



SALE OF CAR CARRIER - MV MERLION ACE

1. Memorandum of Agreement

The Board of Directors of Singapore Shipping Corporation Limited (the "Company") wishes to announce that SSC Carriers Pte Ltd ("SSC Carriers"), its wholly-owned subsidiary, has entered into a Memorandum of Agreement ("MOA") with Merlion Ace Compania Naviera S.A. Panama c/o Hijazi & Ghosheh Group of Jordan ("Buyer"), for the sale of SSC Carriers' car carrier, the MV Merlion Ace to the Buyer.

2. Sale Price

The Buyer will purchase MV Merlion Ace from SSC Carriers ("Sale"), for a gross cash consideration of USD 4.0 million (the "Sale Price"). The Sale terms require the Buyer to convert MV Merlion Ace into a cattle/livestock carrier, and not to use it as a car carrier.

The Sale Price was arrived at on a willing-buyer and willing-seller basis, taking into account current market conditions. The Sale Price will be satisfied in the following manner:

- (i) a deposit of USD 0.38 million was paid to SSC Carriers pending completion of the sale of MV Merlion Ace; and
- (ii) the balance of the Sale Price of USD 3.62 million shall be paid upon completion of the Sale, expected on or before 4 December 2009.

3. Rationale

MV Merlion Ace is already 25 years old and its cargo carriage capacity of 3,500 cars is considered to be incompatible for present trade pattern. The Sale Price at a premium of more than 30% premium over the current market scrap value gives us an opportunity to sell off an old vessel at a good price. This will be in line with the Group's strategy of exploring the acquisition of higher capacity vessels at a younger age.

The cash proceeds from the Sale will increase the Group's cash hoard to equivalent of approximately SGD 52 million and further strengthen its ability to take advantage of suitable opportunities to acquire suitable tonnages at optimal prices.

The Directors have carefully considered these factors and are of the view that it is in the best interests of the Company to proceed with the Sale.

The net book value of MV Merlion Ace as at 31 October 2009 was approximately USD 4.2 million. The Sale is expected to result in a loss on disposal of approximately USD 0.2 million. This is offset by the USD 0.5 million in remaining charter hire payable under the charterparty. The net effect will increase the Group's net tangible asset and earnings per share by approximately 0.09 Singapore cent per share.



Singapore Shipping Corporation Limited

4. Financial Effects

For illustrative purposes only, the financial effects of the Sale on the share capital, net tangible assets ("NTA") and earnings per share ("EPS") of the Company, based on the last audited consolidated financial statements of the Company for the financial year ended 31 March 2009 are set out below:-

- 4.1 Share Capital. The Sale will not have any impact on the issued and paid-up share capital of the Company.
- 4.2 NTA. Assuming that the Sale had been completed on 31 March 2009, being the most recently completed financial year, it will decrease the NTA per share of the Company as at 31 March 2009 by approximately 0.28 Singapore cent per share
- 4.3 EPS. Assuming that the Sale had been completed on 1 April 2008, being the beginning of the most recently completed financial year, it will decrease the EPS of the Company for the financial year ended 31 March 2009 by approximately 0.77 Singapore cent per share.

5. Further Information

- 5.1 No Shareholder Approval. As the Sale is in the ordinary course of the Company's business, shareholders' approval is not required under Chapter 10 of the SGX Listing Manual.
- 5.2 Interests of Directors and Substantial Shareholders. As far as the Company is aware, no Director or Substantial Shareholder of the Company has any interest, direct or indirect, in the Sale.

BY ORDER OF THE BOARD

CHEW HENG SIANG CHRISTINA
COMPANY SECRETARY

SINGAPORE
30 November 2009