MERCATOR LINES (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200507205N)

PROPOSED CONSOLIDATION OF EVERY TWENTY (20) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE (THE "PROPOSED SHARE CONSOLIDATION")

1. INTRODUCTION

1.1 The Board of Directors (the "**Board**") of Mercator Lines (Singapore) Limited (the "**Company**") wishes to announce that the Company is proposing to undertake a share consolidation exercise to consolidate every twenty (20) existing ordinary shares ("**Existing Shares**") in the capital of the Company ("**Shares**") into one (1) ordinary share ("**Consolidated Share**").

1.2 Pursuant to the Proposed Share Consolidation, each shareholder of the Company ("**Shareholder**") will receive one (1) Consolidated Share for every twenty (20) Shares held as at the books closure date to be determined by the Directors in their absolute discretion as they deem fit ("**Books Closure Date**"), fractional entitlements to be disregarded.

1.3 The Board also refers to its announcement released by the Company dated 27 April 2012 in relation to, *inter alia*, the issue of US$19 million seven per cent (7%) convertible bonds due 2017 (the "**Convertible Bonds**"), and adjustments to the conversion price thereof into new Shares pursuant to the subscription agreement entered into between the Company and Mercator International Pte Ltd dated 27 April 2012 ("**Subscription Agreement**"). As at the date of this announcement, a maximum of 144,177,633 Shares may be issued pursuant to the full conversion of the Convertible Bonds (the "**Conversion Shares**").

2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

2.1 Under the Proposed Share Consolidation, every twenty (20) Shares registered in the name or standing to the credit of the securities account of each Shareholder or Depositor (as the case may be) as at the Books Closure Date will be consolidated into one (1) Consolidated Share.

2.2 Each Shareholder will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.

2.3 Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding the fractional entitlements, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. **Shareholders who hold less than twenty (20) Existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional Existing Shares so as to increase the number of Existing Shares held to a multiple of twenty (20) Existing Shares prior to the Books Closure Date.**

2.4 As at the date of this announcement, the Company has an issued and paid-up share capital of US$213,694,310.11 comprising 1,361,435,003 Shares. Assuming that the Conversion Shares are issued before the completion of the Proposed Share Consolidation, the Company's issued and paid-up share capital will increase to US$232,694,310.11 comprising 1,505,612,636 Shares. Following the completion of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of US$232,694,310.11 comprising 75,280,631 Consolidated Shares.

3. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

3.1 With effect from 2 March 2015, the Singapore Exchange Securities Trading Limited ("**SGX-ST**") implemented a minimum trading price requirement of S$0.20 per share for shares of issuers listed on the Mainboard of the SGX-ST as a continuing listing requirement.

3.2 A one-time transition period of 12 months from 2 March 2015 (i.e. 1 March 2016) will be given to affected issuers to undertake corporate actions to meet the new requirement, and such issuers will only be placed on the watch-list if they are unable to meet the minimum trading price requirement after this 12-month transition period. Issuers which are unable to take steps to raise its minimum trading price and exit the watch-list will be delisted after a 36-month cure period.

3.3 The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders as the Proposed Share Consolidation would facilitate the Company's ability to satisfy and be in compliance with the continuing listing requirement imposed by the SGX-ST for issuers listed on the Mainboard of the SGX-ST to have a minimum trading price per share of S$0.20.

3.4 **However, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

4. ADJUSTMENTS TO THE CONVERTIBLE BONDS

4.1 The completion of the Proposed Share Consolidation will constitute an event giving rise to an adjustment to the conversion price of the Convertible Bonds ("**Conversion Price**") pursuant to the terms and conditions of the Subscription Agreement. The adjustment of the Conversion Price shall become effective on the date of the completion of the Proposed Share Consolidation.

4.2 Assuming that none of the Conversion Shares are issued before the completion of the Proposed Share Consolidation, following the completion of the Proposed Share Consolidation:

(a) the conversion price of the Convertible Bonds will be adjusted from S$0.16337 to S$3.26740; and

(b) accordingly, the maximum number of Conversion Shares that may be allotted and issued by the Company will consequently be adjusted from 144,177,633 to 7,208,881.

4.3 In the event the conversion rights to the Convertible Bonds are to be exercised by the bondholders prior to the completion of the Proposed Share Consolidation, the Company shall announce such further details of the adjustment on the SGXNET accordingly.

5. APPROVALS AND CONDITIONS

5.1 The Proposed Share Consolidation is subject to, *inter alia*, the following:-

(a) the approval of Shareholders for the Proposed Share Consolidation at an extraordinary general meeting ("**EGM**") to be convened; and

(b) the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Mainboard of the SGX-ST.

5.2 An application will be made to the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares pursuant to the Proposed Share Consolidation on the Mainboard of the SGX-ST. The Company will release an announcement on the outcome of the application in due course.

6. DESPATCH OF CIRCULAR

6.1 A circular containing, *inter alia*, notice of the EGM and further information on the Proposed Share Consolidation will be despatched to Shareholders in due course.

6.2 **Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, Shareholders and potential investors of the Company are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.**

By Order of the Board

SHALABH MITTAL
Managing Director & Chief Executive Officer

25 May 2015