

Issuer: Singapore Shipping Corporation Limited

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Meeting details:

Date: 28 Jul 2016

Time: 10:00 AM

Venue: Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Spore 039593

Questions on strategy, financials and operations

1. In the Interview with CEO, the CEO seems to suggest that acquisitions will more likely be in the form of distressed ship assets and well-run ship management companies. **Does it mean that the non-distressed purchase or new-builts are out of the picture given that management thinks that this is a good time to use the group's strong balance sheet to acquire distressed assets? Would the group be still investing specifically in the Ro-Ro segment?** This niche has been the group's strength and the group has developed strong working relationships with trusted partners in the Ro-Ro segment.

Mr Ow Yew Heng is concurrently CEO of Stamford Land and Singapore Shipping, both of which are listed and possibly with different sets of minority shareholders. **Both companies are growing and are involved in several projects and new initiatives. Does Mr Ow have the bandwidth to manage two full-time roles?**

2. In the Chairman's message found in the 2013/2014 annual report, it was reported that the two new vessels (later identified as Capricornus Leader and Centaurus Leader) will "have the potential aggregate charter hire of US\$188 million over the expected life of the charter". Diligent shareholders and analysts have been trying to work out the charter rate by tracking the quarterly results, but to no avail. They have not been able to reconcile the numbers. **Given that it has been now been announced that there are step-down rates built in the charter contracts, can the board share, at least at an aggregate view, the magnitude and the frequency of the step-down rates of the group's long term charters?** This is critical information to allow shareholders to understand the financial position, liquidity and risk profile of the group. **Could the board include the relevant financial and operational information in the section on "Vessel Fleet"?** For instance shareholders would like to know the balance of the charter, the daily charter rate and utilisation rate/number of off-hire days.

Questions on governance and management

3. In the Interview with the Chairman of the Audit and Risk Management Committee (ARMC), Mr Tan Guong Ching, also an independent non-executive director, explained why the group is changing auditors (page 16-17). **Can Mr Tan further elaborate on "his interview answer" as to why the group is proposing to change the external auditors, KPMG?** Mr Tan mentioned that to "ensure that the group continues to receive quality audits, the committee is of the view that the group's interest is best served by a proposed change in auditors". **Is there evidence that the current auditors have not or will not be able to meet the ARMC's expectations? Can the ARMC explain how the proposed incoming auditors were selected? Can the ARMC confirm that they are introducing a new policy of changing auditors periodically? How often will auditors be changed?**

Shareholders would also like to request the external auditors KPMG to respond and help shareholders understand their interaction with the ARMC and explain why they are not invited to seek re-appointment at the AGM (page 45 of the annual report).

In addition, we note that Stamford Land is also seeking to replace KPMG as their auditor at their forthcoming AGM. Similarly, like in SSC's annual report, independent director and Chairman of the Stamford Land's ARMC, Mr Douglas Chester, answered the same "interview question" of why Stamford Land would be changing auditors.

We observed that other than the tenure ("more than a decade" for SSC vs "since 2009" for Stamford Land), two different independent directors of two listed companies gave the same answer, word for word as to why their respective boards and ARMCs are recommending a change of external auditor.