



**Securities Investors Association (Singapore)**  
7 Maxwell Road #05-03 MND Building Annex B Singapore 069111  
Tel: (65) 6227 2683 Fax: (65) 6220 6614  
Email: [admin@sias.org.sg](mailto:admin@sias.org.sg) [www.sias.org.sg](http://www.sias.org.sg)  
UEN No: S99SS0111B  
GST Reg No: M90367530Y

**Issuer:** Singapore Shipping Corporation Limited

**Security:** Singapore Shipping Corporation Limited

**Meeting details:**

Date: 27 July 2018

Time: 2.00 p.m.

Venue: Singapore Chinese Cultural Centre, Multi-purpose Hall (Level 7), 1 Straits Boulevard, Singapore 018906

**Company Description**

Singapore Shipping Corporation Limited, an investment holding company, owns and manages ships in Singapore, Japan, and internationally. The company operates in two segments, Ship Owning, and Agency and Logistics Services. It charters various types of vessels; and offers ship management services comprising technical management, procurement, crew procurement and management, and ISO and ISM certification and audits, as well as ship inspection and new construction consultancy services. The company also provides shipping agency and terminal services, including vessel, marketing, and documentation support, as well as vessel handling and stevedoring; and specialized services, such as supervision of loading/discharging operations by port captains, vessel pre-planning for stowage, and coordinating with masters and agents for vessel turn-around and dispatch. In addition, it offers logistics and warehousing services, such as international sea/airfreight forwarding, door-to-door delivery, vessel/aircraft chartering, customs clearance and documentation, certificate of origin arrangement, carnet and cross trade shipment, and project management services. Further, the company is involved in packing and re-packing of spare parts, and container stuffing, as well as distribution, warehousing, and storage operations. Singapore Shipping Corporation Limited was incorporated in 1988 and is based in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=S19](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=S19))

1. Based on the Corporate Milestones (page 9 of the annual report), the group's last acquisition was the 2015 acquisition of m.v. Taurus Leader, a pure car truck carrier with capacity for 7,020 CEU.

The Chief Executive Officer has iterated that any investment the group embarks upon must meet its criteria of "yielding suitable returns and maximising shareholders' value at minimal risk" (page 14).

- (i) What is the average age of the fleet?**
- (ii) Are there plans to rejuvenate the portfolio in the near future with addition purchases?**
- (iii) Are there opportunities to acquire distressed assets in the segment?**
- (iv) Can management also provide shareholders on an update to the market dynamics of the Pure Car and Pure Truck carrier segment, including an overview of how the global major car carriers (as clients to the group) are doing?**

2. In the Interview with Chief Executive Officer, it was disclosed that the group had, during the financial year, placed free cash in low risk long-term deposits which yield higher interest income compared to the interest costs incurred on the bank borrowings.

The weighted average effective interest rates per annum at the end of the reporting period are 2.2% for 2018 and 1.3% for 2017. The main difference in the group's holdings is the US\$5 million long-term deposits.

- (i) Would the group disclose the instrument?**
- (ii) Based on the disclosure and estimation, the long-term deposits earn approximately 4% p.a. in interests. Is there any penalty for early termination?**

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% (2017: 3.2%) (page 88).

- (iii) Can management help shareholders understand how its long-term deposits could earn as much as 4% when the group's cost is about 3.2%? Are there any other additional/derivative feature embedded in the long-term deposit? Can management confirm that the deposits are long-term plain vanilla fixed deposits with no other optionality built-in?**

3. In Note 17 (page 86 – Financial assets held for trading), the group recognised US\$2.12 million in quoted equity securities as at 31 March 2018, up from US\$131,000 a year ago.

- (i) Who manages the portfolio of financial assets held for trading and what is the investment mandate?**



- (ii) Is there an investment committee overseeing the group's investments into quoted equity securities?**
- (iii) Would management disclose the holdings of quoted equity securities?**
- (iv) How is the investment of quoted equity securities aligned with the group's long term strategic objectives?**

A copy of the questions for the Annual Reports for the financial year ended 31 March 2016 and 31 March 2017 could be found here:

[https://sias.org.sg/index.php?option=com\\_qaannualreports&view=qareports&filter\\_company=13](https://sias.org.sg/index.php?option=com_qaannualreports&view=qareports&filter_company=13)

The company's response could be found here: -----