

SAMUDERA SHIPPING LINE LTD
(Company Registration No: 199308462C)
(Incorporated in Singapore)

VESSEL DISPOSAL UNDER THE DISPOSAL MANDATE

1 INTRODUCTION

The board of directors (the "**Board**") of Samudera Shipping Line Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the circular to shareholders dated 12 April 2017 (the "**Circular**") relating to, *inter alia*, the proposed adoption of the disposal mandate for proposal disposal of the vessels (the "**Disposal Mandate**").

Shareholders of the Company have approved the Disposal Mandate at the extraordinary general meeting of the Company held on 27 April 2017.

All capitalized terms used in this announcement shall, unless otherwise defined, have the same meanings ascribed to them in the Circular.

2 VESSEL DISPOSAL

The Board wishes to announce that the Group has, in accordance with the terms of the Disposal Mandate, disposed of Sinar Jogya and Sinar Padang. (Collectively 'the Vessels')

Sinar Jogya

Sinar Jogya is a 16 years old Indonesia flagged oil tanker. The memorandum of agreement for the sale of Sinar Jogya was executed between PT Samudera Shipping Services (the "**PTSSS**") and an unrelated third party.

The net consideration for the sale of Sinar Jogya was US\$7.9 million, which was arrived at on a willing buyer-willing seller basis. The purchase consideration was paid in the following manner:

- (a) 10% of the purchase consideration was paid to the Group as down payment following the signing of memorandum of agreement; and
- (b) the remaining 90% of the purchase consideration paid upon delivery of Sinar Jogya in the month of October 2017.

As committed by the Company in the Circular, the sale price of Sinar Jogya is not lower than 90% of the value of Sinar Jogya as determined by the independent valuer.

Sinar Padang

Sinar Padang is a 12 years old Indonesia flagged container vessel. The memorandum of agreement for the sale of Sinar Padang was executed between PTSSS and an unrelated third party.

The consideration for the sale of Sinar Padang was US\$1.2785 million, which was arrived at on a willing buyer-willing seller basis. The purchase consideration was paid in the following manner:

- (a) 10% of the purchase consideration was paid to the Group as down payment following the signing of memorandum of agreement ; and
- (b) the remaining 90% of the purchase consideration paid upon delivery of Sinar Padang in the third quarter 2017.

As committed by the Company in the Circular, the sale price of Sinar Padang is not lower than 90% of the value of Sinar Padang as determined by the independent valuer.

3 **DISPOSAL PROCEEDS**

The proceeds from the disposal of the Vessels will be utilized for working capital and business expansion of the Group.

The book value of the Vessels is US\$8.3 million. Accordingly, the disposal of the vessels results in the Group recording a net gain on disposal of US\$0.84 million.

4 **PRINCIPLE TERMS OF DISPOSAL**

The memorandum of agreement for the sale of Sinar Jogya was based on the SALEFORM 2012 (revised 1966, 1983, 1986/87, 1993 and 2012) prescribed by the Norwegian Shipbrokers' Association for sale and purchase of vessels and adopted by the Baltic and International Maritime Council in 1956 with modification to cater for the specific sale of Sinar Jogya.

The memorandums of agreement for the sale of Sinar Padang was based the SALEFORM 1993 (revised 1966, 1983 and 1986/87) prescribed by the Norwegian Shipbrokers' Association for sale and purchase of vessels and adopted by the Baltic and International Maritime Council in 1956 with modification to cater for the specific sale of the Sinar Padang.

5 **FINANCIAL EFFECTS**

- (a) For illustration purposes, the financial effect of the disposal of the Vessels on the:

- (i) Net tangible assets ("**NTA**") per share; and

- (ii) Earnings per share ("**EPS**")

based on the audited consolidated financial statement of the Group for the financial year ended 31 December 2016 ("**FY2016**") are set out below.

- (b) NTA

Assuming that the Vessels had been disposed of on 31 December 2016, the effect on the NTA per share as at 31 December 2016 would be as follows:

	Before the disposal of the vessels	After the disposal of the vessels
Consolidated NTA (US\$)	240,119,000	240,940,000
Consolidated NTA per share (US cents)	44.63	44.78

(c) EPS

Assuming that the Vessels been disposed of on 1 January 2016, the effect on the EPS of the Group would be as follows:

	Before the disposal of the vessels	After the disposal of the vessels
EPS (US cents)	(1.01)	(0.95)

6 RATIONALE FOR THE DISPOSAL

As disclosed in the Circular, under the current Indonesian shipping law, the Group is restricted from owning and registering new Indonesia flagged vessels. Arising therefrom, the Group will not be able to acquire new Indonesia flagged vessel to rejuvenate aging and/or non-competitive Indonesia flagged vessels.

The Group has adopted the strategic approach of gradually selling or scrapping Indonesia flagged vessel. Once all the Indonesia flagged vessels are sold/scrapped, the Group will cease to provide shipping services for domestic route within Indonesia. However, the Group will continue to provide shipping services for international route from and to Indonesia. The Group is studying the possibility of investing in a minority stake in Indonesian company which provides shipping services for domestic route within Indonesia to continue to partake in this business.

Sinar Jogya was profitable in FY2016 but it is more than 15 years old. Old vessel is less efficient and less costs competitive as compare with newer vessel. Further, old vessel also attracts higher maintenance and repair costs.

Sinar Padang was making losses in FY2016.

7 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest in the disposal of the Vessels.

8 OTHER INFORMATION

- (a) No person has been or is proposed to be appointed as director of the Company in connection with the disposal of the Vessels. Accordingly, no service contract has been or is proposed to be entered into between the Company and any such person.

- (b) Copies of the memorandums of agreement for the disposal of the Vessels and the valuations for the Vessels are available for inspection at the Company's registered office at 6 Raffles Quay #25-01 Singapore 048580 for a period of three (3) months from the date of this Announcement.

By order of the Board,

Hermawan Fridiana Herman
Executive Director, Finance
26 October 2017

RELATIVE FIGURES

1 Vessel disposal

The relative figures for the disposal of the Vessels computed on the bases set out in Rule 1006 of the Listing Manual are set out below:

Rule 1006	Bases	Relative figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value as at 30 June 2017	3.5
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 June 2017	21.3
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 23 October 2017 based on the total number of shares excluding treasury shares	10.1
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N/A
(e)	The aggregate volume or amount of proved and probable reserved to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	N/A

2 DISPOSAL OF SINAR JOGYA

The relative figures for the disposal of Sinar Jogya computed on the bases set out in Rule 1006 of the Listing Manual are set out below:

Rule 1006	Bases	Relative figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value as at 30 June 2017	2.9
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 June 2017	27.3
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 23 October 2017	8.7

	based on the total number of shares excluding treasury shares	
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N/A
(e)	The aggregate volume or amount of proved and probable reserved to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	N/A

3 DISPOSAL OF SINAR PADANG

The relative figures for the disposal of Sinar Padang computed on the bases set out in Rule 1006 of the Listing Manual are set out below:

Rule 1006	Bases	Relative figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value as at 30 June 2017	0.5
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 June 2017	(6.0)
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 23 October 2017 based on the total number of shares excluding treasury shares	1.4
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N/A
(e)	The aggregate volume or amount of proved and probable reserved to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	N/A

* Sinar Padang is a loss-making vessel.