

## NEWS RELEASE

### **MERCATOR LINES SECURES LONG TERM CHARTER CONTRACT WITH LEADING PRC SHIPPING CONGLOMERATE**

- *New customer is Hong Kong-based shipping company, Refined Success Ltd., a subsidiary of leading PRC shipping conglomerate COSCO (H.K.) Shipping Co., Limited.*
- *This contract is expected to generate approximately US\$42 million of gross revenue for Mercator over the next 3 years*
- *Daily Time Charter Equivalent ("TCE") rate of US\$39,500 for a period of approximately 35 to 37 months*

Singapore, March 25, 2008 – Mercator Lines (Singapore) Limited ("Mercator"), a leading Indian-owned international dry bulk shipping company focused on high growth markets such as India and China, today announced that it has entered into a long term contract to charter out its upcoming gearless Post-Panamax vessel to a new Chinese customer, Hong Kong-based shipping company, Refined Success Ltd. ("RSL"). RSL is a subsidiary of PRC shipping conglomerate, COSCO (H.K.) Shipping Co., Limited ("COSCO") – one of the largest dry bulk shipping companies in the world.

The Post-Panamax vessel, which has a cubic capacity of 92,500 DWT, will be chartered to RSL, guaranteed by CHS, for a period of approximately 35 to 37 months, at a fixed daily TCE rate of US\$39,500. The charter period for the vessel is expected to start anytime between May 1, 2009 and September 30, 2009.

The vessel was undertaken by Mercator on a time charter-in basis of US\$25,300 per day for a period of five years and is expected to be delivered around June 2009.

This contract is anticipated to generate approximately US\$42 million of gross revenue for Mercator over the next 3 years.

Said Mr. Shalabh Mittal, Managing Director and Chief Executive Officer of Mercator, “This new charter is in line with our objective to progressively diversify our customer base outside of India. We are pleased to say that working with COSCO not only expands our growing list of blue-chip customers with whom we have strong business relationships with, the fact that it is based in Hong Kong also allows us to extend our expertise to serve a larger and more diverse base of customers in Hong Kong and China. This is consistent with our growth strategy of focusing on high growth markets.

“Indeed, China is an exciting market and key driver of global dry bulk trade, with increasing demand for steel and iron ore due to industrial production growth. We have in place plans to expand our presence in China by securing more customers through fleet expansion which will allow us to tap on the strong potential demand from this country.

“Lastly, this charter contributes to our strategy of maintaining approximately 70% of our vessels in long term fixed rate contracts. This ‘70:30’ strategy has worked very well for us, ensuring strong and visible cashflows over a few years.”

The charter is not expected to have any material impact on Mercator’s net tangible assets per share, earnings per share and operating results for the current financial year.

The Charterers are unrelated to the Directors and controlling shareholder of the Company. None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Charter. No new directors will be appointed to the Board of Directors of the Company in connection with this Charter. The Charter is in the ordinary course of the Company’s business.

## **About Mercator Lines (Singapore) Limited**

Mercator, which commenced operations in 2005, has established a market presence in the Indian coal transport market, specializing in the transportation of dry bulk commodities such as coal into India from Australia and Indonesia, and iron ore from India to countries such as China, Japan and South Korea. With the strong support of its ultimate parent company, Mercator Lines Limited (“MLL India”), the second largest private sector shipping company in India (by aggregate fleet tonnage capacity), Mercator also provides its customers with complete and customized logistics solutions from the load port to the point of usage.

Mercator currently operates a fleet of 11 dry bulk vessels comprising geared and gearless Panamax and Kamsarmaxes, with an aggregate capacity of 829,057 dwt. It owns 7 young and versatile vessels averaging about 2 years of age and 4 other chartered-in vessels which are less than 9 years of age. The average age of the global dry bulk fleet is approximately 15 years. The Company is also diversifying into the VLOC sector, with its converted VLOC expected to join its fleet in the last quarter of 2008. Mercator also has two Post Panamax vessels of around 92,500 DWT, each on long term charter-in contracts for 5 years starting mid 2009.

The Group services primarily large thermal-based power plants and steel companies, and has established strong relationships with its customers, including reputable names such as Arcelor Mittal Group and Tata Power.

Mercator derives its revenue largely from long term fixed rate contracts, specifically time charters and contracts of affreightment (“COAs”). Ranging from 11 months to 5 years, Mercator’s long term fixed rate contracts ensure revenue visibility.

Helmed by an experienced management team with in-depth understanding of the industry, a wide network of customer contacts and diligent risk management practices, Mercator has been able to make proactive business decisions and well-timed fleet expansion to achieve continuous growth since its inception.

None of the agencies other than Mercator Lines (Singapore) Limited assumes responsibilities for contents of this announcement.

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