MERCATOR LINES (SINGAPORE) LIMITED
(Company Registration No. 200507205N)
(Incorporated in the Republic of Singapore)

Directors
Harish Kumar Mittal (Chairman and Non-executive Director)
Shalabh Mittal (Managing Director and Chief Executive Officer)
Arul Chandran (Independent Director)
Atul J. Agarwal (Non-executive Director)
Huang Yuan Chiang (Lead Independent Director)
Pushpatraj Shivlal Shah (Non-executive Director)
Dr Maria Helena Dieleman (Independent Director)

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2 July 2015

To: The Shareholders and Depositors of Mercator Lines (Singapore) Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS ("IPT MANDATE")

1. INTRODUCTION

The Directors are convening the EGM to be held on 22 July 2015 to seek Shareholders' approval for the renewal of IPT Mandate. The purpose of this Appendix is to provide the Shareholders with information on, explain the rationale for, and seek Shareholders' approval for the renewal of the IPT Mandate at the EGM.

2. BACKGROUND

2.1 Listing Manual requirements

Chapter 9 of the SGX-ST Listing Manual applies to transactions which a listed company or any of its subsidiaries or Associated Companies proposes to enter into with an interested person of the listed company.

Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9, Shareholders' approval and/or an immediate announcement is required in respect of transactions with Interested Persons if the value of the transactions is equal to or exceeds certain financial thresholds. Specifically, an immediate announcement is required where:

(a) the value of a proposed transaction is equal to or exceeds 3% of the group's latest audited NTA; or

(b) the aggregate value of all transactions (including the subject transaction) entered into with the same Interested Person during the same financial year, is equal to or more than 3% of the Group's latest audited NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same Interested Person during the financial year.

Shareholders' approval (in addition to an immediate announcement) is required where:

(c) the value of a proposed transaction is equal to or exceeds 5% of the group's latest audited NTA; or

(d) the aggregate value of all transactions (including the subject transaction) entered into with the same Interested Person during the same financial year, is equal to or more than 5% of the Group's latest audited NTA. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders.

For the purposes of aggregation, Interested Person Transactions below S$100,000 each are to be excluded.

For illustration purposes, based on the audited consolidated accounts of Group for the financial year ended 31 March 2015, the Group's audited NTA as at 31 March 2015 was approximately US$179.10 million (approximately S$246.35 million). Accordingly, in relation to the Group, for purposes of Chapter 9 in the current financial year, Shareholders' approval would be required where:

(a) the transaction is of a value equal to, or more than, approximately US$8.95 million (approximately S$12.32 million), being 5% of the Group's latest audited NTA; or

(b) the transaction, where aggregated with other transactions entered into with the same Interested Person during the same financial year, is of a value equal to, or more than, approximately US$5.37 million (approximately S$7.39 million). The aggregation will exclude any transaction that has been approved by Shareholders previously, or is the subject of aggregation with another transaction that has been approved by Shareholders.

Rule 920 of Chapter 9 allows for a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature, or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's Interested Persons. Such a general mandate must be disclosed in the annual report and is subject to annual renewal provided that the Audit Committee confirms that the methods or procedures for determining the prices for the IPTs have not been changed since last shareholder approval and are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders.

2.2 Existing IPT Mandate

As disclosed on pages 135 to 146 of the prospectus of the Company dated 6 December 2007 in respect of the listing of the Company on SGX-ST, the Company is deemed to have obtained Shareholders' approval for the adoption of a general mandate for the Group to enter into certain categories of transactions with specified categories of Interested Persons through the inclusion of the IPT Mandate in the prospectus to be registered with the Monetary Authority of Singapore and the subscription or acquisition of shares in the Company by investors in the initial public offering. At the AGMs held on 25 July 2012 and 25 July 2013 the Shareholders had granted approval for renewal of the general mandate and at the EGM held on 24 July 2014, the Shareholders had granted approval to adopt a new general mandate with the same terms and conditions without any modification to the mandate.

The existing IPT Mandate enables the Group, in its ordinary course of businesses, to enter into certain categories of transactions with specified classes of the Company's Interested Persons, provided that such transactions are entered into on an arm's length basis and on normal commercial terms.

2.3 Proposed Renewal of the IPT Mandate

The IPT Mandate was expressed to take effect until the conclusion of the FY 2015 AGM. Accordingly, the Directors of the Company as at the date of this Appendix (the "Directors") propose that the IPT Mandate be renewed at the FY 2015 AGM, to take effect until the conclusion of the next Annual General Meeting of the Company. The particulars of the interested person transactions in respect of which the IPT Mandate is sought to be renewed, remain unchanged as disclosed below.

3. PROPOSED RENEWAL OF THE IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS

3.1 Information on Group

The Company is a leading Indian-owned international dry bulk shipping company focused on India and other high growth markets, such as India, Indonesia and China. It has established a strong market presence in the transportation of coal, iron ore, grains and other cargo into India, with repeat business from reputable customers. Together with its ultimate parent company, ML India, the Company offers full logistics solutions to its customers from load port to the point of usage.

3.2 Categories of Interested Persons

The IPT Mandate applies to the Group's transactions with the following Mandated Interested Persons:

a. ML India and its subsidiaries, namely, Mercator International, Mercator Oil & Gas Ltd., Mercator Petroleum Ltd., Oorja Resources India Pvt Ltd., and Mercator FPSO Pvt Ltd; and

b. TSM

As at the Latest Practicable Date, Mercator International held a direct interest in 900,850,000 shares constituting approximately 66.17% of the Company's total issued share capital. Mercator International is a wholly owned subsidiary of ML India, ML India thus held a deemed interest in 900,850,000 shares constituting approximately 66.17% of the Company's total issued share capital as at the Latest Practical Date.

Mr Harish Kumar Mittal, the Chairman and Non-executive Director of the Company, is also the Executive Chairman of ML India. He and his Associates (including Mr Shalabh Mittal) had an interest of 37.50% of the issued share capital of ML India, as at the Latest Practicable Date.

Mr Shalabh Mittal, the Managing Director and Chief Executive Director of the Company, is the son of Mr Harish Kumar Mittal. He had an interest of 0.15% of the issued share capital of ML India, as at the Latest Practicable Date.

Mr Atul J. Agarwal, the Non-executive Director of the Company, is the Managing Director of ML India. He and his Associate had an interest of 2.72% of the issued share capital of ML India, as at the Latest Practicable Date.

Transactions with Interested Persons that do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

3.3 Categories of Interested Person Transactions

The transactions with the Mandated Interested Persons which will be covered by the IPT Mandate relate to the provision to, or obtaining from, the Mandated Interested Persons of products and services in the normal course of business of the Group or which are necessary for the day-to-day operations of the Group (but not in respect of the purchase or sale of assets, undertakings or businesses which are not part of the day-to-day operations) and they comprise the following:

(a) provision of shareholder's loans by ML India and Mercator International to the Group;

(b) charter of vessels by the Group from ML India and its subsidiaries, which may include vessels owned or chartered by ML India;

(c) charter of vessels by the Group to ML India and its subsidiaries; and

(d) provision of ship management services by TSM to the Group.

3.4 Rationale for and Benefits of the IPT Mandate

The transactions with Mandated Interested Persons are entered into, or to be entered into, by the Group in the ordinary course of business. They are recurring transactions that are likely to occur with some degree of frequency and arise at any time and from time to time. The Directors are of the view that it will be beneficial to the Group to transact or continue to transact with the Mandated Interested Persons.

The Directors believe that the Group will be able to benefit from its transactions with the Mandated Interested Persons. The IPT Mandate and the renewal of the IPT Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions with the Mandated Interested Persons arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the Company's corporate objectives or adversely affecting the business opportunities available to the Group.

The IPT Mandate is intended to facilitate transactions from time to time with the Mandated Interested Persons in the Group's normal course of business, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Disclosure will be made in the format required by the Listing Manual, and to the extent required by the SGX-ST, of the aggregate value of Interested Person Transactions conducted pursuant to the IPT Mandate during the current financial year, and in the annual reports for the subsequent financial years during which the IPT Mandate is in force.

4. GUIDELINES AND REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS UNDER THE IPT MANDATE

The Group has in place the guidelines and review procedures to ensure that the Interested Person Transactions under the existing IPT Mandate are conducted at arms' length and on normal commercial terms.

4.1 Current Review Procedures

There are existing procedures established by the Group to ensure that the Mandated Transactions with the Mandated Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, and on terms which are generally no more favourable to the Mandated Interested Persons than those extended to unrelated third parties.

The review procedures currently in place are as follows:

(a) Provision of shareholder's loans by ML India and Mercator International to the Group

It is envisaged that shareholder's loans may be provided to the Group by ML India and/or Mercator International. The interest rate payable by the Group in respect of such loans shall be determined at a rate of 1.0% above the cost of borrowing incurred by ML India and/or Mercator International in respect of the relevant amount loaned. Such shareholder's loans will be obtained from ML India and/or Mercator International only if the applicable interest rate payable to ML India and/ or Mercator International is lower than the interest rate offered by unrelated financial institutions for the same amount and tenure, on the basis of quotes obtained from at least three unrelated financial institutions.

The following internal approvals are required in order to proceed with any loan from ML India and/or Mercator International:

(i) in the event that the loan amount does not exceed US$25 million, the approval of the Head of Finance shall be required; and

(ii) in the event that the loan amount is US$25 million and above, the approval of the Audit Committee shall be required.

If any of the approving parties has an interest, directly or indirectly, in the shareholder's loan, he shall abstain from participating in the approval process above.

(b) Charter of vessels by the Group from ML India and its subsidiaries

It is envisaged that the Group will charter vessels from ML India and its subsidiaries to fulfil any part of the Company's contractual obligations under any shipping contract (the "**Original Contract**"), that the Group is unable to fulfil by itself. In the event that vessels (including vessels that are either owned or chartered by ML India or any of its subsidiaries) are chartered from ML India or its subsidiaries, the rates payable by the Group under such charter shall be determined at a rate (the "**ML India Rate**") of 7.5% below the original rate that the Group will receive under the Original Contract. The ML India Rate (of 7.5% below the original rate) was commercially agreed upon between the parties and is the estimated amount to cover the administrative expenses that are expected to be incurred by the Group under the Original Contract. In the event that the actual rate payable by the Group to ML India or its relevant subsidiaries (taking into consideration the ML India Rate) is higher than the rates offered by independent third parties offering similar services (on the basis of quotes obtained from at least three independent brokers), the Group shall either (a) negotiate with ML India or its relevant subsidiaries to match the lowest rate available from independent third parties; or (b) charter the required vessels from the relevant independent third parties. In order to proceed with the charter of any vessels from ML India and its subsidiaries, confirmation from the Head of Finance that the ML India Rate is not higher than the rates offered by independent third parties offering similar services (on the basis of quotes obtained from at least three independent brokers) shall be required.

(c) Charter of vessels by the Group to ML India and its subsidiaries

It is envisaged that ML India and/or its subsidiaries will charter vessels from the Group to fulfil any part of their contractual obligations under any shipping contract (the "**ML India Original Contract**") that they are unable to fulfil by themselves. In the event that the vessels are chartered to ML India or its subsidiaries, the rates payable to the Group under such charter shall be determined at a rate (the "**Mercator Singapore Rate**") of 7.5% below the original rate that ML India and/or its subsidiaries will receive under the ML India Original Contract. The Mercator Singapore Rate (of 7.5% below the original rate) was commercially agreed upon between the parties and is the estimated amount to cover the administrative expenses that are expected to be incurred by ML India or its relevant subsidiaries under the ML India Original Contract. In the event that the actual rate payable by ML India or its relevant subsidiaries to the Group (taking into consideration the Mercator Singapore Rate) is lower than the rates that the Group would charge to independent third parties for similar services, the Group shall either (a) negotiate

with ML India or its relevant subsidiaries to match the highest rate that would be chargeable to independent third parties; or (b) decline to charter the required vessels to ML India or its relevant subsidiaries. In order to proceed with the charter of any vessels to ML India and its subsidiaries, confirmation from the Head of Finance that the Mercator Singapore Rate is not lower than the rates offered by the Group to independent third parties for similar services shall be required.

(d) Provision of ship management services by TSM to the Group

It is envisaged that the Group will from time to time procure management services for the Group's vessels from TSM. Such services include:

(i) provision of competent personnel to supervise the maintenance and general efficiency of the vessel;

(ii) arrangement and supervision of dry dockings, repairs, alterations and upkeep of the vessel to the standards required by the owner, the vessel classification society and the law of the flag of the vessel and of the places where the vessel trades;

(iii) arrangement of the supply of necessary stores, spares and lubricating oil;

(iv) appointment of surveyors and technical consultants as may be necessary; and

(v) development, implementation and maintenance of a safety management system in accordance with the International Safety Management Code.

Save for existing ship management contracts with TSM that are still in effect, the Group would obtain quotes from at least three independent brokers or service providers where there are any new ship management contracts to be entered into between TSM and the Group pursuant to the addition of vessels to the Group's fleet.

In the event where TSM and/or the Group makes any material revision to the scope of the existing ship management contracts, thereby resulting in a reduction in the extent of services and/or an increase in the management fee by more than 3% per annum from its existing rate, the Group would obtain quotes from at least three independent brokers or service providers to establish that the transaction is at arm's length and on normal commercial terms.

In the above cases, the management fee rates payable by the Group to TSM shall not be less favourable than the most competitive rate offered by independent third parties. In determining the most competitive rate, non-price factors such as track record, experience and expertise of the service provider will be taken into account. In the event that TSM is unable to match the lowest rate available from independent third parties, and the Group still wishes to proceed with the procurement of services from TSM, it will provide the Audit Committee with justifications for doing so, taking into account non-price factors such as track record, experience and expertise of TSM. In all other cases, where TSM is unable to match the most competitive rate available from independent third parties, the Group shall procure the requisite management services from the relevant independent third parties. In order to proceed with the procurement of services from TSM, confirmation from the Audit Committee that the management fee rate payable to TSM is not less favourable than the rates offered by independent third parties shall be required. In connection with the provision of the ship management services, TSM will make payment for spares, lubes, repairs, crew costs, surveys and audits, operational expenses, drydock expenses and other expenses on behalf of the Group. In the standard ship management agreement, ship management fees are charged for the services provided by the manager under the agreement, such as crew management, technical management and insurance arrangements. Expenses for repairs, spare parts, provisions, crew costs, surveys and audits are charged by independent third parties engaged by the manager on behalf of the shipowner. Such expenses are out-of-pocket disbursements which will be reimbursed by the shipowner. As such, TSM will receive reimbursement of such payments from the Group at cost and the said reimbursements will be in addition to the management fees payable by the Group to TSM.

(e) Threshold limits

The following approval threshold limits shall be implemented under the New Shareholders' Mandate for the provision of ship management services by TSM to the Group:

(i) where the aggregate value of the transactions is less than US$30.0 million, the transactions shall be approved by the Head of Finance or a Director and reported to the Audit Committee at its next meeting; and

(ii) where the aggregate value of the transactions is equal to or more than US$30.0 million, each subsequent transaction shall be subject to the prior approval of the Audit Committee.

The approval threshold limit is set at US$30.0 million in the first year based on the normalised payments of between US$27.8 million and US$29.6 million to TSM in the last three financial years. For each subsequent year, the approval threshold limit shall be increased by the amount equivalent to 3% of the threshold limit of the previous year, to take into account the annual inflation rate in Singapore.

If any of the above approving authorities (namely, the Head of Finance, Director or member of the Audit Committee) (the "**Approving Authorities**") has an interest in the relevant Mandated Transaction, he shall abstain from participating in any review, deliberation or approval in respect of that particular transaction, and the relevant Mandated Transaction shall be reviewed and/or approved by the other Approving Authorities (as appropriate).

In reviewing the Mandated Transactions, the Approving Authorities will have the discretion to seek independent professional advice.

Notwithstanding the New Shareholders' Mandate, if a Mandated Transaction specifically provides that Shareholders' approval is required, it must be obtained either prior to the Mandated Transaction being entered into or, if the Mandated Transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

The Audit Committee will also review all Mandated Transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with.

4.2 Other Review Procedures

The Group also has in place the following procedures for the identification of Interested Persons and the recording of all the Company's Interested Person Transactions:

(a) The Head of Finance will maintain a register of all Interested Persons and all transactions carried out with the Interested Persons (and the basis, including the quotations obtained to support such basis, on which these transactions are entered into), whether mandated or non-mandated; and

(b) on a quarterly basis, the Head of Finance will submit a report to the Audit Committee of all recorded Interested Person Transactions, and the basis of such transactions, entered into by the Group. The Company's annual internal audit plan shall incorporate a review of all Interested Person Transactions, including the established review procedures for the monitoring of such Mandated Transactions, entered into or existing interested person transactions that are renewed or revised during the prevailing financial year pursuant to any shareholders' mandate then in force relating to interested person transactions. The internal auditor, if any, shall be required to review such transactions and report directly to the Audit Committee.

In addition, the Audit Committee shall also review from time to time such internal controls and review procedures for Interested Person Transactions to determine if they are adequate and/or commercially practicable in ensuring that the transactions between the Group and the Interested Persons are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders. In conjunction with such review, the Audit Committee will also ascertain whether the established review procedures have been complied with. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the internal controls and review procedures for Interested Persons Transactions are inappropriate or not sufficient to ensure that the Interested Persons Transactions will be on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, the Audit Committee will obtain from the Shareholders a fresh Shareholders' mandate based on new internal controls and review procedures for transactions with Interested Persons. In such event, all Interested Person Transactions proposed to be entered into pending the approval of the Shareholders for a fresh Shareholders' mandate shall be subject to the review and approval of the Audit Committee.

For the purposes of the above review of the internal controls and review procedures, any of the Directors or a member of the Audit Committee who is not considered independent, will abstain from participating in the Audit Committee's review of the internal controls and review procedures.

The Board of Directors and the Audit Committee will have overall responsibility for determining the review procedures with the authority to delegate to individuals or committees within the Group as they deem appropriate, provided that such individuals or members of such committees shall be considered independent.

4.3 Mitigation

To mitigate the risks of potential competition with the Company's business, ML India and the Company entered into a non-competition agreement (the "**Non-Competition Agreement**") on 5 December 2007, pursuant to which both parties agreed that:

(a) the Group will carry out only the business of transportation of dry bulk cargo, mainly coal and iron ore, but including other forms of dry bulk, such as grain or commodities (the "**Dry Bulk Business**");

(b) the ML India group of companies (including the subsidiaries, Associated Companies and affiliates of ML India but excluding our Group) (together, the "**ML India Group**") will not carry out any Dry Bulk Business in any territory in the world, save that the ML India Group will be entitled to carry out Dry Bulk Business for customers in India subject to the following conditions:

(i) in the event that a business opportunity arises involving any form of contracts (including, but not limited to, time charters, voyage charters, contracts of affreightment and freight contracts) in relation to the Dry Bulk Business (the "**Business Opportunity**"), the following provisions shall apply:

(1) in the event that the Group chooses to bid for the Business Opportunity, ML India Group shall not (whether on its own or with any other party) submit any bid in respect of the Business Opportunity. In the event that the Group is successful in its bid for the Business Opportunity and is by itself able to fulfil the entire contractual requirements under the Business Opportunity, the Group will proceed to perform the Business Opportunity without the involvement of ML India Group. If the Group is by itself unable to fulfil the contractual requirements in relation to any part of the Business Opportunity involving the Dry Bulk Business, it will give a right of first refusal to ML India Group to act as its sub-contractor in respect of fulfilling that part of the Business Opportunity. The sub-contracting arrangements, if carried out, would each constitute an interested person transaction. If so, they will be subject to the review procedures under the New Shareholders' Mandate as set out in the section "Guidelines and Review Procedures for Interested Person Transactions under the New Shareholders' Mandate," particularly under the review procedure for the charter of vessels from ML India and its subsidiaries. The rates payable to ML India Group under such sub-contract arrangements shall be determined at a rate of 7.5% below the original rate that the Group will receive. Such rate of 7.5% below the original rate was commercially agreed upon between the parties and is the estimated amount required to cover the administrative expenses that are expected to be incurred by the Group under the Business Opportunity. In the event that ML India Group does not choose to exercise its right of first refusal to act as a sub-contractor of the Group in respect of any part of the Business Opportunity offered by the Group, the Group shall be entitled to appoint another party as its sub-contractor, on terms no more favourable than those offered to ML India Group; and

(2) in the event that the Group chooses not to bid for the Business Opportunity, ML India Group shall be entitled to bid for the Business Opportunity. In the event that ML India Group is successful in its bid for the Business Opportunity and is by itself able to fulfil the entire contractual requirements under the Business Opportunity, ML India Group will proceed to perform the Business Opportunity without the involvement of our Group. If ML India Group is by itself unable to fulfil the contractual requirements in relation to any part of the Business Opportunity, it will give a right of first refusal to the Group to act as its sub-contractor in respect of fulfilling that part of the Business Opportunity. The sub-contracting arrangements, if carried out, would each constitute an Interested Person Transaction. If so, they will be subject to the review procedures under the New Shareholders' Mandate as set out in the section "Guidelines and Review Procedures for Interested Person Transactions under the New Shareholders' Mandate", particularly under the review procedure for the charter of vessels to ML India and its subsidiaries. The rates payable to our Group under such sub-contract arrangement shall be determined at a rate of 7.5% below the original rate that ML India Group will receive. Such rate of 7.5% below the original rate was commercially agreed upon between the parties and is the estimated amount required to cover the administrative expenses that are expected to be incurred by ML India Group under the Business Opportunity. In the event that the Group does not choose to exercise its right of first refusal to act as a sub-contractor of ML India Group in respect of any part of the Business Opportunity offered by ML India Group, ML India Group shall be entitled to appoint another party as its sub-contractor on terms no more favourable than those offered to our Group.

In addition, the ML India Group shall provide to the Group material information that is in its possession regarding any potential Business Opportunity that the ML India Group contemplates bidding for or that the Group is given the right of first refusal to bid for, to enable the Group to make a decision whether to bid for such Business Opportunity. The Company will brief the Audit Committee on a quarterly, post-facto basis on the Business Opportunities in India that were considered by the Group and that the Group decided not to bid for. In order to monitor the decisions of the Group in exercising its right of first refusal to bid for Business Opportunities in India under the Non-Competition Agreement, a register will be maintained to record details of all such Business Opportunities in India that are considered by the Group;

(ii) ML India Group shall not own or charter more than three vessels that are built for the principal purpose of transporting dry bulk, or dry bulk vessels. In the event that ML India Group wishes to acquire any additional dry bulk vessel or any entire or partial shareholding interests in any SPVs holding any dry bulk vessels, such additional acquisition shall require an amendment of the Non-Competition Agreement to increase the maximum number of vessels that ML India Group may own (either wholly or partially) or charter, and such amendment of the Non-Competition Agreement shall be subject to the approval of the Shareholders of the Company (with ML India Group and their associates abstaining from voting);

(iii) in the event that ML India Group wishes to dispose of any dry bulk vessel, it will give a right of first refusal to the Group to acquire that dry bulk vessel from it. In the event that the Group, after consultation with the Audit Committee, chooses not to acquire that dry bulk vessel, ML India Group shall be entitled to proceed to dispose of that dry bulk vessel on terms no more favourable than those offered to the Group; and

(iv) the Non-Competition Agreement shall not be terminated so long as ML India's total direct and indirect shareholding interest in the Company is 15% and above.

In addition, the Company believes that any potential conflicts of interest (including those arising from the Interested Person Transactions mentioned above) are addressed as follows:

(a) the Company has established policies and procedures, including internal audit controls, to ensure that its transactions with its Interested Persons are entered into on an arm's length basis and on commercial terms consistent with the Group's usual business practices and policies. Contracts with its Interested Persons will continue to be made on arm's length terms and at commercial rates;

(b) since listing on the SGX-ST, the Company is subject to the SGX-ST listing rules on Interested Person Transactions. The objective of these rules is to ensure that its Interested Person Transactions do not prejudice the interests of its Shareholders as a whole. These rules require the Company to make prompt announcements, disclosures in its annual report and/or seek Shareholders' approval for certain material Interested Person Transactions. The Audit Committee may also have to appoint independent financial advisers to review such Interested Person Transactions and opine on whether such transactions are fair and reasonable to the Company, not prejudicial to its interests and the interests of its minority Shareholders. Under the SGX-ST listing rules, its Shareholders' mandate for Interested Person Transactions is required to be renewed at each annual general meeting and disclosure must be made in the annual report of the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders' mandate during each financial year, and in the annual reports for the subsequent years during which the Shareholders' mandate is in force. The Company must also adopt a new mandate if for any reason the review policies and procedures under its current Shareholders' mandate are inadequate;

(c) the Audit Committee will review Interested Person Transactions on a periodic basis to ensure compliance with the Company's policies and procedures, including internal audit controls, referred to above and with the relevant provisions of the SGX-ST listing rules. If a member of the Audit Committee has an interest in a transaction, he will abstain from participating in the review and approval process of the Audit Committee in relation to that transaction. The Audit Committee will also review the policies and procedures to ensure that they are adequate to achieve the objectives of ensuring that the Interested Person Transactions are fair and reasonable to the Company, carried out on normal commercial terms and not prejudicial to its interests and the interests of its minority Shareholders;

(d) under Singapore law, the Directors have the duty to disclose their interests in respect of any contract, arrangement or proposal, which could cause them to have an actual or potential conflict of interest. Pursuant to the Articles of Association of the Company, upon such disclosure, such Directors shall abstain from voting in respect of any such actual or proposed transaction or matter in which the conflict of interest arises or may arise; and

(e) under Singapore law, the Directors owe fiduciary duties to the Company, including the duty to act in good faith and in the best interests of the Company. The Directors have a duty to disclose any conflict of interest, as soon as they become aware of such conflict, including a conflict that arises from a directorship in a competing company or from a personal investment in a competing company.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the issued share capital of the Company as at the Latest Practicable Date, as recorded in the Register of Director's Shareholdings and the Register of Substantial Shareholders kept by the Company, were as follows:-

	Direct Interest		Deemed Interest	
Name	**Number of Shares**	**%[1]**	**Number of Shares**	**%[1]**
Directors				
Harish Kumar Mittal [2]	–	–	901,039,972	66.18
Shalabh Mittal	189,972	0.01	–	–
Substantial Shareholders (other than Directors)				
Mercator International Pte. Ltd.	900,850,000	66.17	–	–
Mercator Limited [3]	–	–	900,850,000	66.17

Notes:

(1) The percentage of issued share capital of the Company is calculated based on 1,361,435,003 Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) Mr Harish Kumar Mittal is deemed to have an interest in the Shares held by Mr Shalabh Mittal and Mercator International Pte. Ltd. by virtue of Section 7 of the Companies Act.

(3) Mercator Limited is deemed to have an interest in the Shares held by Mercator International Pte. Ltd. by virtue of Section 7 of the Companies Act.

None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the New Shareholders' Mandate, save as disclosed above and under Section 3.2 of this Circular.

6. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee ("AC") is of the view that the review procedures for the IPT as well as the reviews to be made periodically by the AC in relation thereto, are appropriate or adequate to ensure that the Mandated Transactions will be transacted on arm's length basis and on normal commercial terms and would not be prejudicial to the interests of the Company and its minority Shareholders.

If during the periodic reviews by the AC, it is of the view that the established guidelines and procedures are no longer appropriate or adequate to ensure that the Mandated Transactions will be transacted on arm's length basis and on normal commercial terms and would not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new guidelines and procedures.

7. INDEPENDENT DIRECTORS' RECOMMENDATION

The Directors who are considered independent for the purposes of the renewal of the IPT Mandate are, as at the Latest Practicable Date, Mr Arul Chandran, Mr Huang Yuan Chiang and Dr Maria Helena Dieleman.

Having fully considered the rationale set out in Section 3.4 of this Appendix for the proposed renewal of the IPT Mandate, the Independent Directors believe that the IPT Mandate is in the interest of the Company and recommend that Shareholders vote in favour of the ordinary resolution as set out in the notice of the AGM.

As different Shareholders would have different investment objectives, it is recommended that any individual Shareholder who may require specific advice in relation to his Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

8. ANNUAL GENERAL MEETING

The AGM, notice of which is set out in the Annual Report of the Company, will be held on 22 July 2015 for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolution set out therein.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy/proxies to attend and vote on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice of this Appendix in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the AGM. The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register as at 48 hours before the AGM.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Appendix up to the date of the AGM:

(a) the annual report of the Company for the financial year ended 31 March 2015; and

(b) the Memorandum and Articles of Association of the Company.

Yours faithfully
For and on behalf of the Board of Directors of
MERCATOR LINES (SINGAPORE) LIMITED



Shalabh Mittal
Managing Director and Chief Executive Officer

2 July 2015

SCHEDULE

For the purpose of this Appendix,

Definitions

"AGM"	:	Annual general meeting of the Company
"Associate"	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Associated Company"	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
"Audit Committee"	:	The audit committee of the Company for the time being
"Board"	:	The board of Directors of the Company for the time being
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or supplemented from time to time
"Company"	:	Mercator Lines (Singapore) Limited
"Controlling Shareholder"	:	A person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the Company, or in fact exercises control over the Company
"Director"	:	A director of the Company for the time being
"Existing Shareholders' Mandate" or "IPT Mandate"	:	General mandate to be obtained from Shareholders at the general meetings pursuant to Chapter 9 of the Listing Manual that will permit the Group to enter into certain transactions specifically disclosed in this Appendix.
"FY"	:	Financial year ended, or as the case may be, ending 31 March
"Group"	:	The Company, and its subsidiaries and Associated Companies
"Head of Finance"	:	The management staff who is overall in-charge of the Finance Department of the Company, being as at the Latest Practicable Date, the Vice President (Finance & Strategy)
"Independent Directors"	:	The Directors of the Company who are considered to be independent in relation to the renewal of the Existing Shareholders' Mandate, being Mr Arul Chandran, Mr Huang Yuan Chiang and Dr Maria Helena Dieleman as at the Latest Practicable Date

"Interested Person"	:	A Director, chief executive officer or Controlling Shareholder of the Company or an Associate of such Director, chief executive officer or Controlling Shareholder
"Interested Person Transaction" or "IPT"	:	Transaction entered or to be entered into between the Group and its Interested Persons as defined under Chapter 9 of the Listing Manual
"Latest Practicable Date"	:	23 June 2015, being the latest practicable date prior to the printing of this Appendix
"Listing Manual"	:	The listing manual of the SGX-ST, as may be amended or supplemented from time to time
"Mandated Interested Persons"	:	The Interested Persons with whom transactions of the Group will be covered by the Existing Shareholders' Mandate
"Mandated Transactions"	:	The transactions between the Group and the Mandated Interested Persons which will be covered by the Existing Shareholders' Mandate
"Mercator International"	:	Mercator International Pte. Ltd., the direct holding company of the Company and a wholly-owned subsidiary of ML India
"ML India"	:	Mercator Limited, the ultimate holding company of the Company
"NTA"	:	Net tangible assets
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
"Shares"	:	Ordinary shares in the capital of the Company
"Substantial Shareholder"	:	A person who has an interest in one or more voting shares in the Company and the total votes attached to that share or those shares, is not less than 5% of the total votes attached to all the voting shares of the Company
"TSM"	:	Target Ship Management Pte. Ltd.
"S$" and "cents"	:	Singapore dollars and cents respectively
"US$"	:	United States of America dollars
"%" or "percent"	:	Percentage or per centum

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.