MERCATOR LINES (SINGAPORE) LIMITED

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

CLARIFICATION ANNOUNCEMENT

Mercator Lines (Singapore) Limited (the "**Company**") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 15 September 2015 regarding the Company's announcement released to SGX-ST on 14 September 2015 in relation to: (i) the application under Section 210 of the Companies Act for leave to convene meetings of creditors to consider a scheme of arrangement (the "**Scheme**") and for a stay of proceedings (the "**Scheme Application**"), and (ii) the receipt of application for judicial management (the "**JM Application**"). The Company wishes to provide the following clarifications:

SGX-ST Query 1

It is stated in the Company's SGXNet announcement of 14 September 2015 (the "**Announcement**") that, "the Company has on 14 September 2015 filed an application to the Court for leave to convene meetings of creditors no later than 4 months from the date of the application for the purposes of considering and, if thought fit, approving with or without modification a scheme of arrangement under section 210 of the Companies Act (Chapter 50)(the "**Scheme**") and for a stay of proceedings against the Company…".

In this regard, please disclose the following information in a clarification announcement via SGXNet as soon as practicable:

a) Details of the proceedings referred to in paragraph (a) of the Announcement;
b) Confirmation on whether these proceedings against the Company have been previously announced;
c) Whether the stay of proceedings against the Company covers the application for judicial management; and
d) The indicative date that the Company will receive a response from the Court.

Response by the Company

The Company provides the following additional information relating to the Announcement:

a) As previously announced on 3 June 2015, the Board and Management are working closely with an Independent Financial Advisor, legal advisors and creditors to establish a refinancing, recapitalisation and restructuring plan (the "**Restructuring Plan**") and negotiations are currently ongoing with creditors and potential investors in relation to the Restructuring Plan. It is envisaged that the Restructuring Plan will need to be implemented by, *inter alia*, the Scheme.

   The terms of the Scheme have not yet been finalised and negotiations are still ongoing in respect of the terms of the Scheme and the Restructuring Plan. Once the terms of the Scheme are finalized, the relevant Scheme documents will be made available to shareholders (upon request) and creditors of the Company concurrently and an announcement will be released to SGX-ST.

b) The Company confirms that there is no legal action or proceedings in Singapore or elsewhere against the Company or its subsidiaries save for the JM Application and as such, no announcement, except the Announcement, has been released to SGX-ST previously.

c) Yes, the stay of proceedings against the Company pursuant to the Scheme Application would cover the application for judicial management subject to approval by the Court.

d) Further to the Announcement, the Scheme Application has been fixed for hearing on 29 September 2015. For clarification, the hearing for the JM Application fixed on 29 September 2015 is a pre-trial conference/case management hearing.

SGX-ST Query 2

We would also like to draw the Company's attention to Listing Rule 1303(3) which states that, "The Exchange may at any time suspend trading of the listed securities of an issuer in any of the following circumstances:-…(3) where the issuer is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so, including the following circumstances: (a) when an application is filed with a court to place the issuer (or significant subsidiary) under judicial management…".

In this regard, please also disclose the following information in a clarification announcement via SGXNet as soon as practicable:

a) The Board of Directors' opinion as to (i) whether the Company and its subsidiaries (collectively, the "Group") can continue as a going concern; and (ii) the bases for its opinion;

b) The Board of Directors' opinion as to whether a trading suspension is required; and

c) The Board of Directors' confirmation that sufficient information has been disclosed by the Company to enable trading to continue on an informed basis.

Response by the Company

a) The Board of Directors (the "**Board**") is of the opinion that the Company and its subsidiaries (collectively, the "**Group**") can continue as a going concern based on the following bases and assumptions:

- the Court approves the Scheme Application, including the convening of meetings of creditors to consider the Scheme;
- the Scheme is approved by the relevant statutory majority of creditors at the meetings convened and by the Court;
- the Company successfully resists the JM Application; and
- there is no further deterioration in the dry bulk market.
- there is no disruption in normal business operations due to various factors including arrest of vessels etc;

b) Based on (a) above, the Board is of the opinion that a trading suspension is not currently required; and

c) The Board confirms that sufficient information has been disclosed by the Company to enable trading to continue on an informed basis.

The Company will make further announcements on the Scheme and the JM Application as and when appropriate. The Board would advise the shareholders of the Company and the investing public to exercise caution before making any decision in respect of their dealings in the Company's securities. In particular, the Board would wish to highlight that the trading of the Company's securities may be suspended in the event any of the following occurs:

a) the Company fails to obtain leave to convene meetings of creditors to consider the Scheme;

b) the Scheme is not approved by the relevant statutory majority of creditors at the meetings convened and by the Court;

c) the JM Application is approved by the Court and the Company is placed under judicial management; and/or

d) the Group is unable to continue as a going concern.

By Order of the Board

SHALABH MITTAL
Managing Director & Chief Executive Officer

17 September 2015