelines set forth in the 2018 Code. Each of the Independent Directors has provided a declaration of his independence to the NC. The NC has reviewed, determined and confirmed the independence of the Independent Directors in respect of FY2019.

Role of the Non-Executive Directors

The Board and management fully appreciate that an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals, is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversee effective implementation by management to achieve set objectives. For this to happen, the Board and Non-Executive Directors, in particular, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in.

To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, they have unrestricted access to management.

The Group has adopted initiatives to put in place processes to ensure that the Non-Executive Directors have sufficient time and resources to discharge their oversight function effectively. These initiatives include:

- Holding of regular informal meetings by management to brief the Non-Executive Directors on prospective deals and potential developments at an early stage before formal Board's approval is sought, when needed; and

- Making available on the Company's premises an office for use by the Non-Executive Directors at any time to meet regularly without the presence of management.

During FY2019, the Non-Executive Directors and the Independent Directors (led by the Lead Independent Director) met regularly without the presence of management, as and when the need arose, and the Lead Independent Director would provide feedback to the Board and/or Chairman as appropriate after such meetings.

Principle 3: Chairman and CEO

There is a clear division of responsibilities between the leadership of the Board and management, and no one individual has unfettered powers of decision-making.

Ow Chio Kiat is the Executive Chairman ("Chairman") of the Board and is assisted by Ow Cheo Guan who is the Deputy Executive Chairman ("Deputy Chairman") of the Company. Ow Yew Heng is the CEO of the Company.

The Board has established a clear division of responsibilities between the Chairman and the CEO, which are set out below.

The Chairman:

- Is responsible for leadership of the Board and is pivotal in creating the conditions for overall effectiveness of the Board, board committees and individual Directors;
- Takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretary and management;
- Approves the agendas for Board meetings and ensures sufficient allocation of time for thorough discussions of agenda items;
- Promotes an open environment for debates and ensures the Non-Executive Directors are able to speak freely and contribute effectively;
- Exercises control over the quality, quantity and timeliness of information flow between the Board and management;
- Provides close oversight, guidance, advice and leadership to the CEO and management; and
- Plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management at AGMs and other shareholder meetings.

The CEO is responsible for:

- Running the day-to-day business of the Group within the authorities delegated to him by the Board;
- Ensuring implementation of policies and strategy across the Group as set by the Board;
- Day-to-day management of the management team;
- Leading the development of management within the Group with the aim of assisting the training and development of suitable individuals for future roles;
- Ensuring that the Chairman is kept apprised in a timely manner of issues faced by the Group and of any important events and developments; and
- Leading the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing business.

The Chairman and the Deputy Chairman are brothers and the CEO is the son of the Chairman and the nephew of the Deputy Chairman. The Board is of the view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on affairs and operations of the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board as well as the contributions made by each member at meetings which relate to the affairs and operations of the Group.

The Board has also appointed Ng Jui Ping as the Lead Independent Director to co-ordinate and lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board and to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. He is the principal liaison on board issues between the Independent Directors and the Chairman. He is available to shareholders with concerns, when contact through the normal channels of communication with the Chairman or management is inappropriate or inadequate.

All the board committees are chaired by Independent Directors and half of the Board consists of Independent Directors.

Principle 4: Board Membership

NC Composition

As at the end of FY2019, the NC consists of two Independent Non-Executive Directors and one Executive Director, the majority of whom, including the NC Chairman, are independent:

Pebble Sia Huei-Chieh	Chairman
Ow Chio Kiat	Member
Ng Jui Ping	Member

The NC, guided by written terms of reference, is responsible for making recommendations to the Board on all board appointments and re-appointments. The key terms of reference of the NC include the following:

- Reviewing and recommending to the Board on the appointment of Directors (including alternate Directors, if applicable) and board committee members;
- Reviewing regularly the Board structure, size and composition of the Board in compliance with the principles and guidelines set out in the 2018 Code and making recommendation to the Board with regard to any adjustments that are deemed necessary;
- Determining the process for the search, selection, appointment and re-appointment of the Directors;
- Reviewing the succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- Developing a process and criteria for evaluating the performance of the Board, its board committees and Directors and implementing such process for assessing the effectiveness of the Board as a whole and the contribution of the Chairman and each individual Director;
- Evaluating whether or not a Director is able to and has been adequately carrying out his duties and responsibilities as a Director of the Company when he has multiple board representations;
- Reviewing the training and professional development programs for the Board; and
- Determining and making recommendation to the Board, on an annual basis, as to whether a Director is considered independent.

The NC has carried out its responsibilities as set out above during FY2019, including but not limited to, carrying out the following activities summarised below:

- Reviewed the Board structure, size and composition of the Board;
- Reviewed the nomination and appointment of Huong Wei Beng;
- Facilitated the annual evaluation of the performance of the Board, and reviewed with the Board the results of such evaluation;
- Reviewed the training and professional development programs for the Board; and
- Reviewed and determined the independence of each Director and recommended to the Board their independence.

Directors' Independence Review

The task of assessing the independence of the Directors is delegated to the NC. The NC reviews the independence of each Independent Director annually, and as and when circumstances require based on the definitions and guidelines on independence set out in the 2018 Code.

Annually, each Independent Director is required to complete a Director's Independence Confirmation (the "Confirmation") to confirm his independence. The Confirmation is drawn up based on the guidelines provided in the 2018 Code. Thereafter, the NC reviews the Confirmation completed by each Independent Director, assess the independence of the Independent Directors and recommends its assessment to the Board. There are no Directors who are determined to be independent by the Board, notwithstanding the existence of a relationship as stated in the 2018 Code that would otherwise deem him not to be independent.

The Board, after taking into account the views of the NC, determined that the current Independent Directors, namely Ng Jui Ping, Pebble Sia Huei-Chieh, and Huong Wei Beng are independent in light of the provisions of the 2018 Code and Rule 210(5)(d) of the Listing Manual.

Appointment of Alternate Directors

The Company does not currently and does not intend to appoint any Alternate Directors in the future.

Directors' Time Commitments and Multiple Directorships

The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a Director of the Company. The Board's and NC's reasoned assessment of the ability of the Directors to diligently discharge their duties takes into account, amongst others (i) the contributions by the Directors during meetings of the Board and board committees; (ii) the results of the Board evaluation of its performance; and (iii) the directorships and/or principal commitments of the individual Directors.

The NC has reviewed and is of the view that a cap on the number of listed company board representation on each of the Director is not required as despite the current directorships and principal commitments of the individual Directors, their time commitment, deliberations and decisions are not hindered by such directorships and commitments. In addition, the NC has also reviewed and is satisfied that notwithstanding their multiple listed company board representations, such Directors have been able to devote sufficient time and attention to the affairs of the Group to adequately and diligently discharge their duties as Directors of the Company.

Succession Planning for the Board and Management

Succession planning is an important part of the corporate governance process. The NC seeks to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

Currently, there is an informal succession plan for management put in place by the Chairman. Going forward and at the relevant time, the NC will look into such plan in close consultation with the Chairman.

Process for Selection and Appointment of New Directors

The Board has put in place formal, transparent and written procedures on the selection, appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board. Such procedures would be activated when a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competency of the Board or for the purpose of progressive renewal of the Board. Notwithstanding that the Chairman of the Board is an Executive Director; the Company maintains a very strong and independent element on the Board with Independent Directors making up half of the Board.

In identifying suitable candidates, the NC may:

- Advertise or use services of external advisers to facilitate a search;
- Approach alternative sources such as the Singapore Institute of Directors;
- Consider candidates from a wide range of backgrounds from internal or external sources; and
- After short-listing the candidates, the NC shall:

  (a) consider and interview the candidates to assess their suitability taking into consideration the existing composition of the Board and strive to ensure that the Board has an appropriate balance of Independent Directors as well as the qualification and experience of each candidate, his/her ability to increase the effectiveness of the Board and his/her ability to add value to the Group's business in line with its strategic objectives and to ensure that the candidates are aware of the expectations and level of commitment required of them; and

  (b) evaluate and agree to a preferred candidate for recommendation to and appointment by the Board.

Process for Re-appointment of Directors

The NC is responsible for the re-appointment of Directors. In its deliberations on the re-appointment of existing Directors, the NC takes into consideration the Director's contribution and performance such as his attendance, preparedness, participation and candour.

Regulation 89(A) of the Company's Constitution provides that at least one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not lesser than one-third) with a minimum of one, shall retire from office by rotation. All Directors are required to retire from office at least once every three years. Regulation 89(B) of the Company's Constitution further provides that to the extent that any of the Directors not due for retirement at an AGM pursuant to Regulation 89(A) is an Independent Director, such Independent Director shall nonetheless retire at that AGM. A retiring Director shall be eligible for re-election. In addition, any newly appointed Director by the Board during the year (whether as an additional Director or to fill a casual vacancy) shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at the AGM.

Pursuant to Regulations 89(A) and 89(B), Ow Chio Kiat, Ng Jui Ping and Pebble Sia Huei-Chieh are retiring at the forthcoming AGM. Pursuant to Regulation 95, Huong Wei Beng is retiring at the forthcoming AGM.

Ow Chio Kiat, Ng Jui Ping, Pebble Sia Huei-Chieh and Huong Wei Beng have consented to seek for re-election as Directors. The NC is satisfied that Ow Chio Kiat, Ng Jui Ping, Pebble Sia Huei-Chieh and Huong Wei Beng, being eligible, are properly qualified for re-election by virtue of their skills, experience and contribution of guidance and time to the Board's deliberations. The Board recommends to the shareholders to approve the re-election of Ow Chio Kiat, Ng Jui Ping, Pebble Sia Huei-Chieh and Huong Wei Beng. The details of the proposed resolution are stipulated in the Notice of AGM set out in this annual report.

The NC members abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations in respect of matters in which he has an interest in.

Principle 5: Board Performance

The Board has implemented and undertaken a formal annual assessment for assessing its effectiveness as a whole and the board committees and the contribution by each individual Director to the effectiveness of the Board.

<u>Evaluation Process</u>

The Company Secretary sends out the Board Performance Evaluation Questionnaire (the "Questionnaire") and the Individual Director Assessment Checklist (the "Checklist") to each Director for completion. The Questionnaire is customised to seek the views of the Directors on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The Board performance criteria includes board size and composition, board information, board process, board risk management and internal controls, board standards of conduct and board committees' performance in relation to discharging their responsibilities set out in their respective terms of reference. The Checklist is a self-assessment evaluation to assess the contribution by each individual Director to the effectiveness of the Board. The individual Director's performance criteria include independence and integrity, preparedness, participation and commitment, and responsibility and accountability.

The completed Questionnaires and Checklists are submitted to the Company Secretary for collation and the consolidated responses are presented to the NC for review before submitting to the Board for discussion and determining areas for improving and enhancing the effectiveness of the Board. For the financial year under review, the Board has performed the evaluation and is of the view that the Board as a whole operates effectively and the contribution by each individual Director is satisfactory.

The Board has not engaged any external facilitator to conduct an assessment of the effectiveness of the Board and the contribution by each individual Director to the effectiveness of the Board. Where relevant, the NC will consider such an engagement.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

RC Composition

As at the end of FY2019, the RC consists of three members, all of whom are Independent Non-Executive Directors:

Huong Wei Beng	Chairman
Ng Jui Ping	Member
Pebble Sia Huei-Chieh	Member

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel.

The members of the RC carried out their duties in accordance with the terms of reference approved by the RC and the Board. The principal functions of the RC include:

- Reviewing and recommending to the Board for endorsement, a framework of remuneration for the Board and key management personnel. The framework covers all aspect of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind;

- Reviewing and recommending to the Board the specific remuneration packages and terms of employment for each Director, key management personnel and employees related to Directors, CEO or substantial shareholders of the Company;

- Reviewing the level and structure of remuneration to align with the long-term interest of the Company in order to attract, retain and motivate the Directors and key management personnel;

- Reviewing the Group's obligations arising in the event of termination of the Executive Director's and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and

- Administering the Singapore Shipping Corporation Limited Share Option Plan 2015 ("SSC SOP") and Singapore Shipping Corporation Limited Performance Share Plan 2015 ("SSC PSP") and any other option scheme or share plan established from time to time by the Company.

The RC has carried out its responsibilities as set out above during FY2019, including but not limited to, carrying out the following activities summarised below:

- Reviewed the remuneration of the Chairman of the Board and the CEO; and

- Reviewed and recommended to the Board the directors' fees for FY2020.

The RC from time to time and where necessary seeks advice from external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. In FY2019, Aon Hewitt, an independent external human resource consultant, was appointed to undertake a limited review to update the executive compensation review conducted in the financial year ended 31 March 2017. Aon Hewitt does not have any connection with the Group or any of its Directors which could affect their independence and objectivity.

None of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation or any form of benefits to be granted to him or someone related to him.

Principle 7: Level and Mix of Remuneration
Principle 8: Disclosure on Remuneration

In reviewing the level and mix of remuneration, the RC seeks to establish a framework for attracting, retaining and motivating Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long-term. A significant and appropriate proportion of Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance, based on an annual appraisal of employees. Performance-related remuneration is aligned with the interest of shareholders and other stakeholders and promotes the long-term success of the Company.

Remuneration of the Executive Directors and Key Management Personnel

The remuneration structure for the Executive Directors and key management personnel consists of the following components:

- Fixed remuneration which comprises basic salary, statutory employer's contributions to the Central Provident Fund and fixed allowances. In setting remuneration packages, the Group takes into account employment and pay conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual Directors and key management personnel;

- Variable bonus which is an annual remuneration component that varies according to the Group's and the individual's performance objectives. The performance objective of the Group is profit after tax as the RC believes that this best reflects the financial health and performance of the Group's business and is also a key performance measure used by other companies in similar industry;

- Other benefits which include car and housing allowances, medical benefits, club memberships etc. Eligibility for these benefits will depend on the individual salary grade; and

- Share-based compensation under the SSC SOP and the SSC PSP, both of which were approved by the shareholders at the AGM held on 30 July 2015. Details of the SSC SOP and SSC PSP are set out in the Directors' Statement set out in this annual report.

The Executive Directors also receive Directors' fees which are subject to the approval of the shareholders at the AGM.

Use of Contractual Provisions for the Executive Directors and Key Management Personnel

Having reviewed and considered the variable components of the remuneration packages for the Executive Directors and key management personnel, the RC is of the view that there is no need to institute contractual provisions to allow the Company to reclaim incentive components in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss or fraud by the Executive Directors and key management personnel.

Remuneration of the Non-Executive Directors

The RC ensures that the remuneration of the Non-Executive Directors is appropriate to their level of contribution taking into account factors such as efforts and time spent, and their responsibilities. The RC also ensures that the Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised.

The Non-Executive Directors receive a basic retainer fee and additional fees for serving on board committees. The Chairman of each board committee is also paid a higher fee compared with the members of the respective board committees in view of the greater responsibility carried by that office. The Directors' fees are subject to the approval of the shareholders at the AGM.

Remuneration of the Directors

Provision 8.1(a) of the 2018 Code recommends that the Company discloses the names, amounts and breakdown of remuneration of each individual director and the CEO.

For FY2019, the Company wishes to disclose the fees payable to each of the Directors and the CEO in bands of S$250,000. This is a variation from Provision 8.1(a) of the 2018 Code. Principle 8 of the 2018 Code recommends that the Company is transparent on its remuneration policies, level and mix of remuneration and the procedure for setting remuneration.

Notwithstanding the variation from Provision 8.1(a) of the 2018 Code, the Company is of the view that the intent of Principle 8 is met as the remuneration policies and the procedure for setting remuneration applicable to the Executive Directors are described above, and the level and mix of remuneration is disclosed in the table below. The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of their remuneration due to the competitiveness of the industry for key talent and the confidential nature of remuneration matters.

A breakdown of the remuneration of each individual Director and the CEO in bands of S$250,000 for FY2019 is as follows:

Remuneration Bands and Name of Director	**Salary**	**Bonus**	**Fees** (1)	**Other Benefits** (2)	**Total**
	%	**%**	**%**	**%**	**%**
S$1,500,000 to below S$1,750,000					
Ow Chio Kiat (3)	66	30	3	1	100
S$750,000 to below S$1,000,000					
Ow Cheo Guan (4)	76	19	3	2	100
S$500,000 to below S$750,000					
Ow Yew Heng (5)	52	45	3	–	100
Below S$250,000					
Ng Jui Ping	–	–	100	–	100
Pebble Sia Huei Chieh	–	–	100	–	100
Huong Wei Beng (6)	–	–	100	–	100
Stanley Lai Tze Chang (7)	–	–	100	–	100

(1) Directors' fees were approved by shareholders at the AGM held on 27 July 2018.

(2) Other benefits refer to benefits-in-kind such as car allowance, club memberships etc made available to Directors as appropriate.

(3) Ow Chio Kiat is the brother of the Deputy Chairman, Ow Cheo Guan, and the father of the CEO, Ow Yew Heng.

(4) Ow Cheo Guan is the brother of the Chairman, Ow Chio Kiat, and the uncle of the CEO, Ow Yew Heng.

(5) Ow Yew Heng is the son of the Chairman, Ow Chio Kiat, and the nephew of the Deputy Chairman, Ow Cheo Guan.

(6) Huong Wei Beng was appointed as an Independent Non-Executive Director of the Company on 27 July 2018.

(7) Stanley Lai Tze Chang ceased to be an Independent Non-Executive Director of the Company on 27 July 2018.

Remuneration of the top-five Key Management Personnel

Provision 8.1(b) of the 2018 Code recommends that the Company discloses the names, amounts and breakdown of remuneration of at least the top-five key management personnel (who are not Directors or the CEO) in bands no wider than S$250,000. In addition, Provision 8.1(b) of the 2018 Code also recommends that the Company discloses the aggregate of the total remuneration paid to the top-five key management personnel (who are not Directors or the CEO). The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of their remuneration due to the competitiveness of the industry for key talent and the confidential nature of remuneration matters

A breakdown of the remuneration of each of the top-five key management personnel (who are not Directors or the CEO) in bands no wider than S$250,000 for FY2019 is as follows:

Remuneration Bands and Name of Executive	**Salary %**	**Bonus %**	**Other Benefits (1) %**	**Total %**
S$500,000 to below S$750,000				
Pansy Lim Bee Lan	64	35	1	100
S$250,000 to below S$500,000				
Leong Weng Choy	74	25	1	100
Below S$250,000				
Jaya Balan S/O N. Kanagasabai	72	27	1	100
Lim Tun Ching	79	21	–	100
Lee Li Huang	74	26	–	100

Aggregate of the total remuneration paid or payable to the top-five key management personnel (who are not Directors or the CEO) S$1,383,000

(1) Other benefits refer to benefits-in-kind such as housing allowance, etc made available to key management personnel as appropriate.

Remuneration of Employees who are Substantial Shareholders of the Company or Immediate Family Members of a Director, the CEO or Substantial Shareholder

During FY2019, Ow Chio Kiat was a substantial shareholder of the Company. The remuneration of Ow Chio Kiat, his brother, Ow Cheo Guan, and his son, Ow Yew Heng, have been disclosed above.

Kiersten Ow Yiling, the daughter of Ow Chio Kiat, the sister of Ow Yew Heng, and the niece of Ow Cheo Guan, is an employee of the Group and she drew a remuneration between S$50,000 to S$100,000 during FY2019.

Saved as disclosed above, there is no other employee whose remuneration exceeded S$100,000 in FY2019, and who is a substantial shareholder of the Company, or who is an immediate family member of a Director or the CEO or a substantial shareholder of the Company.

Aggregate Amount of Termination, Retirement and Post-employment Benefits granted to the Directors, the CEO and the top-five Key Management Personnel (who are not Directors or the CEO)

There were no termination, retirement and post-employment benefits granted or paid to the Directors, the CEO or any of the top-five key management personnel (who are not Directors or the CEO) in FY2019.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board, with the assistance from the ARMC, is responsible for the governance of risk and ensures that management maintains sound, adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems, to safeguard the interests of the Company and its shareholders and the Group's assets.

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.

The ARMC is responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management systems and internal controls of the Group can be made by the Board in the annual report of the Company according to the requirements in the Listing Manual and the 2018 Code.

The Company has engaged an independent accounting firm, Nexia TS Risk Advisory Pt. Ltd. ("Nexia"), as the internal auditors of the Group. The ARMC was satisfied that the internal audit function was independent, effective and adequately resourced.

The Company has also engaged Nexia to assist the Company with its Enterprise Risk Management ("ERM") system. Nexia assists the ARMC and the Board in their review of the Group's risk management systems and internal controls focusing on financial, operational, compliance and information technology controls.

Management regularly reviews the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the ARMC and the Board for further discussion. The ARMC and the Board also work with the internal auditors, external auditors and management on their recommendations to institute and execute relevant controls with a view to managing such risks.

With assistance from the internal auditors, key risk areas which have been identified are analysed, monitored and reported. In this connection, the Group has conducted the enterprise risk assessment and has established the risk reporting dashboard with a view to develop a detailed risk register and to develop a structured ERM to ensure that the Group's risk management systems and internal controls are adequate and effective.

Accountability

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Hence, management provides appropriately detailed management accounts of the Group's performance on a quarterly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.

The Board reviews and approves the financial results as well as any announcements before its release. The Board provides shareholders with quarterly and annual financial statements. Results for the first three quarters are released to shareholders within 45 days from the end of the quarter. Annual results are released within 60 days from the financial year-end. In presenting the quarterly and annual financial statements to shareholders, the Company gives its shareholders a balanced and understandable assessment of the Group's performance, financial position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual, where appropriate. The Independent Directors in consultation with management will request for management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.

For FY2019, the CEO and the Chief Financial Officer (the "CFO") have provided written assurance to the Board on the integrity of the financial statements of the Company and the Group.

Assurance from the CEO, the CFO and other Key Management Personnel who are Responsible

The Board has received written assurance that:

- (from the CEO and the CFO) the financial records of the Group have been properly maintained and the financial statements for the financial year ended 31 March 2019 give a true and fair view of the Group's operations and finances; and

- (from the CEO and other key management personnel who are responsible) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

The CEO and the CFO have obtained similar assurance from the business and corporate executive heads in the Group.

Opinion on the Adequacy and Effectiveness of the Risk Management Systems and Internal Controls

The ARMC sought the views of the external auditors in making assessment of the internal controls over financial reporting matters. In addition, based on the internal controls established and maintained by the Group, the work performed by the internal auditors and external auditors as well as the assurance received from the CEO and the CFO, the Board is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 March 2019.

The ARMC concurs with the Board's comment and no material weaknesses of its internal controls and risk management systems were identified.

The Board notes that the system of risk management and internal controls established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities.

Principle 10: Audit and Risk Management Committee

ARMC Composition

As at the end of FY2019, the ARMC consists of three members, all of whom are Independent Non-Executive Directors:

Ng Jui Ping	Chairman
Huong Wei Beng	Member
Pebble Sia Huei-Chieh	Member

The majority of the members of the ARMC (including the Chairman) possess recent and relevant accounting or related financial management expertise or experience.

The main responsibilities of the ARMC are to assist the Board in discharging its statutory and other responsibilities relating to four main areas:

- Overseeing financial reporting;
- Overseeing internal control and risk management systems;
- Overseeing internal and external audit processes; and
- Overseeing interested person transactions.

The members of the ARMC carried out their duties in accordance with the terms of reference approved by the ARMC and the Board. The principal functions of the ARMC include:

- Reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before submission to the Board;

- Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems, including financial, operational, compliance and information technology controls;

- Reviewing the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and the results of the internal audit procedures;

- Reviewing the scope and results of the external audit, independence and objectivity of the external auditors;

- Recommending to the Board on the proposals to the shareholders relating to the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

- Reviewing and approving processes to regulate interested person transactions to ensure compliance with the requirements of the Listing Manual;

- Reviewing the assurance from the CEO and the CFO on the financial records and financial statements; and

- Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The ARMC has carried out its responsibilities as set out above during FY2019, including but not limited to, carrying out the following activities summarised below:

- With the assistance of the external auditors, reviewed the quarterly and annual financial results of the Group;

- Reviewed and considered the audit reports of the internal and external auditors;

- Reviewed and considered the risk management reports of risk consultants; and

- Reviewed and recommended the appointment of the external auditors, including their fees, performance, independence and objectivity.

Financial Reporting

The ARMC met on a quarterly basis and reviewed the quarterly and full year financial results announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the ARMC reviewed the audit plan and audit committee report presented by the external auditors.

The ARMC reviewed the annual financial statements and also discussed with management, the CFO and the external auditors the significant accounting policies, judgements and estimates applied by management in preparing the annual financial statements. The ARMC focused particularly on:

- Significant adjustments resulting from the audit;

- The appropriateness of the going concern assumption in the preparation of the financial statements;
- Significant matters impacting the annual financial statements that have been included in the Independent Auditor's Report to the Members under "Key Audit Matters"; and
- Significant deficiencies in internal controls over financial reporting matters that came to the external auditors' attention during their audit together with their recommendations.

Following the review and discussions, the ARMC then recommend to the Board for approval of the audited annual financial statements.

In addition to its duties relating to financial reporting. The ARMC has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Director, executive officer or external consultants whom it believes can provide information it needs for the purpose of the meeting to attend its meetings.

The ARMC's terms of reference restrict any former partners or directors of the Company's existing auditing firm or auditing corporation from acting as a member of the ARMC (a) within a period of 2 years commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as he has any financial interest in the auditing firm or auditing corporation. Currently, no former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARMC.

During FY2019, the ARMC had one meeting with internal auditors and external auditors separately, without the presence of management. These meetings enable the internal auditors and external auditors to raise issues encountered in the course of their work directly to the ARMC.

External Audit Processes

The ARMC manages the relationship with the Group's external auditors on behalf of the Board. The ARMC is of the view that the external auditors demonstrated appropriate qualifications and expertise. It is also satisfied with the adequacy of the scope and quality of the external audits being conducted by Ernst & Young LLP. Therefore, the ARMC recommended to the Board the re-appointment of Ernst & Young LLP as the external auditors. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of Ernst & Young LLP at the forthcoming AGM.

Pursuant to the requirement in the Listing Manual, an audit partner must only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current Ernst & Young LLP's audit engagement partner for the Company was appointed on 28 July 2016. In appointing Ernst & Young LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority, as auditors for the Company and its subsidiaries, the Group has complied with Rules 712 and 715 of the Listing Manual.

Auditors' Independence

In order to maintain the independence of the external auditors, the Group has a specific policy which governs the conduct of non-audit work performed by the external auditors. This policy prohibits the external auditors from:

- Performing services which would result in the auditing of their own work;
- Participating in activities normally undertaken by management;
- Acting as advocate for the Group; or
- Creating a mutuality of interest between the external auditors and the Group, for example being remunerated through a success fee structure.

The ARMC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. The ARMC received a yearly report setting out the non-audit services provided by Ernst & Young LLP and the fees charged. An analysis of fees paid in respect of audit and non-audit services provided by breakdown for the past 2 years is disclosed in Note 5 to the financial statements.

Having undertaken a review of the services provided during the financial year, the ARMC is satisfied that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services which they provide to the Group.

Internal Audit

During the financial year, the ARMC has reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with management, internal auditors and external auditors.

The ARMC considered and reviewed with management and internal auditors on the following:

- Annual internal audit plans to ensure that the plans covered sufficiently a review of the internal controls of the Group; and
- Significant internal audit observations and management's response thereto.

The ARMC has reviewed the adequacy and effectiveness of the internal audit function.

The ARMC approves the appointment, removal, evaluation and compensation of internal auditors. The Company has engaged an independent accounting firm, Nexia, as the internal auditors of the Group. The internal auditors' primary line of reporting is to the ARMC. Administratively, the internal auditors report to the CEO. The selection of Nexia as the internal auditors, its fee proposal and the internal audit proposal was reviewed and approved by the ARMC. The internal auditors carry out their function in accordance to the standards set by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The primary purpose of the internal audit function is to assist the Board and management to meet the strategic and operational objectives of the Group, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes. The internal audit approach focuses on key financial, operational, compliance and information technology risks. The annual internal audit plan is established in consultation with, but independent of, management. The internal audit plan is reviewed and approved by the ARMC. All internal audit findings, recommendations and status of remediation, are circulated to the ARMC, the CEO, the external auditors and relevant management.

The ARMC ensures that management provides good support to the internal auditors and provides them with unfettered access to documents, records, properties and personnel, including the ARMC, when requested in order for the internal auditors to carry out their function accordingly. The internal audit function has appropriate standing within the Company. The ARMC meets with the internal auditors once a year, without the presence of management.

Interested Person Transactions

The ARMC reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Company or its non-controlling shareholders. On a quarterly basis, management reports to the ARMC the interested person transactions.

The ARMC is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of interested person transactions were effective.

Whistle-blowing

The Company has adopted a Whistle-blowing Policy (the "Policy") to provide an independent channel through which matters of concern regarding improprieties in matters of financial reporting or other matters may be raised by employees and external parties in confidence. Upon the receipt of any feedback, independent investigations are carried out by a panel which comprises of one or more of the CEO, the CFO, the Chief Legal Officer and the Human Resource Director, who reports to the ARMC. The salient terms of the Policy and the contact details under the Policy can be found on the Company's website. The Policy does not disregard anonymous complaints and all complaints are investigated in accordance with the terms of the Policy.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated fairly and equitably in order to enable them to exercise shareholders' rights and the rights of all investors, including non-controlling shareholders, are protected.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Group strongly encourages shareholders' participation during the AGM which will be held in a central location in Singapore. Shareholders will be well informed of the meetings and voting procedures and they are able to proactively engage the Board and management on the Group's business activities, financial performance and other business-related matters.

Conduct of Shareholder Meetings

The Group supports and encourages active shareholders' participation at general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company's website.

Provision 11.4 of the 2018 Code recommends that the Company's Constitution (or other constitutions documents) allow for absentia voting at general meetings. The Company's Constitution does not contain provisions to allow for voting in absentia at general meetings of shareholders, but it allows all shareholders to appoint proxies to attend general meetings and vote on their behalf. This is a variation from Provision 11.4 of the 2018 Code.

Principle 11 of the 2018 Code recommends that the Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects. Notwithstanding the variation from Provision 11.4 of the 2018 Code, the Company is of the view that the intent of Principle 11 is still met as the existing arrangement whereby shareholders have the right to appoint proxies to attend general meetings and vote on their behalf enables shareholders to exercise their rights and have the opportunity to vote even if they are unable to attend in person. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Separate resolutions on each substantially separate issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate, unless the issues are interdependent and linked so as to form one significant proposal. All Directors including the Chairman of the Board and the respective Chairmen of the ARMC, NC and RC, and management attend general meetings of shareholders, and the external auditors are also present to address any queries of the shareholders about the conduct of audit and the preparation and content of the auditor's report.

Provision 11.5 of the 2018 Code recommends that the Company publishes minutes of general meetings of shareholders on the Company's website as soon as practicable. For FY2019, the Company intends to record in the minutes of general meetings relevant and substantial comments or queries from shareholders relating to the agenda of the meetings and responses from the Board and management and release the same on the SGXNET and the Company's website.

The Company will continue to put all resolutions to vote by poll in the presence of independent scrutineers. Explanation on polling procedures will be provided to shareholders before the poll voting is conducted. The total numbers and percentage of valid votes cast for or against each resolution will be announced at the general meetings and also released via SGXNET after the general meetings.

Dividend Policy

The Company has a written dividend policy. The Company's dividend policy is to distribute a dividend of no less than half Singapore cent per share for each financial year, subject to and taking into account various factors outlined below as well as other factors deemed necessary by the Board:

- The financial performance of the Group;
- The level of available cash for the Group's working capital;
- The return on equity and retained earnings;
- The Group's projected levels of capital expenditure and other investment plans;
- Short term and long-term interest of the Group;
- Business expansion plans within and outside the Group;
- Any corporate exercises, including but not limited to share buy-back exercise and dividend investment plans;
- Current market conditions;
- Forecast of market and economic conditions; and
- Exceptional earnings (if any).

The declaration and payment of any dividends will be recommended by the Directors and will be subject to applicable laws and the Constitution of the Company. Any final dividends will be subject to the approval of the shareholders.

Principle 12: Engagement with Shareholders

Disclosure of Information on a Timely Basis

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views on matters affecting the Company and addressing their concerns.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET, press releases and the Company's website. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

The Company's corporate website is the key resource of information for shareholders. In addition to the quarterly financial results materials, it contains a wealth of investor related information on the Group, including annual reports, shares and dividend information and factsheets.

Interaction with Shareholders

The Company has an internal investor relations policy which focuses on facilitating communications with shareholders and analysts on a regular basis, attending to their queries or concerns and keeping them apprised of the Group's corporate developments and financial performance. The Company has provided a dedicated email address of a specific investor relations contact on the Company's website, through which shareholders are able to ask questions and receive responses.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

Principle 13 of the 2018 Code requires the Board to adopt an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served. The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

In this connection, the Company has considered and sought to balance the needs and interests of material stakeholders. The details of the Company's engagement with stakeholders are set out in the Sustainability Report.

DEALING IN THE COMPANY'S SECURITIES

The Group has adopted an internal compliance code to provide guidance to its Directors and all employees of the Group with regard to dealings in the Company's securities. The code prohibits dealing in the Company's securities by the Directors and employees of the Group while in possession of unpublished price sensitive information. Directors and employees are not allowed to deal in the Company's securities on short-term considerations and during the two weeks before the release of the Company's first three quarters' financial results and during the one month before the release of the full year financial results. The Directors and employees are also required to adhere to the provisions of the Securities and Futures Act, the Companies Act, the Listing Manual and any other relevant regulations with regard to their securities transactions. They are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

The Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealings in the Company's securities during the above stated period. Directors are also required to report their dealings in the Company's securities within two business days.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiaries involving the interests of the CEO, Directors or controlling shareholders which are either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company has established procedures to ensure that IPTs are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and policies and on terms which are generally no more favourable to those extended to unrelated third parties.

The Company maintains a register of all IPTs and details of significant IPTs in FY2019 are set out below:

Name of Interested Person	Aggregate value of all IPTs (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Stamford Land Corporation Ltd ("SLC") and Subsidiaries	US$1,019,000[(1)]	–

(1) Payments of rental expense and services received. Ow Chio Kiat is the controlling shareholder of SLC, therefore, SLC is an associate of Ow Chio Kiat and is an interested person as defined under Chapter 9 of the Listing Manual.

The above IPTs are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and policies and on terms which are generally no more favourable to those extended to unrelated third parties.

KEY MANAGEMENT EXECUTIVES

Name and Designation	Academic/Professional Qualifications	No. of Years with the Group	Prior Working Experience
Jeya Balan S/O N. Kanagasabai *General Manager, Agency & Terminal Operations*	• Master Class 1, Australia Maritime College, Australia	30	Chief Officer of Oriental Ship Management Pte Ltd
Lee Li Huang *Chief Financial Officer*	• Bachelor of Accountancy (Hons), Nanyang Technological University, Singapore • Chartered Accountant, Institute of Singapore Chartered Accountants	3	Chief Financial Officer of GDS Global Limited
Leong Weng Choy *General Manager, Ship Management*	• Diploma in Marine Engineering, Singapore Polytechnic, Singapore • Certificate of Competency as First Class Engineer (Motorship), Maritime Port Authority, Singapore	35	Chief Engineer of Singa Ship Management Pte. Ltd.
Pansy Lim Bee Lan *Chief Operating Officer*	• Bachelor of Economics, University of Toronto, Canada	21	Branch Manager of Kyron Rent A Car Inc
Lim Tun Ching *General Manager, Terminal Operations*	• Diploma in Nautical Studies, Singapore Polytechnic, Singapore • Class 1 Master Mariner, Maritime Port Authority, Singapore	23	2nd Officer of Transocean Shipmanagement (Pte) Ltd

Name and Designation	Academic/Professional Qualifications	No. of Years with the Group	Prior Working Experience
Helen Miao Yen Fong *Director, Human Resources*	• Bachelor in Business Administration, Ottawa University • Diploma in Human Resource Management, Singapore Human Resources Institute	4	Head of Human Resources of Far East Orchard Ltd
Irene Tan Ai Ling *Assistant General Manager, Sales & Marketing*	• Diploma in Import/Export & International Trade, Elim World Trade Research & Training Centre • Diploma in Sales and Marketing, PSB Academy, Singapore	18	Material Supply Specialist of the Republic of Singapore Navy
Benedict Tan T'eng Ta' *Chief Legal Officer* *Senior Director, Business Development*	• Bachelor of Law, University of Buckingham • Master of Science (Risk Management, Regulations and Operations), University of Reading • Advocate & Solicitor, Supreme Court of Singapore • Barrister at Law, Middle Temple	2	Head of Group Lead/Head of Risk Management/Head of Group Human Resource of Auric Pacific Group Limited

FINANCIAL STATEMENTS

• Pasir Panjang - Auto Terminal

DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Singapore Shipping Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2019.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company 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 2019 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

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Ow Chio Kiat	(Executive Chairman)
Ow Cheo Guan	(Deputy Executive Chairman)
Ow Yew Heng	(Executive Director and Chief Executive Officer)
Ng Jui Ping	
Pebble Sia Huei-Chieh	
Huong Wei Beng	(Appointed on 27 July 2018)

Arrangements to enable directors to acquire shares and debentures

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Ow Chio Kiat	153,704,500	153,704,500	10,640,000	10,640,000
Ow Cheo Guan	–	–	13,200,000	13,200,000
Ow Yew Heng	2,096,200	2,096,200	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2019.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Singapore Shipping Corporation Limited Share Option Plan and Performance Share Plan

The Company has in place the Singapore Shipping Corporation Limited Share Option Plan 2015 ("SSC SOP") and the Singapore Shipping Corporation Limited Performance Share Plan 2015 ("SSC PSP").

The SSC SOP and the SSC PSP were approved by the shareholders of the Company at the Annual General Meeting held on 30 July 2015. The SSC SOP and the SSC PSP are administered by the Remuneration Committee ("RC") which comprises the following three independent and non-executive directors who do not participate in either the SSC SOP or the SSC PSP:

Huong Wei Beng (Chairman)
Ng Jui Ping
Pebble Sia Huei-Chieh

Singapore Shipping Corporation Limited Share Option Plan and Performance Share Plan (cont'd)

SSC SOP

- The persons eligible to participate in the SSC SOP are selected employees (which may include executive directors) of the Group of such rank as the RC may determine, and other participants selected by the RC, but shall exclude non-executive directors of the Group, independent directors of the Company and controlling shareholders. As at the date of this statement, no associate of any controlling shareholder is a participant in the SSC SOP.

- SSC SOP shall continue in force at the absolute discretion of the RC, subject to a maximum period of 10 years from 30 July 2015 (unless extended with the approval of the shareholders and any relevant authorities).

- The RC has the full discretion to grant options at an exercise price of either market price or at a discount to market price (provided that such discount shall not exceed 20% of the market price). Market price shall be determined based on an average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three consecutive market days immediately preceding the date of the grant of the relevant option.

- Options granted at market price may be exercised after the expiry of one year from the date of the grant, whereas options granted at a discount to market price may only be exercised after the expiry of two years from the date of the grant.

- At the end of the financial year, there were no outstanding options granted under the SSC SOP.

SSC PSP

- The persons eligible to participate in the SSC PSP are either selected employees of the Group of such rank as the RC may determine, or other participants as selected by the RC at its discretion, but shall exclude the independent directors of the Company, controlling shareholders and the associates of such controlling shareholders.

- SSC PSP shall continue in force at the absolute discretion of the RC, subject to a maximum period of 10 years from 30 July 2015 (unless extended with the approval of the shareholders and any relevant authorities).

- An award granted under the SSC PSP represents the right to receive fully paid shares, free of charge, provided that certain pre-determined performance conditions (if applicable) are satisfied within the performance period (if applicable) during which such performance conditions are to be satisfied.

- During the financial year, no awards under the SSC PSP have been granted to controlling shareholders or their associates, and directors, and no employee has received 5% or more of the total number of shares available/delivered pursuant to the grants under the SSC PSP.

- During the financial year, there were no awards granted under the SSC PSP.

Singapore Shipping Corporation Limited Share Option Plan and Performance Share Plan (cont'd)

Size of SSC SOP and the SSC PSP

The aggregate number of shares which may be issued or delivered pursuant to options granted under the SSC SOP and awards granted under the SSC PSP, together with shares, options or awards granted under any other share scheme of the Company then in force (if any), shall not exceed 15% of the issued share capital of the Company, excluding treasury shares.

Audit and Risk Management Committee ("ARMC")

The members of the ARMC at the date of this statement are:

Ng Jui Ping (Chairman)
Pebble Sia Huei-Chieh
Huong Wei Beng

All members of the ARMC are non-executive and independent directors.

The ARMC held four meetings since the date of last directors' statement. In performing its functions, the ARMC met with the Group's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system.

The ARMC carried out its functions in accordance with Section 201B of the Act and the Listing Manual of the SGX-ST ("Listing Manual"), and is guided by the Code of Corporate Governance. The ARMC's functions include (but not limited to) reviewing the following:

- assistance provided by the Group's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the Listing Manual); and
- the amount of audit and non-audit fees paid to the external auditor of the Group.

Further details on the ARMC are disclosed in the Corporate Governance Report.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Ow Chio Kiat
Director

Ow Yew Heng
Director

Singapore
27 June 2019

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2019

Independent Auditor's Report to the Members of Singapore Shipping Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Shipping Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2019, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, and the balance sheet and the 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") and Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and 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 judgment, were of most significance in our audit of the financial statements of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report to the Members of Singapore Shipping Corporation Limited (cont'd)

Key Audit Matters (cont'd)

Carrying Amount of Vessels

As at 31 March 2019, the carrying amount of the Group's vessels amounted to US$137.9 million, representing 78% of the Group's total assets. They relate to key assets held by the Group and drive its significant cash flows from the time-charter of vessels. The Group reviews the carrying amount of its vessels on an annual basis or more frequently if impairment indicators are present.

The impairment assessment requires management to consider both internal and external sources of information, in determining whether there is any indication that any vessel may have been impaired, which include but are not limited to significant decline in expected financial performance of each vessel and evidence of obsolescence or physical damage of the vessels. Significant audit effort was involved in the review of management's assessment and assumptions. As such, we determined this as a key audit matter.

We obtained an understanding of management's impairment assessment process. We reviewed management's assessment of whether indicators of impairment were present and assessed the reasonableness of significant judgment used in the assessment. Our audit procedures included, amongst others, the review of vessels' profitability analysis taking into account contractual charter rates, projected off-hire periods and operating expenses with consideration of external industry factors and conditions such as risk of lessee default and average scrap steel prices which may have a bearing on the valuation of vessels.

Further, we assessed the adequacy of the disclosures on the carrying amount of vessels in Notes 3 and 9 to the financial statements.

Impairment Assessment of Investment in Subsidiaries

The Company has significant investment in subsidiaries, representing 50% of the Company's total assets.

The performance of the Group's subsidiaries are subject to the economic environment and market conditions in which they operate in. Management monitors the performance of these entities and, where their performance drops below the planned rate of return, an assessment for impairment is carried out. The impairment assessments performed by management on the investment in subsidiaries involved significant judgment and estimation over the future business performance. As such, we have determined this to be a key audit matter.

The impairment assessment required the management to make various assumptions in the underlying cash flow forecasts used to estimate the recoverable value of the investments. We evaluated the reasonableness of management's cash flow forecasts and the process by which they were determined and approved, including comparing previous management's cash flow forecasts to actual results. In addition, we compared key inputs, such as discount rates and growth rates, to historical data, recent trends or external market analysis to assess the reasonableness of management's cash flow forecasts.

Further, we assessed the adequacy of the disclosures on the impairment of investment in subsidiaries in Note 11 to the financial statements.

Independent Auditor's Report to the Members of Singapore Shipping Corporation Limited (cont'd)

Other Information

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 and SFRS(I), 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.

Independent Auditor's Report to the Members of Singapore Shipping Corporation Limited (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism 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.

Independent Auditor's Report to the Members of Singapore Shipping Corporation Limited (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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.

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 period 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 Lim Tze Yuen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

27 June 2019

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2019

	Note	Group	
		2019	**2018**
		US$'000	**US$'000**
Revenue	4	48,473	46,234
Other operating income		1,275	1,433
Depreciation expense on property, plant and equipment	9	(8,032)	(7,667)
Vessel operation costs		(4,379)	(4,598)
Transportation, warehouse and terminal operating costs		(10,608)	(8,617)
Staff and crew costs		(12,730)	(11,328)
Other operating expenses		(1,831)	(2,066)
Results from operating activities	5	12,168	13,391
Finance and investment income	6	535	213
Finance costs on bank borrowings		(2,145)	(2,383)
Exchange differences		25	(558)
Share of results of associated company and joint venture, net of tax		18	(222)
Profit before taxation		10,601	10,441
Taxation	7	(17)	(6)
Profit for the year		10,584	10,435
Attributable to:			
Owners of the Company		10,584	10,435
Earnings per share (US cents):			
Basic	8	2.4	2.4
Diluted	8	2.4	2.4

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Group	
	2019	**2018**
	US$'000	**US$'000**
Profit for the year	10,584	10,435
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
- Effective portion of changes in fair value of cash flow hedges	(1,720)	1,903
- Realised and transferred to income statement	256	(466)
	(1,464)	1,437
Foreign currency translation	(384)	798
Other comprehensive income for the year, net of tax	(1,848)	2,235
Total comprehensive income for the year	8,736	12,670
Attributable to:		
Owners of the Company	8,736	12,670

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2019

	Note	Group			Company		
		31.3.2019	**31.3.2018**	**1.4.2017**	**31.3.2019**	**31.3.2018**	**1.4.2017**
		US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Non-current assets							
Property, plant and equipment	9	139,849	145,922	152,267	–	–	–
Goodwill	10	779	802	587	–	–	–
Investment in subsidiaries	11	–	–	–	32,625	32,625	32,625
Amount due from subsidiaries	11	–	–	–	11,140	13,534	10,341
Investments in associated company and joint venture	13	2,618	2,602	3,355	90	90	662
Derivative financial assets	22	592	2,103	1,325	–	–	–
Long-term deposits	18	–	5,000	–	–	–	–
Other assets	14	89	121	130	–	–	–
		143,927	156,550	157,664	43,855	46,249	43,628
Current assets							
Inventories	15	333	387	369	–	–	–
Trade and other receivables	16	4,190	4,553	3,655	85	209	15
Amount due from subsidiaries	12	–	–	–	15,797	10,201	9,041
Investment securities	17	2,109	2,116	131	–	–	–
Derivative financial assets	22	303	256	–	–	–	–
Cash and cash equivalents	18	26,059	13,936	11,447	5,654	5,361	5,923
		32,994	21,248	15,602	21,536	15,771	14,979
Less:							
Current liabilities							
Trade and other payables	19	6,084	6,628	6,815	126	146	222
Amount due to subsidiaries	20	–	–	–	10,790	8,589	5,262
Derivative financial liabilities	22	–	–	403	–	–	–
Bank borrowings	21	7,667	7,667	7,667	–	–	–
		13,751	14,295	14,885	10,916	8,735	5,484
Net current assets		19,243	6,953	717	10,620	7,036	9,495
Non-current liabilities							
Bank borrowings	21	54,574	62,241	69,908	–	–	–
Deferred income	23	16,321	12,107	8,847	–	–	–
		70,895	74,348	78,755	–	–	–
Net assets		92,275	89,155	79,626	54,475	53,285	53,123

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group			Company		
		31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Equity attributable to owners of the Company							
Share capital	24	31,886	31,886	31,812	31,886	31,886	31,812
Treasury shares	25	(2,432)	–	–	(2,432)	–	–
Other reserves	26	(199)	1,649	(586)	–	–	–
Retained earnings		63,020	55,620	48,400	25,021	21,399	21,311
Total equity		92,275	89,155	79,626	54,475	53,285	53,123

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

Group	Note	Share capital US$'000	Treasury shares US$'000	Hedging reserve US$'000	Currency translation reserve US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Equity attributable to owners of the Company US$'000
Balance at 1 April 2018		31,886	–	2,359	(710)	–	55,620	89,155
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	10,584	10,584
Other comprehensive income for the year		–	–	(1,464)	(384)	–	–	(1,848)
Total		–	–	(1,464)	(384)	–	10,584	8,736
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	27	–	–	–	–	–	(3,184)	(3,184)
Purchase of treasury shares	25	–	(2,432)	–	–	–	–	(2,432)
Total		–	(2,432)	–	–	–	(3,184)	(5,616)
Balance at 31 March 2019		31,886	(2,432)	895	(1,094)	–	63,020	92,275

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

Group	Note	Share capital US$'000	Treasury shares US$'000	Hedging reserve US$'000	Currency translation reserve US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Equity attributable to owners of the Company US$'000
Balance at 1 April 2017		31,812	–	922	(1,508)	–	48,400	79,626
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	10,435	10,435
Other comprehensive income for the year		–	–	1,437	798	–	–	2,235
Total		–	–	1,437	798	–	10,435	12,670
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	27	–	–	–	–	–	(3,215)	(3,215)
Employee share-based compensation scheme								
- Value of employee services		–	–	–	–	74	–	74
Issue of new shares		74	–	–	–	(74)	–	–
Total		74	–	–	–	–	(3,215)	(3,141)
Balance at 31 March 2018		31,886	–	2,359	(710)	–	55,620	89,155

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

Company	Note	Share capital US$'000	Treasury shares US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Equity attributable to owners of the Company US$'000
Balance at 1 April 2018		31,886	–	–	21,399	53,285
Total comprehensive income for the year						
Profit for the year		–	–	–	6,806	6,806
Total		–	–	–	6,806	6,806
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid	27	–	–	–	(3,184)	(3,184)
Purchase of treasury shares	25	–	(2,432)	–	–	(2,432)
Total		–	(2,432)	–	(3,184)	(5,616)
Balance at 31 March 2019		31,886	(2,432)	–	25,021	54,475
Balance at 1 April 2017		31,812	–	–	21,311	53,123
Total comprehensive income for the year						
Profit for the year		–	–	–	3,303	3,303
Total		–	–	–	3,303	3,303
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid	27	–	–	–	(3,215)	(3,215)
Employee share-based compensation scheme						
- Value of employee services		–	–	74	–	74
Issue of new shares		74	–	(74)	–	–
Total		74	–	–	(3,215)	(3,141)
Balance at 31 March 2018		31,886	–	–	21,399	53,285

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	Note	Group	
		2019 **US$'000**	**2018** **US$'000**
Cash flows from operating activities			
Profit before taxation		10,601	10,441
Adjustments for:			
Depreciation expense on property, plant and equipment	9	8,032	7,667
Share-based compensation expense		–	74
Interest income	6	(464)	(195)
Dividend income	6	(78)	(33)
Net fair value loss on investment securities	6	7	15
Finance costs on bank borrowings		2,145	2,383
(Gain)/loss on foreign exchange		(220)	470
Share of results of associated company and joint venture, net of tax		(18)	222
Operating cash flows before changes in working capital		20,005	21,044
Changes in working capital:			
Inventories		54	(18)
Trade and other receivables		652	(856)
Trade and other payables		(523)	(165)
Deferred income		4,214	3,260
Cash flows from operations		24,402	23,265
Tax paid		(17)	(6)
Net cash flows from operating activities		24,385	23,259
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(124)	(33)
Purchase of financial assets held for trading		–	(2,000)
Payment for drydocking expenditure	9	(1,851)	(1,253)
Interest received		175	153
Dividend income		78	33
Decrease/(increase) in long-term deposits		5,000	(5,000)
Dividend income from joint venture	13	–	572
Net cash flows from/(used in) investing activities		3,278	(7,528)
Cash flows from financing activities			
Repayment of bank borrowings		(7,667)	(7,667)
Payment of finance costs on bank borrowings		(2,166)	(2,405)
Dividends paid	27	(3,184)	(3,215)
Purchase of treasury shares	25	(2,432)	–
Net cash flows used in financing activities		(15,449)	(13,287)
Net increase in cash and cash equivalents		12,214	2,444
Cash and cash equivalents at beginning of the year		13,936	11,447
Effect of exchange rate changes on cash and cash equivalents		(91)	45
Cash and cash equivalents at end of the year	18	26,059	13,936

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Singapore Shipping Corporation Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 200 Cantonment Road, #09-01 Southpoint, Singapore 089763.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the financial year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the financial year ended 31 March 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("US$") and all values in the tables are rounded to the nearest thousand ("US$'000"), except when otherwise indicated.

2.2 First-time adoption of SFRS(I)

These financial statements for the financial year ended 31 March 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the financial year ended 31 March 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 April 2017, the Group's and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 April 2018 are disclosed below.

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of SFRS(I) (cont'd)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 April 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 April 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 April 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 *Financial Instruments*

On 1 April 2018, the Group adopted SFRS(I) 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The first time adoption of SFRS(I) 9 does not have any significant financial impact to the Group's and the Company's financial statements. The comparative information was prepared in accordance with the requirements of FRS 39.

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of SFRS(I) (cont'd)

SFRS(I) 9 *Financial Instruments* (cont'd)

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 April 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

For equity securities, the Group continues to measure its currently held for trading equity securities at FVPL.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The initial application of SFRS(I) 9 does not have any material effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.2 First-time adoption of SFRS(I) (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provides a more structured approach in measuring and recognising revenue. Under this accounting standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring good or services to a customer.

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018. The adoption of SFRS(I) 15 results in changes in accounting policies for revenue recognition, and has no significant financial impact on the financial performance or position of the Group and the Company as at 1 April 2017 and 31 March 2018, other than the disclosures in the financial statements.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I) 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Except for SFRS(I) 16, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

SFRS(I) 16 *Leases*

SFRS(I) 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under FRS 17. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. The standard includes two recognition exemptions for lessees, leases of 'low value' assets and short-term leases. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 April 2019.

<u>As Lessee</u>

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 April 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before 1 April 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 April 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

<u>As Lessor</u>

On the adoption of SFRS(I) 16, the Group's time charter contracts will be segregated into a lease component which will be accounted under SFRS(I) 16, and a non-lease component for the service elements which will be accounted under SFRS(I) 15. The contract consideration will be allocated to both lease and non-lease components based on the relative stand-alone prices using the expected cost plus margin approach in accordance with SFRS(I) 15.

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Foreign currency

The financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into United States Dollars at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Vessels	-	20 to 30 years
Drydocking expenditure	-	2 to 3 years
Renovations, furniture and fittings	-	5 years
Equipment	-	3 to 5 years
Computers	-	3 years
Motor vehicles	-	5 years

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2.7 Club memberships

Club memberships are measured initially at cost. Following initial acquisition, club memberships are carried at cost less any accumulated amortisation and any accumulated impairment losses. Club memberships are amortised on a straight-line basis over estimated economic useful lives (ranging from 5 to 25 years) and assessed for impairment whenever there is an indication that the asset may be impaired.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investment in subsidiaries is accounted for at cost less impairment losses.

2.10 Associated company and joint venture

An associated company is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associated company and joint venture using the equity method from the date on which it becomes an associated company or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associated company or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investments in associated company and joint venture are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company or joint venture. The profit or loss reflects the share of results of the operations of the associated company or joint venture. Distributions received from joint venture or associated company reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associated company or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associated company or joint venture are eliminated to the extent of the interest in the associated company or joint venture.

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 venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associated company or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated company or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company or joint venture and its carrying value and recognises the amount in profit or loss.

Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investments in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

<u>Investments in equity instruments</u>

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

<u>Derivatives</u>

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of financial assets (cont'd)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and bank deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories, which comprise consumables, are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and are expensed in the period they occur.

2. Summary of significant accounting policies (cont'd)

2.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

2.18 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Share-based compensation

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered.

The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the awards at the date on which the awards are granted. In valuing the share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

This cost is recognised in the profit and loss account as share-based compensation expense, with a corresponding increase in the share-based payment reserve. When the new shares are issued to the employees, the proceeds received (net of transaction costs) and the related balance previously recognised in the share-based payment reserve are credited to share capital.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.19 Leases

(a) As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.19 Leases (cont'd)

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as charter hire income. The accounting policy for charter hire income is set out in Note 2.20.

2.20 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Charter hire income is recognised on a straight-line basis over the lease term.

Agency fees and terminal services, freight, clearance and transportation services, labour and other warehouse operation charges are recognised when the performance obligations under the contracts are satisfied.

Interest income is recognised using the effective interest method.

Dividend income is recognised when the Group's right to receive payment is established.

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.21 Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associated company and joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associated company and joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.21 Taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.22 Financial guarantee

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 payment when due in accordance with the term of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.23 Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss.

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risk exposures.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the hedging reserve until the future cash flows occur if the hedged future cash flows are still expected to occur or reclassified to profit or loss immediately if the hedged future cash flows are no longer expected to occur.

2. Summary of significant accounting policies (cont'd)

2.24 Share capital and treasury shares

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

The Group's own ordinary shares, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgment made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgment which has the most significant effect on the amounts recognised in the consolidated financial statements:

3. Significant accounting judgements and estimates (cont'd)

3.1 Judgment made in applying accounting policies (cont'd)

Determination of lease classification

The Group has entered into time charter lease agreements for its vessels. The Group evaluated the terms and conditions of the arrangements and assessed that the lease arrangements do not transfer ownership of the vessels to the lessees at the end of the lease terms. The Group determined it does not transfer substantially all the risks and rewards of ownership of these vessels to the lessees and had accounted for the agreements as operating leases.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future development, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Depreciation, useful lives and residual values of vessels

The Group reviews the estimated useful lives and residual values of the vessels regularly in order to determine the amount of depreciation expense to be recorded for each financial year. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the vessels. Any changes in the economic useful lives and the residual values could impact the depreciation expense and consequently affect the Group's financial results. The economic useful lives and residual values of the vessels are reviewed at each reporting date, with any changes in estimates accounted for as a change in estimate and therefore prospectively.

The residual values of the vessels for the purpose of calculating the annual depreciation expense for the financial year is estimated using the average scrap steel price per light displacement ton less estimated costs of disposal of a complete vessel with all normal machinery and equipment on board.

As at 31 March 2019, the carrying amount of vessels is US$137,850,000 (31 March 2018: US$144,056,000, 1 April 2017: US$150,268,000) (Note 9).

(b) Impairment of investment in subsidiaries

The carrying value of the Company's investment in subsidiaries is reviewed for impairment in accordance with FRS 36 *Impairment of Assets*. The investment in subsidiaries is tested for impairment when a subsidiary is in a net liabilities position or has suffered continual operating losses or has any other known impairment indicators.

As at 31 March 2019, the carrying amount of investment and allowance for impairment amounted to US$33,274,000 (31 March 2018: US$33,274,000, 1 April 2017: US$33,274,000) and US$649,000 (31 March 2018: US$649,000, 1 April 2017: US$649,000) respectively (Note 11).

4. Revenue

Disaggregation of revenue

	Group	
	2019	**2018**
	US$'000	**US$'000**
Types of services		
Revenue recognition – Over time		
Charter hire income	31,649	32,331
Revenue recognition – At a point in time		
Agency and logistics	16,824	13,903
	48,473	46,234

5. Results from operating activities

The following items have been included in arriving at results from operating activities:

	Group	
	2019	**2018**
	US$'000	**US$'000**
Fees paid to auditor of the Company:		
- Audit fees	64	61
- Non-audit fees	–	22
Contributions to defined contribution plans, included in - staff and crew costs	496	372
Operating lease expense	809	1,076

6. Finance and investment income

	Group	
	2019	**2018**
	US$'000	**US$'000**
Interest income on deposits with banks	464	195
Net fair value loss on investment securities	(7)	(15)
Dividend income	78	33
	535	213

7. Taxation

Major components of income tax expense

	Group	
	2019	2018
	US$'000	US$'000
Consolidated income statement:		
Current income tax expense recognised in profit or loss	17	6

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2019 and 2018 is as follows:

	Group	
	2019	2018
	US$'000	US$'000
Profit before taxation	10,601	10,441
Add: Share of results of associated company and joint venture, net of tax	(18)	222
	10,583	10,663
Tax at Singapore statutory tax rate of 17% (2018: 17%)	1,799	1,813
Adjustments:		
Non-deductible expenses	144	178
Income not subject to taxation	(1,974)	(2,093)
Deferred tax assets not recognised	48	108
Income tax expense recognised in profit or loss	17	6

Profits from qualifying shipping activities of the Group are exempted from income tax under the provision of Section 13A of the Singapore Income Tax Act, Chapter 134.

Unrecognised tax losses

As at 31 March 2019, certain subsidiaries of the Group have unutilised tax losses of US$21,078,000 (31 March 2018: US$20,654,000, 1 April 2017: US$20,672,000) that are available for offset against future taxable profits subject to agreement by the Comptroller of Income Tax and compliance with the relevant provisions of the Singapore Income Tax Act. Deferred tax assets amounting to US$3,583,000 (31 March 2018: US$3,511,000, 1 April 2017: US$3,514,000) have not been recognised in the financial statements because it is uncertain whether future taxable profits will be available against which the aforementioned subsidiaries can utilise the benefits arising therefrom.

7. Taxation (cont'd)

Tax consequences of proposed dividends

There are no income tax consequences (2018: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 27).

8. Earnings per share

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 March:

	Group	
	2019	**2018**
	US$'000	**US$'000**
Profit for the year attributable to owners of the Company	10,584	10,435

	Group	
	2019	**2018**
	No. of shares	**No. of shares**
	'000	**'000**
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	433,365	436,897

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. There are no dilutive potential ordinary shares outstanding during the financial year.

9. Property, plant and equipment

Group	Vessels	Drydocking expenditure	Renovations, furniture and fittings	Equipment and computers	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost						
At 1 April 2017	178,093	1,999	859	716	17	181,684
Additions	–	1,253	12	21	–	1,286
Disposals	–	–	–	(33)	–	(33)
Exchange differences	–	–	50	21	1	72
At 31 March 2018 and 1 April 2018	178,093	3,252	921	725	18	183,009
Additions	–	1,851	1	123	–	1,975
Disposals	–	(1,463)	–	(3)	–	(1,466)
Exchange differences	–	–	(23)	(11)	–	(34)
At 31 March 2019	178,093	3,640	899	834	18	183,484
Accumulated depreciation						
At 1 April 2017	27,825	840	248	487	17	29,417
Depreciation for the year	6,212	1,158	203	94	–	7,667
Disposals	–	–	–	(33)	–	(33)
Exchange differences	–	–	18	17	1	36
At 31 March 2018 and 1 April 2018	34,037	1,998	469	565	18	37,087
Depreciation for the year	6,206	1,563	164	99	–	8,032
Disposals	–	(1,463)	–	(3)	–	(1,466)
Exchange differences	–	–	(8)	(10)	–	(18)
At 31 March 2019	40,243	2,098	625	651	18	43,635
Net carrying amount						
At 1 April 2017	150,268	1,159	611	229	–	152,267
At 31 March 2018	144,056	1,254	452	160	–	145,922
At 31 March 2019	137,850	1,542	274	183	–	139,849

Assets pledged as security

As at 31 March 2019, the Group's vessels with a carrying amount of US$81,819,000 (31 March 2018: US$84,732,000, 1 April 2017: US$87,646,000) are mortgaged to secure bank borrowings (Note 21).

10. Goodwill

	Group		
	31.3.2019	**31.3.2018**	**1.4.2017**
	US$'000	**US$'000**	**US$'000**
Goodwill	779	802	587

The movement in goodwill relates to translation differences.

Impairment assessment on goodwill

For the purpose of impairment assessment, goodwill have been allocated to two cash generating units as follows:

	Group		
	31.3.2019	**31.3.2018**	**1.4.2017**
	US$'000	**US$'000**	**US$'000**
Agency business	433	446	253
Logistic business	346	356	334
	779	802	587

The recoverable amounts of the cash generating units have been determined based on value in use calculations using cash flow projections from financial budgets covering a five-year period. The following key assumptions are used in the value in use calculations:

(i) the anticipated annual revenue growth included in the cash flow projections was 1.0% (31 March 2018: 1.0%, 1 April 2017: 1.0%) with no significant changes to the customer base; and

(ii) pre-tax discount rate of 3.5% (31 March 2018: 4.1%, 1 April 2017: 3.8%) was applied in determining the recoverable amount of the businesses. The discount rate was estimated based on past experience and computed based on cost of debt assuming debt leveraging of 41% (31 March 2018: 46%, 1 April 2017: 45%) at a market interest rate of 3.2% (31 March 2018: 3.2%, 1 April 2017: 3.2%).

Sensitivity to changes in assumptions

With regards to the value in use calculations, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying amounts of goodwill to materially exceed their recoverable amounts.

11. Investment in subsidiaries and amount due from subsidiaries

	Company		
	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000
Unquoted equity shares, at cost	33,274	33,274	33,274
Impairment losses	(649)	(649)	(649)
	32,625	32,625	32,625
Amount due from subsidiaries	11,140	13,534	10,341

The amount due from subsidiaries is non-trade, unsecured and interest-free. The full settlement of the loans is neither planned nor likely to occur in the foreseeable future. As these loans are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment losses, if any.

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest		
			31.3.2019 %	31.3.2018 %	1.4.2017 %
Island Line Pte. Ltd.	Singapore	Shipping and transport services	100	100	100
SSC Capricornus Leader Pte. Ltd.	Singapore	Owning and chartering of a vessel	100	100	100
SSC Centaurus Leader Pte. Ltd.	Singapore	Owning and chartering of a vessel	100	100	100
SSC Sirius Leader Pte. Ltd.	Singapore	Owning and chartering of a vessel	100	100	100
SSC Investments (Pte) Limited	Singapore	Investment holding	100	100	100
SSC Boheme Pte. Ltd.	Singapore	Owning and chartering of a vessel	100	100	100
SSC Ship Management Pte. Ltd.	Singapore	Ship management	100	100	100
Singapore Shipping Agencies Pte. Ltd.	Singapore	Shipping agency, terminal operations, ancillary marine services and other related services	100	100	100
SSC Taurus 2015 (7000) Pte. Ltd.	Singapore	Owning and chartering of a vessel	100	100	100

11. Investment in subsidiaries and amount due from subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest		
			31.3.2019	31.3.2018	1.4.2017
			%	%	%
Held through Singapore Shipping Agencies Pte. Ltd.:					
Zetline Services Sdn. Bhd. [(a)]	Malaysia	Dormant	–	–	100
H.S.H. (Malaysia) Sdn. Bhd. [(b)]	Malaysia	Shipping agency and related services	100	100	100

All the subsidiaries incorporated in Singapore are audited by Ernst & Young LLP.

(a) Liquidated on 27 July 2017

(b) Audited by P.S. Yap, ISMA & Associates, Malaysia

12. Amount due from subsidiaries (current)

	Company		
	31.3.2019	31.3.2018	1.4.2017
	US$'000	US$'000	US$'000
Amount due from subsidiaries	38,486	30,596	27,093
Less: Allowance for impairment	(22,689)	(20,395)	(18,052)
	15,797	10,201	9,041

The amount due from subsidiaries is non-trade, unsecured, interest-free and repayable on demand.

Movements in allowance for impairment is as follows:

	Company		
	31.3.2019	31.3.2018	1.4.2017
	US$'000	US$'000	US$'000
At beginning of the year	20,395	18,052	16,322
Impairment during the year	2,294	2,343	1,730
At end of the year	22,689	20,395	18,052

13. Investments in associated company and joint venture

	Group			Company		
	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000
Investment in associated company	2,528	2,512	2,693	*	*	*
Investment in joint venture	432	432	1,004	1,208	1,208	1,208
Less: Allowance for impairment	(342)	(342)	(342)	(1,118)	(1,118)	(546)
	90	90	662	90	90	662
Total	2,618	2,602	3,355	90	90	662

* *Less than US$1,000*

Movements in allowance for impairment in respect of the investment in joint venture are as follows:

	Group			Company		
	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000
At beginning of the year	342	342	–	1,118	546	–
Impairment during the year	–	–	342	–	572	546
At end of the year	342	342	342	1,118	1,118	546

Details of the associated company and joint venture are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest		
			31.3.2019 %	31.3.2018 %	1.4.2017 %
MOB Cougar Pte Ltd [a]	Singapore	Owning and chartering of a vessel	30	30	30
Hai Poh Terminals Pte Ltd [b]	Singapore	Providing stevedoring and other port services	50	50	50

[a] Associated company, audited by Ernst & Young LLP

[b] In the progress of liquidation

13. Investments in associated company and joint venture (cont'd)

The summarised financial information in respect of the associated company and joint venture and a reconciliation with the carrying amount of investments in the consolidated financial statements are as follows:

	Group		
	31.3.2019	**31.3.2018**	**1.4.2017**
	US$'000	**US$'000**	**US$'000**
Associated company:			
Results			
Revenue	4,206	3,145	3,829
Profit/(loss) after taxation	60	(601)	(597)
Assets and liabilities			
Total assets	8,809	8,565	9,225
Total liabilities	(381)	(191)	(251)
Net assets	8,428	8,374	8,974
Proportion of the Group's ownership	30%	30%	30%
Group's share of net assets and carrying amount of the investment in associated company	2,528	2,512	2,693
Joint venture:			
Results			
Revenue	–	1,040	1,118
Loss after taxation	–	(83)	(158)
Assets and liabilities			
Total assets	191	191	1,377
Total liabilities	(11)	(11)	(52)
Net assets	180	180	1,325
Proportion of the Group's ownership	50%	50%	50%
Group's share of net assets and carrying amount of the investment in joint venture	90	90	662

During the financial year ended 31 March 2018, the Group received dividends of US$572,000 from the joint venture, Hai Poh Terminals Pte Ltd.

14. Other assets

	Group		
	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000
Club memberships	89	121	130

15. Inventories

	Group		
	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000
Balance sheet:			
Consumables	333	387	369
Income statement:			
Inventories recognised as an expense in vessel operation costs	992	950	961

16. Trade and other receivables

	Group			Company		
	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000
Financial assets						
Trade receivables	2,897	3,487	2,483	–	–	–
Deposits	141	507	576	–	–	–
Accrued interest receivable	341	52	10	70	10	4
Amount due from related parties	–	–	128	–	–	–
Sundry debtors	38	223	30	–	190	1
	3,417	4,269	3,227	70	200	5
Non-financial assets						
Advances	106	44	280	–	–	1
Prepayments	667	240	148	15	9	9
Total trade and other receivables	4,190	4,553	3,655	85	209	15

16. Trade and other receivables (cont'd)

Trade receivables are non-interest bearing and are generally on 30 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The amount due from related parties is non-trade, unsecured, interest-free and repayable on demand.

Receivables that are past due but not impaired

The Group has trade receivables amounting to US$646,000 (31 March 2018: US$1,096,000, 1 April 2017: US$1,139,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group		
	31.3.2019	**31.3.2018**	**1.4.2017**
	US$'000	**US$'000**	**US$'000**
Trade receivables past due but not impaired:			
Lesser than 30 days	372	548	592
30 – 60 days	186	52	180
More than 60 days	88	496	367
	646	1,096	1,139

17. Investment securities

(a) Financial instruments as at 31 March 2019

	Group
	31.3.2019
	US$'000
At fair value through profit or loss	
- Quoted equity securities	2,109

(b) Financial instruments as at 31 March 2018 and 1 April 2017

	Group	
	31.3.2018	**1.4.2017**
	US$'000	**US$'000**
Financial assets held for trading		
- Quoted equity securities	2,116	131

18. Cash and cash equivalents and long-term deposits

	Group			Company		
	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000
Cash at banks and on hand	5,149	4,955	3,256	409	134	1,020
Short-term deposits	20,910	8,981	8,191	5,245	5,227	4,903
Cash and cash equivalents	26,059	13,936	11,447	5,654	5,361	5,923
Long-term deposits	–	5,000	–	–	–	–

The weighted average effective interest rates per annum at the end of the reporting period are as follows:

	Group			Company		
	31.3.2019 %	31.3.2018 %	1.4.2017 %	31.3.2019 %	31.3.2018 %	1.4.2017 %
Deposits	2.9	2.2	1.3	2.9	2.0	1.2

19. Trade and other payables

	Group			Company		
	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000
Financial liabilities						
Trade payables	930	743	1,202	–	–	–
Sundry payables	125	42	1,049	4	4	3
Amount due to related parties	202	773	519	–	–	–
Accrued interest payable	176	197	219	–	–	–
Accrued operating expenses	3,181	3,414	3,241	122	142	219
	4,614	5,169	6,230	126	146	222
Non-financial liabilities						
Advance receipts from customers	1,470	1,459	585	–	–	–
Total trade and other payables	6,084	6,628	6,815	126	146	222

Trade payables are non-interest bearing and are normally settled on 30 - 60 days terms.

The amount due to related parties is non-trade, unsecured, interest-free and repayable on demand.

20. Amount due to subsidiaries (current)

The amount due to subsidiaries is non-trade, unsecured, interest-free and repayable on demand.

21. Bank borrowings

	Group		
	31.3.2019	**31.3.2018**	**1.4.2017**
	US$'000	**US$'000**	**US$'000**
Current bank borrowings	7,667	7,667	7,667
Non-current bank borrowings	54,574	62,241	69,908
	62,241	69,908	77,575

As at 31 March 2019, the carrying amount of the vessels mortgaged as security for the bank borrowings is US$81,819,000 (31 March 2018: US$84,732,000, 1 April 2017: US$87,646,000) (Note 9).

As part of its interest rate risk management, the Group had entered into interest rate swaps to swap floating interest rates on US$62,241,000 (31 March 2018: US$69,908,000, 1 April 2017: US$77,575,000) of the bank borrowings to fixed interest rates. The notional principal amounts of the outstanding interest rate swaps and their corresponding fair values are disclosed in Note 22.

The weighted average effective interest rate per annum (after taking into consideration the interest rate swaps) at the end of the reporting period is 3.2% (31 March 2018: 3.2%, 1 April 2017: 3.2%).

22. Derivative financial assets/(liabilities)

	Group					
	31.3.2019		**31.3.2018**		**1.4.2017**	
	Notional amount	**Fair value**	**Notional amount**	**Fair value**	**Notional amount**	**Fair value**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Current						
Interest rate swaps	7,667	303	7,667	256	7,667	(403)
Non-current						
Interest rate swaps	54,574	592	62,241	2,103	69,908	1,325

The interest rate swaps are designated as cash flow hedges for the Group's bank borrowings. See Note 21 for further details.

23. Deferred income

Deferred income arises from the adoption of straight-line basis for the recognition of charter hire income.

24. Share capital

	Group and Company					
	31.3.2019		31.3.2018		1.4.2017	
	No. of shares '000	US$'000	No. of shares '000	US$'000	No. of shares '000	US$'000
Issued and fully paid ordinary shares						
At beginning of the year	437,020	31,886	436,657	31,812	436,349	31,747
Issued during the year	–	–	363	74	308	65
At end of the year	437,020	31,886	437,020	31,886	436,657	31,812

On 2 August 2017 and 1 August 2016, the Company issued 363,200 and 308,000 ordinary shares respectively for fulfilling the grant of performance shares that were fully vested during the financial years ended 31 March 2018 and 31 March 2017.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

Singapore Shipping Corporation Limited Performance Share Plan 2015 ("SSC PSP")

Under the SSC PSP, an award granted represents the right to receive fully paid shares, free of charge, provided that certain pre-determined performance conditions (if applicable) are satisfied within the performance period (if applicable) during which such performance conditions are to be satisfied. Performance conditions are intended to be based on short to medium term corporate critical targets based on criteria such as total shareholders' returns, market share, market ranking, return on sales and gross operating profits being met over a short period of one to three years.

The persons eligible to participate in the SSC PSP are either selected employees of the Group of such rank as the Remuneration Committee may determine, or other participants as selected by the Remuneration Committee at its discretion, but shall exclude the independent directors of the Company, controlling shareholders and the associates of such controlling shareholders.

During the financial years ended 31 March 2018 and 31 March 2017, 363,200 and 308,000 ordinary shares were granted respectively.

25. Treasury shares

	Group and Company					
	31.3.2019		31.3.2018		1.4.2017	
	No. of shares ‘000	US$’000	No. of shares ‘000	US$’000	No. of shares ‘000	US$’000
Acquired during the year and at end of the year	11,388	2,432	–	–	–	–

Treasury shares relate to ordinary shares of the Company that is held by the Company.

During the financial year ended 31 March 2019, the Company acquired 11,388,000 ordinary shares in the Company through purchases on the SGX-ST. The total amount paid to acquire the shares was US$2,432,000 and this was presented as a component within shareholders’ equity.

26. Other reserves

	Group		
	31.3.2019 US$’000	31.3.2018 US$’000	1.4.2017 US$’000
Hedging reserve	895	2,359	922
Currency translation reserve	(1,094)	(710)	(1,508)
	(199)	1,649	(586)

27. Dividends

	Group and Company	
	2019 US$’000	2018 US$’000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final tax exempt (one-tier) dividend for 2018 of 1 Singapore cent (2017: 1 Singapore cent) per share	3,184	3,215
Proposed but not recognised as a liability as at 31 March:		
Dividends on ordinary shares, subject to shareholders’ approval at the Annual General Meeting:		
- Final tax exempt (one-tier) dividend for 2019 of 1 Singapore cent (2018: 1 Singapore cent) per share	3,141	3,233

28. Segment information

(a) Operating segments

The Group has two reportable segments, namely ship owning and agency and logistics as follows:

(i) Ship owning segment: Includes ship owning and ship management.

(ii) Agency and logistics segment: Includes shipping agency, terminal operations, warehousing and logistics services.

Management monitors the operating results of each of these operating segments for the purpose of making decisions about resources allocation and performance assessment.

For financial year ended 31 March 2019

	Ship owning US$'000	Agency and logistics US$'000	Unallocated items* US$'000	Inter-segment elimination US$'000	Group US$'000
Group's external revenue	31,649	16,824	–	–	48,473
Segment results	12,013	2,912	–	–	14,925
Finance costs	(2,145)	–	–	–	(2,145)
Share of results of associated company and joint venture, net of tax	18	–	–	–	18
Profit before unallocated items	9,886	2,912	–	–	12,798
Corporate costs	–	–	(2,757)	–	(2,757)
Finance and investment income	–	–	535	–	535
Exchange differences	–	–	25	–	25
Profit before taxation	9,886	2,912	(2,197)	–	10,601
Taxation	–	–	(17)	–	(17)
Profit for the year	9,886	2,912	(2,214)	–	10,584
Segment assets	168,062	10,823	–	(4,582)	174,303
Investments in associated company and joint venture	2,528	90	–	–	2,618
Total assets	170,590	10,913	–	(4,582)	176,921
Total liabilities	86,640	2,588	–	(4,582)	84,646
Capital expenditure	1,942	33	–	–	1,975
Depreciation	7,824	208	–	–	8,032

28. Segment information (cont'd)

(a) Operating segments (cont'd)

For financial year ended 31 March 2018

	Ship owning US$'000	Agency and logistics US$'000	Unallocated items* US$'000	Inter-segment elimination US$'000	Group US$'000
Group's external revenue	32,331	13,903	–	–	46,234
Segment results	13,178	3,012	–	–	16,190
Finance costs	(2,383)	–	–	–	(2,383)
Share of results of associated company and joint venture, net of tax	(180)	(42)	–	–	(222)
Profit before unallocated items	10,615	2,970	–	–	13,585
Corporate costs	–	–	(2,799)	–	(2,799)
Finance and investment income	–	–	213	–	213
Exchange differences	–	–	(558)	–	(558)
Profit before taxation	10,615	2,970	(3,144)	–	10,441
Taxation	–	–	(6)	–	(6)
Profit for the year	10,615	2,970	(3,150)	–	10,435
Segment assets	168,789	11,409	–	(5,002)	175,196
Investments in associated company and joint venture	2,512	90	–	–	2,602
Total assets	171,301	11,499	–	(5,002)	177,798
Total liabilities	90,413	3,232	–	(5,002)	88,643
Capital expenditure	1,268	18	–	–	1,286
Depreciation	7,459	208	–	–	7,667

28. Segment information (cont'd)

(a) Operating segments (cont'd)

As at 1 April 2017

	Ship owning US$'000	Agency and logistics US$'000	Unallocated items* US$'000	Inter-segment elimination US$'000	Group US$'000
Segment assets	164,266	9,990	–	(4,345)	169,911
Investments in associated company and joint venture	2,693	662	–	–	3,355
Total assets	166,959	10,652	–	(4,345)	173,266
Total liabilities	95,648	2,337	–	(4,345)	93,640

* Unallocated items refer to corporate costs, finance and investment income, exchange differences and taxation.

(b) Geographical segments

Revenue by geographical segments

The following table provides an analysis of the Group's revenue by geographical segments:

	Group	
	2019 US$'000	2018 US$'000
Revenue		
Japan	21,536	21,798
Singapore	16,468	13,802
Others	10,469	10,634
	48,473	46,234

Assets and capital expenditure by geographical segments

As the Group's vessels are deployed by the customers to various parts of the world, the directors do not consider it meaningful to allocate the assets and capital expenditure of the ship owning segment to specific geographical segments. The agency and logistics operations are mainly located in Singapore.

28. Segment information (cont'd)

(c) Information about major customers

	Group	
	2019	2018
	% of total revenue	% of total revenue
Revenue from:		
Customer 1	44	47
Customer 2	24	23
Customer 3	10	9

There are 3 major customers identified by the management.

29. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The board of directors reviews and agrees on policies and procedures for the management of these risks. The Audit and Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and deposits, investment securities and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 365 days when they fall due, which are derived based on the Group's historical information.

29. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating;

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations; and

- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 180 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower;

- A breach of contract, such as a default or past due event;

- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and

- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than one year past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

(i) <u>Trade receivables</u>

The Group provides for lifetime expected credit losses for all trade receivables based on simplified approach. The provision rates are determined based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The expected credit losses of trade receivables at the end of the financial year were determined to be immaterial.

29. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

(ii) Amount due from subsidiaries at amortised cost

The Company computes ECL for non-trade amounts due from subsidiaries using the probability of default approach. In determining this ECL, the Company considers events such as significant adverse changes in financial condition and operating results of the subsidiaries and determines that significant increase in credit risk occurs when there are changes in the risk that the specific subsidiary will default on the payment.

There are no significant changes to estimation techniques or assumptions made during the reporting period.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recognised in the balance sheet.

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets and corporate guarantees of US$62,241,000 (31 March 2018: US$69,908,000, 1 April 2017: US$77,575,000) provided by the Company to banks on the bank borrowings of certain subsidiaries.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk concentration profile

As at 31 March 2019, 37% (31 March 2018: 38%, 1 April 2017: 40%) of the Group's trade receivables were due from 3 (31 March 2018: 3, 1 April 2017: 3) major customers. These customers are of good standing and have no history of default payments.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This is achieved through monitoring the cash flow requirements closely and optimising the cash return on investments.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	Carrying amount	Contractual cash flows Total	Not later than 1 year	Between 1 and 5 years	More than 5 years
	US$'000	US$'000	US$'000	US$'000	US$'000
31 March 2019					
Trade and sundry payables	1,055	1,055	1,055	–	–
Amount due to related parties	202	202	202	–	–
Accrued operating expenses	3,181	3,181	3,181	–	–
Bank borrowings and accrued interest	62,417	72,418	9,596	30,834	31,988
	66,855	76,856	14,034	30,834	31,988
Derivative financial instruments					
Interest rate swaps used for hedging (net settled)	(895)	(895)	(303)	(262)	(330)
	65,960	75,961	13,731	30,572	31,658

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Group	Carrying amount	Total	Not later than 1 year	Between 1 and 5 years	More than 5 years
		Contractual cash flows			
	US$'000	US$'000	US$'000	US$'000	US$'000
31 March 2018					
Trade and sundry payables	785	785	785	–	–
Amount due to related parties	773	773	773	–	–
Accrued operating expenses	3,414	3,414	3,414	–	–
Bank borrowings and accrued interest	70,105	82,249	9,831	34,042	38,376
	75,077	87,221	14,803	34,042	38,376
Derivative financial instruments					
Interest rate swaps used for hedging (net settled)	(2,359)	(2,359)	(256)	(1,318)	(785)
	72,718	84,862	14,547	32,724	37,591
1 April 2017					
Trade and sundry payables	2,251	2,251	2,251	–	–
Amount due to related parties	519	519	519	–	–
Accrued operating expenses	3,241	3,241	3,241	–	–
Bank borrowings and accrued interest	77,794	92,321	10,072	37,310	44,939
	83,805	98,332	16,083	37,310	44,939
Derivative financial instruments					
Interest rate swaps used for hedging (net settled)	(922)	(922)	403	(365)	(960)
	82,883	97,410	16,486	36,945	43,979

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company	Carrying amount	Contractual cash flows Total	Not later than 1 year	Between 1 and 5 years	More than 5 years
	US$'000	US$'000	US$'000	US$'000	US$'000
31 March 2019					
Sundry payables	4	4	4	–	–
Amount due to subsidiaries	10,790	10,790	10,790	–	–
Accrued operating expenses	122	122	122	–	–
	10,916	10,916	10,916	–	–
Non-derivative financial liabilities					
Financial guarantees	62,241	62,241	7,667	25,366	29,208
	73,157	73,157	18,583	25,366	29,208
31 March 2018					
Sundry payables	4	4	4	–	–
Amount due to subsidiaries	8,589	8,589	8,589	–	–
Accrued operating expenses	142	142	142	–	–
	8,735	8,735	8,735	–	–
Non-derivative financial liabilities					
Financial guarantees	69,908	69,908	7,667	27,723	34,518
	78,643	78,643	16,402	27,723	34,518

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company	Carrying amount	← Contractual cash flows → Total	Not later than 1 year	Between 1 and 5 years	More than 5 years
	US$'000	US$'000	US$'000	US$'000	US$'000
1 April 2017					
Sundry payables	3	3	3	–	–
Amount due to subsidiaries	5,262	5,262	5,262	–	–
Accrued operating expenses	219	219	219	–	–
	5,484	5,484	5,484	–	–
Non-derivative financial liabilities					
Financial guarantees	77,575	77,575	7,667	30,080	39,828
	83,059	83,059	13,151	30,080	39,828

(c) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Singapore Dollar.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group's assets. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

The Group also regularly reviews its exposure to foreign currency risk and manages it by entering into foreign exchange options and/or forward exchange contracts where applicable.

29. Financial risk management objectives and policies (cont'd)

(c) Foreign currency risk (cont'd)

The currency giving rise to foreign currency risk is primarily the Singapore Dollar. The Group's and the Company's exposures to the Singapore Dollar are as follows:

	Group			Company		
	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000
Trade and other receivables	39	267	52	–	191	*
Cash and cash equivalents	3,239	1,802	357	404	1,281	49
Trade and other payables	(684)	(1,070)	(2,109)	(126)	(146)	(222)
Amount due to subsidiaries	–	–	–	–	–	(1,054)
Net exposure	2,594	999	(1,700)	278	1,326	(1,227)

* *Less than US$1,000*

Sensitivity analysis

A 5% strengthening of the functional currency against the Singapore Dollar at the end of the reporting period would (decrease)/increase the profit before taxation by the amounts shown below.

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Profit before taxation	(130)	(50)	(14)	(66)

A 5% weakening of the functional currency against the Singapore Dollar at the end of the reporting period would have equal but opposite effect to the amounts shown above.

The above analysis assumes all other variables remain constant.

Management is of the view that the above sensitivity analysis may not be representative of the inherent foreign currency risk as year-end exposure may not reflect the actual exposure and circumstances during the financial year.

29. Financial risk management objectives and policies (cont'd)

(d) Interest rate risk

The Group's variable rate financial instruments are exposed to a risk of change in cash flows due to changes in interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from bank borrowings and deposits.

The Group manages its exposure to changes in interest rates on bank borrowings by entering into interest rate swaps to convert the floating rate part of the bank borrowings to fixed rates. As at 31 March 2019, the Group has interest rate swaps with a total notional contract amount of US$62,241,000 (31 March 2018: US$69,908,000, 1 April 2017: US$77,575,000), whereby it pays fixed interest rates and receives variable rates pegged to the United States Dollar London Interbank Offer Rate. The Group classifies these interest rate swaps as cash flow hedges. The interest rate swaps will mature over the next 3 to 11 (31 March 2018: 4 to 12, 1 April 2017: 5 to 13) years.

(e) Financial assets and liabilities by category

	Group			Company		
	31.3.2019	**31.3.2018**	**1.4.2017**	**31.3.2019**	**31.3.2018**	**1.4.2017**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Trade and other receivables	3,417	4,269	3,227	70	200	5
Amount due from subsidiaries	–	–	–	15,797	10,201	9,041
Cash and cash equivalents	26,059	13,936	11,447	5,654	5,361	5,923
Long-term deposits	–	5,000	–	–	–	–
Financial assets carried at amortised cost	29,476	23,205	14,674	21,521	15,762	14,969
Investment securities	2,109	–	–	–	–	–
Financial assets held for trading	–	2,116	131	–	–	–
Financial assets at fair value through profit or loss	2,109	2,116	131	–	–	–
Derivative financial assets used for hedging	895	2,359	1,325	–	–	–

29. Financial risk management objectives and policies (cont'd)

(e) Financial assets and liabilities by category (cont'd)

	Group			Company		
	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000
Derivative financial liabilities used for hedging	–	–	(403)	–	–	–
Trade and other payables	(4,614)	(5,169)	(6,230)	(126)	(146)	(222)
Amount due to subsidiaries	–	–	–	(10,790)	(8,589)	(5,262)
Bank borrowings	(62,241)	(69,908)	(77,575)	–	–	–
Financial liabilities measured at amortised cost	(66,855)	(75,077)	(83,805)	(10,916)	(8,735)	(5,484)

30. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

30. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments	Significant observable inputs other than quoted prices	Significant unobservable inputs	Total
Group	**(Level 1)**	**(Level 2)**	**(Level 3)**	
	US$'000	**US$'000**	**US$'000**	**US$'000**
31 March 2019				
Financial assets:				
Derivative financial assets	–	895	–	895
Investment securities at fair value through profit or loss	2,109	–	–	2,109
	2,109	895	–	3,004
31 March 2018				
Financial assets:				
Derivative financial assets	–	2,359	–	2,359
Financial assets held for trading	2,116	–	–	2,116
	2,116	2,359	–	4,475
1 April 2017				
Financial assets:				
Derivative financial assets	–	1,325	–	1,325
Financial assets held for trading	131	–	–	131
	131	1,325	–	1,456
Financial liabilities:				
Derivative financial liabilities	–	(403)	–	(403)

(c) Level 2 fair value measurements

Interest rate swap contracts are valued using a valuation technique with market observable inputs.

31. Capital management

The Board's policy is to have a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group defines capital to include funds raised through the issuance of ordinary share capital and all components of equity. The Group manages its capital to ensure entities in the Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group actively reviews its capital structure and considers the cost of capital and the risks associated with each class of capital. As at 31 March 2019, the Group had an outstanding debt exposure of US$62,241,000 (31 March 2018: US$69,908,000, 1 April 2017: US$77,575,000). The Group balances its overall capital structure through the payment of dividends, return of capital to shareholders, new share issues as well as the issue of new debt or the redemption of existing debt.

There were no changes in the Group's approach to capital management during the financial year.

The Group's ship owning subsidiaries are subject to externally imposed capital requirements as required under Regulation 7 of the Merchant Shipping Act (Chapter 179). These companies have complied with the requirements during the financial year.

32. Related party transactions

(a) Compensation of key management personnel

	Group	
	2019	**2018**
	US$'000	**US$'000**
Directors of the Company		
Directors' fees	162	162
Short-term employee benefits	2,322	2,257
Contributions to defined contribution plans	24	24
	2,508	2,443
Other key management personnel		
Short-term employee benefits	970	909
Contributions to defined contribution plans	48	37
Share-based compensation	–	49
	1,018	995
Total	3,526	3,438

32. Related party transactions (cont'd)

(b) Other related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Management and service fees		Rental	Purchase of goods and services
	Received and receivable US$'000	Paid and payable US$'000	Paid and payable US$'000	Paid and payable US$'000
2019				
Associated company and joint venture	–	–	–	–
Companies related to a director	–	(465)	(488)	(64)
2018				
Associated company and joint venture	363	–	–	–
Companies related to a director	–	(473)	(495)	(208)

33. Commitments

Operating leases

As lessor

The Group leases out its vessels under operating leases. The future minimum lease payments to be received under non-cancellable lease agreements for vessels are as follows:

	Group		
	31.3.2019 US$'000	31.3.2018 US$'000	1.4.2017 US$'000
Within 1 year	36,405	36,537	36,537
Between 1 and 5 years	138,941	140,539	142,364
More than 5 years	217,437	252,244	286,955
	392,783	429,320	465,856

33. Commitments (cont'd)

As lessee

The Group has committed to lease a warehouse under non-cancellable operating lease. Future minimum rental payable at the end of the reporting period is as follows:

	Group		
	31.3.2019	**31.3.2018**	**1.4.2017**
	US$'000	**US$'000**	**US$'000**
Within 1 year	306	286	254
Between 1 and 5 years	367	32	318
	673	318	572

34. Contingent liabilities

The Company had provided performance guarantees to third party with respect to charter party agreements for the charter of vessels by the subsidiaries to the third party.

35. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 27 June 2019.

SHAREHOLDING STATISTICS

As at 13 June 2019

Number of Issued and Paid-up Share Capital	:	S$44,649,448
Number of Issued and Paid-up Shares	:	437,019,791
Number of Treasury Shares	:	11,838,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Ordinary Share
Number and Percentage of Treasury Shares	:	2.71%
Number and Percentage of Subsidiary Holdings Held	:	Nil

BREAKDOWN OF SHAREHOLDINGS BY RANGE

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital*
1 - 99	13	0.18	535	0.00
100 - 1,000	539	7.33	453,451	0.11
1,001 - 10,000	4,279	58.23	23,780,781	5.59
10,001 - 1,000,000	2,493	33.92	123,368,124	29.02
1,000,001 and above	25	0.34	277,578,900	65.28
Total	**7,349**	**100.00**	**425,181,791**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital*
1	Ow Chio Kiat	153,704,500	36.15
2	Chu Siew Hoong Christopher	14,687,000	3.45
3	Tan Gim Tee Holdings Pte Ltd	13,200,000	3.10
4	Kiersten Ow Yiling	13,043,800	3.07
5	United Overseas Bank Nominees Pte Ltd	10,335,000	2.43
6	DBS Nominees Pte Ltd	9,439,650	2.22
7	ABN Amro Clearing Bank N.V.	8,456,600	1.99
8	Raffles Nominees (Pte) Limited	6,966,350	1.64
9	Hai Sun Hup Group Pte Ltd	6,200,000	1.46
10	BPSS Nominees Singapore (Pte.) Ltd.	5,498,700	1.29
11	Lim Bee Lan	5,171,200	1.22
12	Citibank Nominees Singapore Pte Ltd	4,915,850	1.16
13	OCBC Nominees Singapore Pte Ltd	4,355,400	1.02
14	Lim Siew Feng Katherine	4,315,000	1.01
15	Lim & Tan Securities Pte Ltd	2,297,800	0.54
16	Ow Yew Heng	2,096,200	0.49
17	Tan Hua Tock	1,767,800	0.42
18	Ng Kee Seng	1,583,000	0.37
19	Ang Shao Wen	1,552,000	0.37
20	Philip Securities Pte Ltd	1,480,800	0.35
	Total	**271,066,650**	**63.75**

* The shareholding percentage is calculated based on the number of issued ordinary shares of the Company excluding treasury shares.

SHAREHOLDING STATISTICS

As at 13 June 2019

SUBSTANTIAL SHAREHOLDER
(As recorded in the Register of Substantial Shareholders as at 13 June 2019)

	Direct Interest		Deemed Interest		Total	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Ow Chio Kiat	153,704,500	36.15	10,640,000	2.50	164,344,500	38.65

Notes:

Mr Ow Chio Kiat is deemed interested in the following shares:

(1) 4,315,000 shares held by his spouse, Madam Lim Siew Feng Katherine;

(2) 6,200,000 shares held by Hai Sun Hup Group Pte Ltd by virtue of his controlling interests in Hai Sun Hup Group Pte Ltd; and

(3) 125,000 shares held by Maritime Properties Pte Ltd by virtue of his controlling interests in Maritime Properties Pte Ltd.

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

To the best knowledge of the Company and based on information provided to the Company as at 13 June 2019, approximately 52.89% of the issued and paid-up shares of the Company are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING AND BOOKS CLOSURE

SINGAPORE SHIPPING CORPORATION LIMITED
Company Registration No. 198801332G
(Incorporated in the Republic of Singapore)

Note:	The Company will not be distributing any vouchers or door gifts at the Annual General Meeting.

NOTICE IS HEREBY GIVEN that the 31st Annual General Meeting of Singapore Shipping Corporation Limited (the "Company") will be held at Singapore Chinese Cultural Centre, Multi-purpose Hall (Level 7), 1 Straits Boulevard, Singapore 018906, on Friday, 26 July 2019 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2019 and the Directors' Statement and Auditor's Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one-tier) dividend of 1.0 Singapore cent per ordinary share for the financial year ended 31 March 2019. **(Resolution 2)**

3. To approve Directors' Fees of up to S$220,000 payable by the Company quarterly in arrears for the financial year ending 31 March 2020 (2019: S$220,000). **(Resolution 3)**

4. To re-elect Ow Chio Kiat, a Director who is retiring by rotation in accordance with Regulation 89(A) of the Company's Constitution, and being eligible, offers himself for re-election. **(Resolution 4)**

   Note: Ow Chio Kiat will, upon his re-election as Director, remain as Executive Chairman and member of the Nominating Committee. He is the brother of the Deputy Executive Chairman, Ow Cheo Guan, and the father of Executive Director and Chief Executive Officer, Ow Yew Heng.

5. To re-elect Ng Jui Ping, a Director who is retiring by rotation in accordance with Regulation 89(B) of the Company's Constitution, and being eligible, offers himself for re-election. **(Resolution 5)**

   Note: Ng Jui Ping will, upon his re-election as Director, remain as Chairman of the Audit and Risk Management Committee and member of the Nominating and Remuneration Committees. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). There are no relationships (including immediate family relationship) between Ng Jui Ping and the other Directors, the Company and its substantial shareholders.

6. To re-elect Pebble Sia Huei-Chieh, a Director who is retiring in accordance with Regulation 89(B) of the Company's Constitution, and being eligible, offers herself for re-election. **(Resolution 6)**

   Note: Pebble Sia Huei-Chieh will, upon her re-election as Director, remain as Chairman of the Nominating Committee and member of the Audit and Risk Management and Remuneration Committees. She is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including immediate family relationship) between Pebble Sia and the other Directors, the Company and its substantial shareholders.

7. To re-elect Huong Wei Beng, a Director who is retiring in accordance with Regulation 95 of the Company's Constitution, and being eligible, offers himself for re-election. **(Resolution 7)**

   Note: Huong Wei Beng will, upon his re-election as Director, remain as Chairman of the Remuneration Committee and member of the Audit and Risk Management Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including immediate family relationship) between Huong Wei Beng and the other Directors, the Company and its substantial shareholders.

Questions In Advance
The Board of Directors (the "Board") wishes to offer shareholders the opportunity to submit questions relating to the agenda of the Annual General Meeting and the Annual Report in advance of the Annual General Meeting. Shareholders can send their questions in writing no later than three (3) days in advance of the Annual General Meeting to 200 Cantonment Road, #09-01, Southpoint, Singapore 089763, Attention to Company Secretary, stating shareholder's identification details and shareholdings. At the Annual General Meeting, the Board will address the issues which, on the basis of the questions submitted, appear to be of most interest to the shareholders generally. The Board wishes to emphasise, however, that submitting a question in advance will not preclude the shareholders from asking that question, or any other question at the Annual General Meeting.

8. To re-appoint Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass, the following as ordinary resolutions, with or without modifications:

9. "That authority be and is hereby given to the Directors to: **(Resolution 9)**

(a) (i) allot and issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution), shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) that may be issued under sub-paragraph (i) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for: (1) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and (2) any subsequent bonus issue, consolidation or sub-division of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable requirements under the Companies Act (Chapter 50) (the "Companies Act") and the Constitution of the Company for the time being; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

Note: This Resolution 9, if passed, will authorise the Directors, from the date of this Annual General Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares, to make or grant Instruments convertible into Shares, and to allot and issue Shares in pursuance of such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), with a sub-limit of 20% for issues other than on a pro rata basis to shareholders.

10. "That authority be and is hereby given to the Directors to: **(Resolution 10)**

(a) offer and grant options in accordance with the provisions of the Singapore Shipping Corporation Limited Share Option Plan 2015 and/or grant awards in accordance with the provisions of the Singapore Shipping Corporation Limited Performance Share Plan 2015 (together the "Share Plans"); and

(b) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options under the Singapore Shipping Corporation Limited Share Option Plan 2015 and/or such number of fully paid Shares as may be required to be issued pursuant to the vesting of awards under the Singapore Shipping Corporation Limited Performance Share Plan 2015,

provided always that the aggregate number of Shares to be issued pursuant to the Share Plans shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

Note: This Resolution 10, if passed, will empower the Directors, from the date of this Annual General Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is earlier, to offer and grant options and/or awards, and to allot and issue new Shares, pursuant to the Share Plans, provided that the aggregate number of Shares to be issued pursuant to the Share Plans shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time.

11. "That: **(Resolution 11)**

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore ("Companies Act") the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (defined below), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (defined below), whether by way of:

(i) on-market purchases transacted on the SGX-ST through the SGX-ST trading system or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed and quoted ("Market Purchases"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as defined in Section 76C of the Companies Act, which scheme(s) shall satisfy all conditions prescribed by the Companies Act and the Listing Manual ("Off-Market Purchases");

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Buy-Back Mandate");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution relating to the Share Buy-Back Mandate and expiring on:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held, whichever is earlier;

(ii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by Shareholders in a general meeting; or

(iii) the date on which the Share Buy-Backs are carried out to the full extent mandated,

whichever is the earliest;

(c) in this resolution relating to the Share Buy-Back Mandate:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the day on which the purchase or acquisition of Shares was made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five (5) Market Days;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Limit**" means that number of Shares representing not more than ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the resolution passed in relation to the Share Buy-Back Mandate, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered after such capital reduction (excluding any treasury shares and subsidiary holdings as may be held by the Company from time to time);

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price;

"**Relevant Period**" means the period commencing from the date of the resolution passed in relation to the Share Buy-Back Mandate and expiring on the date on which the next Annual General Meeting of the Company is or is required by law to be held, whichever is earlier;

(d) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the discretion of the Directors of the Company; either be cancelled or held in treasury and dealt with in accordance with the Companies Act; and

(e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated authorised by this resolution relating to the Share Buy-Back Mandate.

Note: This Resolution 11, if passed, will empower the Directors, from the date of this Annual General Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier, unless such authority is varied or revoked by the Company in general meeting, to purchase or acquire Shares up to the Maximum Limit, at prices up to but not exceeding the Maximum Price, as at the date of the passing of this Resolution 11. The source of funds to be used for the purchase or acquisition of Shares including the amount of financing and its impact on the Company's financial position are set out in Paragraphs 2.7 and 2.8 of the Addendum dated 11 July 2019.

OTHER BUSINESS
To transact any other business that may be transacted at an Annual General Meeting of the Company.

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 8 August 2019 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, up to the close of business at 5.00 p.m. on 7 August 2019 will be registered to determine shareholders' entitlement to the proposed final dividend. In respect of Shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the proposed final dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to such holders of Shares in accordance with its practice.

If approved, the proposed final dividend will be paid on 22 August 2019.

BY ORDER OF THE BOARD

LEE LI HUANG
COMPANY SECRETARY

Singapore
11 July 2019

Notes:

1. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting of the Company. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than two (2) proxies are appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy needs not be a member of the Company.

4. If a member is a corporation, the form of proxy must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Companies Act as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation.

5. A depositor's name must appear in the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting in order for the depositor to be entitled to attend, speak and vote at the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not less than seventy-two (72) hours before the time appointed for the Annual General Meeting. Completion and return of the form of proxy by a member will not prevent him from attending and voting at the Annual General Meeting if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.

Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING AND BOOKS CLOSURE

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Ow Chio Kiat
Age	74
Country of principal residence	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Ow Chio Kiat was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his contributions and performance.
Whether appointment is executive, and if so, the area of responsibility	Executive. Overall management of the Group.
Job Title	Executive Chairman Member of Nominating Committee
Professional qualifications	Refer to the section on Board of Directors at pages 5 to 7 of this annual report for details.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	• Brother of Mr Ow Cheo Guan, Deputy Executive Chairman • Father of Mr Ow Yew Heng, Executive Director and Chief Executive Officer
Conflict of interests (including any competing business)	No
Working experience and occupation(s) during the past 10 years	Refer to the section on Board of Directors at pages 5 to 7 of this annual report for details.
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

Ng Jui Ping	Pebble Sia Huei-Chieh	Huong Wei Beng
70	45	46
Singapore	Singapore	Singapore
The re-election of Mr Ng Jui Ping was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his independence status, contributions and performance.	The re-election of Ms Pebble Sia Huei-Chieh was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration her independence status, contributions and performance.	The re-election of Mr Huong Wei Beng was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his independence status, contributions and performance.
Non-Executive	Non-Executive	Non-Executive
Lead Independent Director Chairman of Audit and Risk Management Committee Member of Nominating Committee Member Remuneration Committee	Independent Non-Executive Director Chairman of Nominating Committee Member of Audit and Risk Management Committee Member of Remuneration Committee	Independent Non-Executive Director Chairman of Remuneration Committee Member of Audit and Risk Management Committee
Refer to the section on Board of Directors at pages 5 to 7 of this annual report for details.		
None	None	None
No	No	No
Refer to the section on Board of Directors at pages 5 to 7 of this annual report for details.		
Yes	Yes	Yes

NOTICE OF ANNUAL GENERAL MEETING AND BOOKS CLOSURE

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Ow Chio Kiat
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest: 153,704,500 ordinary shares in Singapore Shipping Corporation Limited Deemed Interest: 10,640,000 ordinary shares in Singapore Shipping Corporation Limited
Other Principal Commitments Including Directorships:	
Past (for the last 5 years)	Directorships: • Stamford Hotels & Resorts Pte Ltd • Sir Stamford Hotels & Resorts Pte Ltd • Voyager Travel Pte Ltd • Dickensian Holdings Ltd • Stamford Auckland (1996) Limited • North Ryde Investments Limited • Stamford Mayfair Limited • SGA (1994) Pty Ltd as Trustee for SGA (1994) Trust • SPM (1994) Pty Ltd • Stamford Hotels And Resorts Pty Limited • Stamford Hotels Pty Ltd • SPA (1995) Pty Ltd • SPAK (1996) Limited • Rainbow Aviation Pte Ltd
Present	Directorships:* • Stamford Land Corporation Ltd • HSH Tanker Inc • SSC Boheme Pte. Ltd. • SSC Investments (Pte) Limited • SSC Capricornus Leader Pte. Ltd. • SVC Pte Ltd • Maritime Properties Pte Ltd • Terra Vista Pte. Ltd. • C. K. Ow Holdings Pte. Ltd. • Hai Sun Hup Group Pte Ltd • Rainbow Finance Corporation • Luscombe International Limited • Sir Stamford Hotel (Australia) Pty Limited • Rock Assets Limited

* Refer to the section on Board of Directors at pages 5 to 7 of this annual report for details on other principal commitments.

Ng Jui Ping	Pebble Sia Huei-Chieh	Huong Wei Beng
Nil	Nil	Nil
Directorships: • Yanlord Land Group Limited	Directorships: • Bao Hua International (HK) Limited • Bernard Quaritch (Asia) Pte. Ltd. • Jade Mountain Group Limited • Jade Palace Trading Limited • Radical Studios Asia Pte. Ltd. • Quanah Empathy Foundation Singapore Limited (Struck Off) • Cappelletti Limited (Struck Off) • Aracari Verlag Asia Pte. Ltd. (gazetted to be Stuck Off) • Choo Chiang Holdings Ltd. • Basslet Group Limited • Prudential Advisory Services Pte. Ltd. (gazetted to be Stuck Off)	Directorships: • SAC Capital Private Limited
Directorships:* • August Asia Consulting Pte. Ltd. • August Nanyang Holdings Pte. Ltd. • August Technologies Pte Ltd • August SG Capital Pte.Ltd. • Pacific Andes Resources Development Limited • Miclyn Express Offshore Pte. Ltd.	Directorships:* • GDS Global Limited • Chrysses Limited • Hexagon Residences Pte. Ltd. • Lacho Calad Pte. Ltd. • Maria Grachvogel Pte. Ltd. • Found 8 Pte. Ltd.	Directorships:* • Stamford Land Corporation Ltd

* Refer to the section on Board of Directors at pages 5 to 7 of this annual report for details on other principal commitments.

NOTICE OF ANNUAL GENERAL MEETING AND BOOKS CLOSURE

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Person	Ow Chio Kiat Pebble Sia Huei-Chieh	Ng Jui Ping Huong Wei Beng
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	
(c) Whether there is any unsatisfied judgment against him?	No	
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	

Name of Person	Ow Chio Kiat / Pebble Sia Huei-Chieh	Ng Jui Ping / Huong Wei Beng
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?		No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?		No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or		No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or		No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or		No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,		No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		No

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PROXY FORM

SINGAPORE SHIPPING CORPORATION LIMITED

Company Registration No. 198801332G
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. Relevant Intermediaries (as defined in Section 181 of the Companies Act (Chapter 50)) (the "Act") may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Singapore Shipping Corporation Limited shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

PERSONAL DATA PRIVACY
By submitting an instrument appointing a proxy(ies) or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 July 2019.

I/We ______________________ (Name) ______________ (NRIC/Passport/Company Registration No.)

of ____ (Address)

being a member/members of Singapore Shipping Corporation Limited (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (please delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing him/them, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies, to attend, speak and vote for me/us and on my/our behalf at the AGM of the Company to be held at Singapore Chinese Cultural Centre, Multi-purpose Hall (Level 7), 1 Straits Boulevard, Singapore 018906, on Friday, 26 July 2019 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion.

No.	Resolutions relating to:	For*	Against*
Ordinary Business			
1.	Adoption of the Audited Financial Statements and the Directors' Statement and Auditor's Report thereon		
2.	Declaration of Final Tax Exempt (One-Tier) Dividend		
3.	Approval of Directors' Fees for financial year ending 31 March 2020		
4.	Re-election of Ow Chio Kiat as Director		
5.	Re-election of Ng Jui Ping as Director		
6.	Re-election of Pebble Sia Huei-Chieh as Director		
7.	Re-election of Huong Wei Beng as Director		
8.	Re-appointment of Auditor		
Special Business			
9.	Authority to allot and issue Shares		
10.	Authority to offer and grant options and/or awards, and to issue new Shares in accordance with the provisions of the Share Plans		
11.	Proposed Renewal of the Share Buy-Back Mandate		

* *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please indicate so with a [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ________ day of ________________ 2019

Total Number of Shares Held (Note 1)	

____

Signature(s) or Common Seal of Member(s)

Important: Please read the notes on the overleaf.

NOTES

1. Please insert the total number of shares in the share capital of the Company ("Shares") held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Act.

3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting of the Company. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument appointing a proxy or proxies. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than two (2) proxies are appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. In relation to a Relevant Intermediary who wishes to appoint more than two (2) proxies, it should annex to the instrument appointing a proxy or proxies the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF investors as its proxies shall comply with this Note.

5. A proxy need not be a member of the Company.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not less than seventy-two (72) hours before the time appointed for the meeting.

7. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies to the meeting.

8. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Act as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation.

9. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy or proxies, failing which the instrument may be treated as invalid.

10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Act.

GENERAL

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Singapore Shipping Corporation Limited

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