

CIRCULAR DATED 12 APRIL 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about the contents of this Circular or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Samudera Shipping Line Ltd. (the "**Company**"), you should forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



SAMUDERA SHIPPING

SAMUDERA SHIPPING LINE LTD

(Incorporated in the Republic of Singapore)
Company Registration Number: 199308462C

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- 1. THE PROPOSED ADOPTION OF DISPOSAL MANDATE FOR PROPOSED DISPOSAL OF THE VESSELS; AND**
- 2. THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE**

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	: 25 April 2017 at 10.30 a.m.
Date and time of Extraordinary General Meeting	: 27 April 2017 at 10.30 a.m. (or soon thereafter following the conclusion of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day at the same place).
Place of Extraordinary General Meeting	: M Hotel Singapore, Shenton Room Basement 1, 81 Anson Road Singapore 079908

(This page is intentionally left blank)

CONTENTS

1.	INTRODUCTION.....	4
2.	DISPOSAL MANDATE	4
3.	THE PROPOSED SHARE BUYBACK MANDATE	8
4.	DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES.....	20
5.	DIRECTORS' RECOMMENDATION.....	21
6.	EXTRAORDINARY GENERAL MEETING	21
7.	ACTION TO BE TAKEN BY SHAREHOLDERS	21
8.	DIRECTORS' RESPONSIBILITY	21
9.	DOCUMENTS AVAILABLE FOR INSPECTION	21
	NOTICE OF EXTRAORDINARY GENERAL MEETING.....	22
	PROXY FORM.....	25

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated: -

“AGM”	:	Annual General Meeting of the Company.
“Board”	:	The Board of Directors of the Company.
“CDP” or “Depository”	:	The Central Depository (Pte) Limited.
“Circular”	:	This circular to Shareholders dated 12 April 2017.
“Companies Act”	:	The Companies Act (Chapter 50 of Singapore) as amended or modified from time to time.
“Constitution”	:	The constitution of the Company.
“Directors”	:	The directors of the Company as at the Latest Practicable Date.
“Disposal Mandate”	:	The mandate to authorise the Company to dispose of the Vessels, the terms of which are set out in paragraph 2 of this Circular.
“EGM”	:	The extraordinary general meeting of the Company, the notice of which is set out in pages 22 to 24 of this Circular.
“EPS”	:	Earnings per Share.
“FY2016”	:	Financial year ended 31 December 2016.
“FY2016 Financial Statements”	:	Has the meaning ascribed to it in paragraph 2.7 of this Circular.
“Group”	:	The Company, its subsidiaries and associated companies.
“Latest Practicable Date”	:	17 March 2017 being the latest practicable date prior to the printing of this Circular.
“Listing Manual”	:	The SGX-ST Listing Manual, as amended or modified from time to time.
“Market Days”	:	A day on which the SGX-ST is open for trading in securities.
“Market Purchases”	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular.
“Maximum Price”	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular.
“NBU”	:	PT Ngrumat Bondo Utomo.
“NTA”	:	Net tangible assets.
“Off-Market Purchase”	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular.
“Proposed Disposal”	:	The proposed disposal of the Vessels by the Group.
“PTSI”	:	PT Samudera Indonesia Tbk, the immediate holding company of the Company.
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a depository agent.
“SFA”	:	Securities and Futures Act (Chapter 289 of Singapore) as amended or modified from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.

“Share Buyback Mandate”	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual.
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall mean the depositors whose Securities Accounts are credited with Shares.
“Shares”	:	Ordinary shares in the capital of the Company.
“SIC”	:	Securities Industry Council of Singapore.
“SSL” or “the Company”	:	Samudera Shipping Line Ltd.
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers as amended or modified from time to time.
“Tanggung”	:	PT Samudera Indonesia Tangguh, the ultimate parent company of the Company.
“TEU”	:	Twenty-foot equivalent container unit.
“Vessels”	:	Sinar Padang, Sinar Panjang, Sinar Jepara, Sinar Ambon, Sinar Emas and Sinar Jogya.
“S\$” and “cents”	:	Singapore dollars and cents.
“%”	:	Per centum.
“US\$” and “US cents”	:	United States dollars and cents respectively.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

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 and vice versa, and words importing persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that statute or enactment for the time being amended or re-enacted up to the Latest Practicable Date. Any term defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Circular are of such laws and regulations (including Listing Manual) as at the Latest Practicable Date.

Any discrepancies in the tables included herein between the amounts in the column of the tables and the totals thereof and relevant percentages (if any) are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day in this Circular shall be a reference to Singapore time.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Unless otherwise stated, the average exchange rate between US\$ and S\$ for financial year ended 31 December 2016 was US\$1.00: S\$1.38. This exchange rate should not be construed as a representation that the US\$ amounts would have been, or could be, converted into S\$ at the rate stated, or at all and vice versa.

All statements other than statements of historical facts included in this sections of this Circular relating to the Proposed Disposal are or may be forward-looking statement. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.

SAMUDERA SHIPPING LINE LTD
(Incorporated in the Republic of Singapore)
(Company registration no. 199308462C)

Directors:

Masli Mulia (Executive Chairman)
Asmari Herry Prayitno (Executive Director and Chief Executive Officer)
Hermawan Fridiana Herman (Executive Director, Finance)
Lim Kee Hee (Executive Director, Commercial)
Quah Ban Huat (Lead Independent and Non-Executive Director)
Chng Hee Kok (Independent and Non-Executive Director)
Nicholas Peter Ballas (Independent and Non-Executive Director)
Ng Chee Keong (Independent and Non-Executive Director)

Registered Office:

6 Raffles Quay #25-01
Singapore 048580

12 April 2017

To: The Shareholders of Samudera Shipping Line Ltd

Dear Sir/Madam

1. INTRODUCTION

- 1.1 The Directors are convening an EGM of the Company to be held on 27 April 2017 to seek Shareholders' approval for the following:
- (a) The proposed adoption of the Disposal Mandate for the Proposed Disposal of the Vessels; and
 - (b) The proposed adoption of the Share Buyback Mandate.
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to and explaining the rationale of (i) the Disposal Mandate; and (ii) the Share Buyback Mandate.
- 1.3 The SGX-ST takes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular.
- 1.4 If you are in any doubt, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

2. DISPOSAL MANDATE

2.1 Introduction

The Company proposed to seek approval from the Shareholders for a mandate to authorise the Company to dispose of the following vessels:

- (a) Sinar Padang;
- (b) Sinar Panjang;
- (c) Sinar Jepara;
- (d) Sinar Ambon;
- (e) Sinar Emas; and
- (f) Sinar Jogja.

(collectively the "**Vessels**" and each a "**Vessel**")

2.2 Requirement for shareholders' approval

- (a) Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Under Rule 1014 of the Listing Manual, Shareholders' approval must be obtained for "major transactions" within the meaning of Chapter 10 of the Listing Manual. Rule 1006 of the Listing Manual sets out the computations for relative figures for acquisitions and disposals of assets by a listed

issuer. Shareholders' approval is required if any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and such a transaction is classified as a "major transaction". In determining whether a disposal transaction or a series of disposal transactions is considered a major transaction, the SGX-ST may aggregate separate transactions completed within a 12-month period and treat these transactions as one transaction under Rule 1005 of the Listing Manual.

- (b) If the Group disposes of all or some of the Vessels over a 12-month period, SGX-ST may aggregate and consider the disposal of the Vessels as a single transaction whereupon the applicable relative figures computed on the bases set out in Rule 1006 of the Listing Manual may exceed 20%. As such, the Company is seeking the prior approval of the Shareholders for the Disposal Mandate.

2.3 Information on the Vessels

- (a) **Sinar Padang**
Sinar Padang is an Indonesia flagged container vessel. It was built in 2005. It can carry up to 241 TEUs.
- (b) **Sinar Panjang**
Sinar Panjang is an Indonesia flagged container vessel. It was built in 2005. It can carry up to 241 TEUs.
- (c) **Sinar Jepara**
Sinar Jepara is an Indonesia flagged container vessel. It was built in 2005. It can carry up to 378 TEUs.
- (d) **Sinar Ambon**
Sinar Ambon is an Indonesia flagged container vessel. It was built in 2005. It can carry up to 287 TEUs.
- (e) **Sinar Emas**
Sinar Emas is an Indonesia flagged oil tanker. It was built in 2000. Its capacity is 17,726 deadweight tonnage.
- (f) **Sinar Jogja**
Sinar Jogja is an Indonesia flagged oil tanker. It was built in 2001. Its capacity is 17,766 deadweight tonnage.

2.4 Rationale for the Disposal Mandate and Proposed Disposal of the Vessels

The Vessels are all Indonesia flagged vessels that service the domestic route within Indonesia. 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 as well as potentially investing in a minority stake in Indonesian company which provides shipping services for domestic route within Indonesia.

Sinar Padang, Sinar Panjang, Sinar Jepara and Sinar Ambon are all making losses in the financial year ended 31 December 2016 ("FY2016").

Sinar Emas and Sinar Jogja were profitable in FY2016 but they are more than 15 years old. Old vessels are less efficient and less costs competitive as compare with newer vessels. Further, old vessels also attract higher maintenance and repair costs.

It is the norm of the shipping industry that the sale and purchase of vessel be completed within a short time frame after the parties have agreed on the sale and purchase of the relevant vessel. As such, the Company will not have sufficient time to obtain shareholders' approval for each disposal of the Vessel.

Further, the Disposal Mandate will provide the Company with the flexibility to sell the Vessels during the period when the Disposal Mandate is in force. The Disposal Mandate will also eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when the Group disposes any one of the Vessels, thereby avoiding the loss of opportunities and reducing substantially, the administrative time, inconvenience and expenses associated with the convening of such meetings on an ad hoc basis.

2.5 Terms of the Disposal Mandate

The terms of the Disposal Mandate are as follows:

- (a) Subject to (b) below, each of the Vessels may be disposed at a price which the Directors deem fair and reasonable after taking into account the relevant factors including but not limited to the valuation for the relevant vessel from independent valuer.
- (b) The disposal price of each of the Vessels shall not be lower than 90% of the value of the relevant Vessel as determined by the independent valuer.
- (c) The consideration in respect of such disposal shall be satisfied in such manner as the Board deems fit in the best interest of the Company.
- (d) If approved by the Shareholders at the EGM, the authority conferred by the Disposal Mandate will continue in force for a period commencing from and including the day following the day of the EGM until the next AGM of the Company (whereupon at the end of the period it will lapse, unless renewed) or until it is varied or revoked by the Company in a general meeting, whichever is earlier. During the period when the Disposal Mandate is in force, the Group may enter into memorandums of agreement with any prospective purchaser(s) of the Vessels and such memorandums of agreement shall not be subject to the specific approval of the Shareholders, notwithstanding that the completion date of the relevant transaction may fall on a date after the Disposal Mandate has lapsed.
- (e) In the event the value of the sale of all or any of the Vessels to interested person(s) of the Company is equal to or exceeds the financial materiality thresholds prescribed in Chapter 9 of the Listing Manual, the Company shall seek specific Shareholders' approval and/or make an immediate announcement in respect of such transaction in accordance with Chapter 9 of the Listing Manual.

For the purpose of sub-paragraph (e) above:

- (i) an **"interested person"** means a director, chief executive officer or controlling shareholder of the Company, or an associate of such director, chief executive officer or controlling shareholder;
 - (ii) a **"controlling shareholder"** means a person who holds directly or indirectly 15% or more of the total number of all issued Shares excluding treasure shares in the Company (unless otherwise excepted by the SGX-ST), or in fact exercised control over the Company; and
 - (iii) an **"associate"**, in relation to any director, chief executive officer or controlling shareholder (being an individual), means his immediate family (i.e. spouse, children, adopted children, step-children, children and parents), 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 any company in which he or his immediate family together (directly or indirectly) have an interest of 30% or more; in relation to 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.
- (f) Any negotiation with an intending purchaser of the Vessels shall be conducted on an arm's length and commercial basis, taking into account such factors as the Directors may deem fit in the interests of the Group.

- (g) Assuming that the approval of the Shareholders for the Disposal Mandate is obtained at the EGM, the Directors will be responsible for facilitating the Proposed Disposal of the Vessels. The Directors shall exercise the authority conferred by the Disposal Mandate in a judicious manner and in the best interest of the Company.
- (h) If the Directors are not able to dispose of the Vessels in accordance with the terms set forth above, the Company will revert to the Shareholders for a fresh mandate for specific approval for the transaction pursuant to Rule 1014 of the Listing Manual, as applicable.

2.6 Announcement

Further, the Company shall also keep the Shareholders informed of transactions conducted under the Disposal Mandate by making announcement as required under Chapter 10 of the Listing Manual. If any single transaction conducted under the Disposal Mandate or any further transaction (when aggregated with all previous transactions conducted under the Disposal Mandate) exceeds five per cents (5%) of any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual, the Company will make an announcement setting out the information required under Rule 1010 of the Listing Manual. In addition to the above, the Company will also be making announcement upon the earlier:

- (a) disposal of all the Vessels; or
- (b) expiry of the Disposal Mandate.

2.7 Financial effects of the Proposed Disposal of the Vessels

The pro forma financial effects of the Proposed Disposal of the Vessels are purely for illustrative purposes and are neither indicative of the actual financial effects of the Proposed Disposal of the Vessels on the EPS and NTA of the Company, nor are they indicative of the actual financial performance or the financial position of the Company for FY2016.

The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2016 (the "**FY2016 Financial Statement**"), being the most recently completed financial year, and on the following key bases and assumptions:

- (i) For the purposes of illustrating the financial effects of the Proposed Disposal of the Vessels on the EPS of the Group, it is assumed that all the Vessels were disposed of on 1 January 2016;
- (ii) For the purposes of illustrating the financial effect on the NTA per Share of the Group, it is assumed that all the Vessels were disposed of on 31 December 2016; and
- (iii) All the Vessels were disposed of at book value with no profit or loss on disposal.

NTA

Group	Before the Proposed Disposal of the Vessels	After the Proposed Disposal of the Vessels
NTA (US\$'000)	240,119	240,119
NTA per share (US cents)	44.63	44.63

EPS

Group	Before the Proposed Disposal of the Vessels	After the Proposed Disposal of the Vessels
Profit/(Loss) attributable to shareholders (US\$'000)	(5,428)	(5,088)
Earnings/(Loss) per share (US cents)	(1.01)	(0.95)

2.8 Relative Figures computed pursuant to Rule 1006 of the Listing Manual

The relative figures computed pursuant to Rule 1006 (a) to (e) of the Listing Manual are set out below:

	Basis in Rule 1006 of the Listing Manual	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value as at 31 December 2016	8.4
(b)	The net loss attributable to the Vessels, compared with the Group's net loss for FY 2016	9.0
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at the Latest Practicable Date based on the total number of shares excluding treasury shares	30.3
(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

2.9 Directors' service contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal of the Vessels.

3. THE PROPOSED SHARE BUYBACK MANDATE

3.1 Introduction

The Company is seeking Shareholders' approval for the Share Buyback Mandate to authorise the Directors to buy back Shares representing up to a maximum of 10% of the issued Shares of the Company (excluding treasury shares) as at the date on which the resolution authorising the same is passed, at a price of up to but not exceeding the Maximum Price (as defined below). Such purchases of Shares will be made subject to the Constitution, the Listing Manual, Take-over Code and in accordance with Sections 76B to 76G of the Companies Act.

Purchases of Shares may be effected by the Company in either one of the following two ways or both:

- (a) by way of on-market purchases transacted on the SGX-ST through the ready market of the SGX-ST ("**Market Purchases**"); and/or
- (b) by way of an off-market acquisition on an "equal access scheme" as defined in Section 76C of the Companies Act ("**Off-Market Purchase**").

Pursuant to the Companies Act and the Listing Manual, the authority and limitations on the Share Buyback Mandate are as follows:

(i) Maximum Number of Shares

The maximum number of Shares which may be purchased by the Company pursuant to the Share Buyback Mandate is that number of Shares representing not more than 10% of the issued Shares of the Company (excluding treasury shares) as at the date on which the resolution authorising the same is passed.

On the basis of 538,038,199 Shares in issue (excluding treasury shares) as at the Latest Practicable Date, the exercise in full of the Share Buyback Mandate would result in purchase of 53,803,819 Shares.

(ii) Maximum Price

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid by the Company for the Shares will not be more than ("**Maximum Price**"):

- (aa) in the case of Market Purchases, 5% above the average of the closing market prices of the Shares over the last five Market Days on which transactions in the Shares were recorded before the day of the Market Purchases by the Company, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five-day period; and
- (bb) in the case of Off-Market Purchase, 20% above the average of the closing market prices of the Shares over the last five Market Days on which transactions in the Shares were recorded before the date on which the Company makes an announcement of an offer under the Off-Market Purchase, stating therein the purchase price and the relevant terms of the equal access scheme for effecting the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five-day period.

(iii) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM, at which the proposed Share Buyback Mandate is approved, up to:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which Share Buyback Mandate have been carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied,

whichever is earlier.

(iv) Sources of Funds

In purchasing Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution and the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than cash and the relevant settlement for the purchase of Shares shall be in accordance with the trading rules of the SGX-ST. The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits. The Company intends to use internal sources of funds to finance the purchases of Shares.

3.2 Rationale of the Share Buyback Mandate

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Company. A share buyback at the appropriate price level is one of the ways through which the return on equity of the Company may be enhanced.

The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. Shares purchased pursuant to the Share Buyback Mandate will either be cancelled or held as treasury shares as may be determined by the Directors. This will provide the Directors with greater flexibility over the Company's share capital structure, *inter alia*, with a view to enhancing the earnings and/or net tangible asset value per Share or to maintain a pool of Shares to be deployed for future purposes as deemed appropriate by the Directors.

The Directors further believe that share buybacks by the Company will help to mitigate short term share price volatility or trading trends which, in the reasonable opinion of the Company, is not otherwise caused by general market factors or sentiments and/or the fundamentals of the Company and offset the effect of short-term speculation (as and when they may occur) and bolster Shareholders' confidence.

3.3 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

3.4 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act, are summarised below:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights. In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

3.5 Financial Impact

The financial impact on the Company and the Group arising from purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired on-market or off-market, the price paid for such Shares and whether

the Shares purchased or acquired are held in treasury or cancelled. The financial impact on the Company and Group, based on the audited financial statements of the Company and the Group for FY2016, are based on the assumptions set out below.

(a) Purchase or acquisition out of capital or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, goods and service tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

(b) Information as at Latest Practicable Date

Based on the existing number of Shares in issue (excluding treasury shares) as at the Latest Practicable Date, the exercise in full of the Share Buyback Mandate would result in the purchase of 53,803,819 Shares.

(i) **Market Purchases**

Assuming that the Company purchases or acquires the 53,803,819 Shares at the Maximum Price of 18.140 Singapore cents for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 53,803,819 Shares is S\$9,760,013 or equivalent to US\$6,971,438 at the exchange rate of US\$1.00 : S\$1.40 (based on the exchange rate as at the Latest Practicable Date).

(ii) **Off Market Purchase**

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 53,803,819 Shares at the Maximum Price of 20.730 Singapore cents for one Share (being the price equivalent to 20% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 53,803,819 Shares is S\$11,153,532 or equivalent to US\$7,966,808 at the exchange rate of US\$1.00 : S\$1.40 (based on the exchange rate as at the Latest Practicable Date).

(c) Illustrative Financial Impact

For illustrative purposes only and on the basis of the assumptions set out in paragraph 3.5(b) above, the financial impact of the:

(i) Market Purchases by the Company entirely out of capital and Shares bought back are cancelled; and Market Purchases by the Company entirely out of capital and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share);

(ii) Off-Market Purchase by the Company entirely out of capital and Shares bought back are cancelled; and Off-Market Purchase by the Company entirely out of capital and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share);

- (iii) Market Purchases by the Company entirely out of profits and Shares bought back are cancelled; and Market Purchases by the Company entirely out of profits and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share); and
- (iv) Off-Market Purchase by the Company entirely out of profits and Shares bought back are cancelled; and Off-Market Purchase by the Company entirely out of profits and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share).

on the audited financial statements of the Group and the Company for FY2016 are set out on page 13 to 16 of the Circular.

- (i) Market Purchases by the Company entirely out of capital and Shares bought back are cancelled; and Market Purchases by the Company entirely out of capital and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share)

	Group (US\$'000)			Company (US\$'000)		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
	Financial Statements as at 31 December 2016	Held as treasury Shares	Cancelled	Financial Statements as at 31 December 2016	Held as treasury Shares	Cancelled
Issued share capital	68,761	68,587	61,616	68,761	68,587	61,616
Treasury shares	(174)	(6,971)	-	(174)	(6,971)	-
Reserves	171,532	171,532	171,532	157,148	157,148	157,148
Total Shareholders' Equity	244,843	237,872	237,872	225,735	218,764	218,764
NTA	240,119	233,148	233,148	225,735	218,764	218,764
Total current assets	119,645	112,674	112,674	85,445	78,474	78,474
Total current liabilities	63,652	63,652	63,652	40,046	40,046	40,046
Total borrowings ⁽¹⁾	84,708	84,708	84,708	37,149	37,149	37,149
Number of issued Shares ('000)	539,131	538,038	484,234	539,131	538,038	484,234
Treasury shares ('000)	(1,093)	(53,804)	-	(1,093)	(53,804)	-
Number of Shares ⁽²⁾ ('000)	538,038	484,234	484,234	538,038	484,234	484,234
Financial Ratios						
NTA per Share (US cents) ⁽³⁾	44.63	48.15	48.15	41.96	45.18	45.18
EPS (US cents) ⁽⁴⁾	(1.01)	(1.12)	(1.12)	1.51	1.68	1.68
Gearing ratio (times) ⁽⁵⁾	0.35	0.36	0.36	0.16	0.17	0.17
Current ratio (times) ⁽⁶⁾	1.88	1.77	1.77	2.13	1.96	1.96

Note:

⁽¹⁾ Total borrowings refer to borrowings from financial institutions.

⁽²⁾ Number of Shares excluding treasury shares.

⁽³⁾ NTA per Share is calculated based on the NTA divided by number of Shares excluding treasury shares.

⁽⁴⁾ EPS is calculated based on the net profit attributable to equity holders of the Company divided by number of Shares excluding treasury shares. The Group has suffered losses in FY2016 and resulted in a negative EPS.

⁽⁵⁾ Gearing represents the ratio of total borrowings to total Shareholders' equity, excluding minority interests.

⁽⁶⁾ Current ratio represents the ratio of total current assets to total current liabilities.

- (ii) Off-Market Purchase by the Company entirely out of capital and Shares bought back are cancelled; and Off-Market Purchase by the Company entirely out of capital and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share)

	Group (US\$'000)			Company (US\$'000)		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
	Financial Statements as at 31 December 2016	Held as treasury Shares	Cancelled	Financial Statements as at 31 December 2016	Held as treasury Shares	Cancelled
Issued share capital	68,761	68,587	60,620	68,761	68,587	60,620
Treasury shares	(174)	(7,967)	-	(174)	(7,967)	-
Reserves	171,532	171,532	171,532	157,148	157,148	157,148
Total Shareholders' Equity	244,843	236,876	236,876	225,735	217,768	217,768
NTA	240,119	232,152	232,152	225,735	217,768	217,768
Total current assets	119,645	111,678	111,678	85,445	77,478	77,478
Total current liabilities	63,652	63,652	63,652	40,046	40,046	40,046
Total borrowings ⁽¹⁾	84,708	84,708	84,708	37,149	37,149	37,149
Number of issued Shares ('000)	539,131	538,038	484,234	539,131	538,038	484,234
Treasury shares ('000)	(1,093)	(53,804)	-	(1,093)	(53,804)	-
Number of Shares ⁽²⁾ ('000)	538,038	484,234	484,234	538,038	484,234	484,234
Financial Ratios						
NTA per Share (US cents) ⁽³⁾	44.63	47.94	47.94	41.96	44.97	44.97
EPS (US cents) ⁽⁴⁾	(1.01)	(1.12)	(1.12)	1.51	1.68	1.68
Gearing ratio (times) ⁽⁵⁾	0.35	0.36	0.36	0.16	0.17	0.17
Current ratio (times) ⁽⁶⁾	1.88	1.75	1.75	2.13	1.93	1.93

Note:

⁽¹⁾ Total borrowings refer to borrowings from financial institutions.

⁽²⁾ Number of Shares excluding treasury shares.

⁽³⁾ NTA per Share is calculated based on the NTA divided by number of Shares excluding treasury shares.

⁽⁴⁾ EPS is calculated based on the net profit attributable to equity holders of the Company divided by number of Shares excluding treasury shares. The Group has suffered losses in FY2016 and resulted in a negative EPS.

⁽⁵⁾ Gearing represents the ratio of total borrowings to total Shareholders' equity, excluding minority interests.

⁽⁶⁾ Current ratio represents the ratio of total current assets to total current liabilities

- (iii) Market Purchases by the Company entirely out of profits and Shares bought back are cancelled; and Market Purchases by the Company entirely out of profits and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share)

	Group (US\$'000)			Company (US\$'000)		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
	Financial Statements as at 31 December 2016	Held as treasury Shares	Cancelled	Financial Statements as at 31 December 2016	Held as treasury Shares	Cancelled
Issued share capital	68,761	68,587	68,587	68,761	68,587	68,587
Treasury shares	(174)	(6,971)	-	(174)	(6,971)	-
Reserves	171,532	171,532	164,561	157,148	157,148	150,177
Total Shareholders' Equity	244,843	237,872	237,872	225,735	218,764	218,764
NTA	240,119	233,148	233,148	225,735	218,764	218,764
Total current assets	119,645	112,674	112,674	85,445	78,474	78,474
Total current liabilities	63,652	63,652	63,652	40,046	40,046	40,046
Total borrowings ⁽¹⁾	84,708	84,708	84,708	37,149	37,149	37,149
Number of issued Shares ('000)	539,131	538,038	484,234	539,131	538,038	484,234
Treasury shares ('000)	(1,093)	(53,804)	-	(1,093)	(53,804)	-
Number of Shares ⁽²⁾ ('000)	538,038	484,234	484,234	538,038	484,234	484,234
Financial Ratios						
NTA per Share (US cents) ⁽³⁾	44.63	48.15	48.15	41.96	48.18	48.18
EPS (US cents) ⁽⁴⁾	(1.01)	(1.12)	(1.12)	1.51	1.68	1.68
Gearing ratio (times) ⁽⁵⁾	0.35	0.36	0.36	0.16	0.17	0.17
Current ratio (times) ⁽⁶⁾	1.88	1.77	1.77	2.13	1.96	1.96

Note:

⁽¹⁾ Total borrowings refer to borrowings from financial institutions.

⁽²⁾ Number of Shares excluding treasury shares.

⁽³⁾ NTA per Share is calculated based on the NTA divided by number of Shares excluding treasury shares.

⁽⁴⁾ EPS is calculated based on the net profit attributable to equity holders of the Company divided by number of Shares excluding treasury shares. The Group has suffered losses in FY2016 and resulted in a negative EPS.

⁽⁵⁾ Gearing represents the ratio of total borrowings to total Shareholders' equity, excluding minority interests.

⁽⁶⁾ Current ratio represents the ratio of total current assets to total current liabilities

- (iv) Off-Market Purchase by the Company entirely out of profits and Shares bought back are cancelled; and Off-Market Purchase by the Company entirely out of profits and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share)

	Group (US\$'000)			Company (US\$'000)		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
	Financial Statements as at 31 December 2016	Held as treasury Shares	Cancelled	Financial Statements as at 31 December 2016	Held as treasury Shares	Cancelled
Issued share capital	68,761	68,587	68,587	68,761	68,587	68,587
Treasury shares	(174)	(7,967)	-	(174)	(7,967)	-
Reserves	171,532	171,532	163,565	157,148	157,148	149,181
Total Shareholders' Equity	244,843	236,876	236,876	225,735	217,768	217,768
NTA	240,119	232,152	232,152	225,735	217,768	217,768
Total current assets	119,645	111,678	111,678	85,445	77,478	77,478
Total current liabilities	63,652	63,652	63,652	40,046	40,046	40,046
Total borrowings ⁽¹⁾	84,708	84,708	84,708	37,149	37,149	37,149
Number of issued Shares ('000)	539,131	538,038	484,234	539,131	538,038	484,234
Treasury shares ('000)	(1,093)	(53,804)	-	(1,093)	(53,804)	-
Number of Shares ⁽²⁾ ('000)	538,038	484,234	484,234	538,038	484,234	484,234
Financial Ratios						
NTA per Share (US cents) ⁽³⁾	44.63	47.94	47.94	41.96	44.97	44.97
EPS (US cents) ⁽⁴⁾	(1.01)	(1.12)	(1.12)	1.51	1.68	1.68
Gearing ratio (times) ⁽⁵⁾	0.35	0.36	0.36	0.16	0.17	0.17
Current ratio (times) ⁽⁶⁾	1.88	1.75	1.75	2.13	1.93	1.93

Note:

⁽¹⁾ Total borrowings refer to the borrowings from financial institutions.

⁽²⁾ Number of Shares excluding treasury shares.

⁽³⁾ NTA per Share is calculated based on the NTA divided by number of Shares excluding treasury shares.

⁽⁴⁾ EPS is calculated based on the net profit attributable to equity holders of the Company divided by number of Shares excluding treasury shares. The Group has suffered losses in FY2016 and resulted in a negative EPS.

⁽⁵⁾ Gearing represents the ratio of total borrowings to total Shareholders' equity, excluding minority interests.

⁽⁶⁾ Current ratio represents the ratio of total current assets to total current liabilities.

The actual impact will depend on the number and price of the Shares repurchased by the Company.

Shareholders should note that the financial impact set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and Group for FY2016 and may not be representative of future financial performance. Further, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

The Directors do not propose to exercise the Share Buyback Mandate to an extent that would materially and adversely affect the working capital requirements of the Company. The purchase of Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The proposed Share Buyback Mandate will only be exercised in the interests of the Company, for example, to enhance the EPS of the Company.

3.6 Tax Implications

Shareholders who are in doubt as to their respective tax position or the tax implications of the proposed Shares buyback by the Company or may be subject to tax whether in or outside of Singapore should consult their own professional advisers.

3.7 Take-Over Code Implications arising from Share Buybacks

Appendix 2 of the Take-over Code contains the Share Buyback Guidance applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

(a) Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

(b) Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

(i) The following companies:

- (1) A company;
- (2) The parent company of (1);
- (3) The subsidiaries of (1);
- (4) The fellow subsidiaries of (1);
- (5) The associated companies of any of (1), (2), (3) or (4);
- (6) Companies whose associated companies include any of (1), (2), (3), (4) or (5);
- (7) Any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and

- (ii) A company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which shareholders of a company (including directors of the company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of shares by the company are set out in Appendix 2 of the Take-over Code.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties is between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

(d) Exemption under Appendix 2 of the Take-over Code

Section 3(a) of the Appendix 2 of the Take-over Code provides, *inter alia*, that for a market acquisition under Section 76E of the Companies Act or an off-market acquisition on an equal access scheme under Section 76C of the Companies Act by a listed company, directors and persons acting in concert with them will be exempted from the requirement to make a general offer for the company under Rule 14.1 of the Take-over Code, subject to the following conditions:

- (i) The circular to shareholders on the resolution to authorise a buyback to contain advice to the effect that by voting for the buyback resolution, shareholders are waiving their right to a general offer at the required price from directors and parties acting in concert with them who, as a result of the company buying back its Shares, would increase their voting rights to 30% or more, or, if they together hold between 30%-50% of the company's voting rights, would increase their voting rights by more than one per cent. (1%) in any period of six (6) months; and the names of such directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed buyback to be disclosed in the same circular;
- (ii) The resolution to authorise a share buyback to be approved by a majority of those shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the shares buyback;
- (iii) The directors and/or persons acting in concert with them to abstain from voting for and/or recommending shareholders to vote in favour of the resolution to authorise the share buyback;
- (iv) Within seven (7) days after the passing of the resolution to authorise a buyback, each of the directors to submit to the SIC a duly signed form as prescribed by the SIC;
- (v) Directors and/or persons acting in concert with them not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buyback proposal is imminent and the earlier of:

- (1) The date on which the authority of the share buyback expires; and
- (2) The date on which the company announces it has bought back such number of shares as authorised by shareholder at the latest general meeting or it has decided to cease buying its shares, as the case may be.

if such acquisitions, taken together with the buyback, would cause their aggregate voting rights to increase to 30% or more.

- (vi) Directors and/or persons acting in concert with them, together holding between 30% and 50% of the company's voting rights, not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buyback proposal is imminent and the earlier of:
 - (1) The date on which the authority of the share buyback expires; and
 - (2) The date on which the company announces it has bought back such number of shares as authorised by shareholder at the latest general meeting or it has decided to cease buying its shares, as the case may be.

If such acquisitions, taken together with the buyback, would cause their aggregate voting rights to increase by more than one per cent. (1%) in the preceding six (6) months. It follows that where aggregate voting rights held by a director and persons acting in concert with him increase by more than one per cent. (1%) solely as a result of the share purchase and none of them has acquired any shares during the relevant period defined above, then such director and/or persons acting in concert with him would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over code, or where such exemption had been granted, would continue to enjoy the exemption.

- (e) Take-over obligation of substantial Shareholder of the Company

As at the Latest Practicable Date, each of the substantial Shareholders of the Company (as set out in page 20 of this Circular) have an interest of at least 65.27% of the Company's voting rights and would therefore not be obliged to make a general offer under Rule 14 and Appendix 2 of the Take-over Code in the event that share buybacks are undertaken by the Company pursuant to the Share Buyback Mandate.

Further, based on the Register of Directors' shareholdings and Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any Director and/or Shareholder who may become obligated to make a mandatory offer in the event that share buybacks are undertaken by the Company pursuant to the Share Buyback Mandate.

The statement herein do not purpose to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt are advised to consult their professional advisers and/or the SICI and /or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company pursuant to the Share Buyback Mandate.

3.8 Listing Manual Requirements

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of Market Purchases, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the total number of shares purchased, the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed

Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares during the period commencing (i) 2 weeks before the announcement of the Company's financial statements for each of the first three quarters of the Company's financial year; or (ii) one month before the Company's financial year end, as the case may be, and ending on the date of the announcement of the relevant results.

3.9 Listing status on the SGX-ST

The Listing Manual requires a listed company to ensure that at least 10 per cent of any class of its listed securities must be held by the public. The Company will ensure that any Share purchased by the Company will not result in a fall in the percentage of Shares held by the public to below 10% of the total number of issued Shares. The number of public Shareholders as disclosed in the register of Shareholders as at the Latest Practicable Date is 4590.

The total percentage of Shares in the hands of the public as at the Latest Practicable Date is 34.11%. Assuming that (a) the Company purchases a maximum of 10% of the issued Shares from the public and (b) the Shares held by the substantial shareholders of the Company and the Directors remain unchanged, the percentage of Shares in the hands of the public after such a repurchase will be 26.79%.

The Directors will use their best efforts to ensure that the Company does not effect a purchase of Shares which would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the orderly trade of the Shares or the listing status of the Company.

As at the Latest Practicable Date, the Company has no securities apart from its Shares listed on the SGX-ST.

3.10 Shares purchased by the Company

The Company has not made any share buyback in the 12 months preceding the Latest Practicable Date.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at the Latest Practicable Date, the interests of Directors and substantial Shareholders of the Company in Shares, as set out in the Company's register of interests of Directors and register of substantial Shareholders respectively, are as follows:

Directors	Direct Interest	%	Deemed Interest	%
Masli Mulia	-	-	-	-
Asmari Herry Prayitno	60,000	n.m.	-	-
Hermawan Fridiana Herman	-	-	-	-
Lim Kee Hee	-	-	-	-
Nicholas Peter Ballas	-	-	-	-
Chng Hee Kok	-	-	-	-
Quah Ban Huat	-	-	-	-
Ng Chee Keong	-	-	-	-
Substantial Shareholders				
PTSI	351,180,000	65.27	-	-
Tangguh ¹			351,180,000	65.27
NBU ²			351,180,000	65.27

Note:

1. Tangguh's deemed interest arises from its direct interest of 57.98% in PTSI.
2. NBU's deemed interest arises from its direct interest of 14.21% and 27.40% in PTSI and Tangguh respectively.

5. DIRECTORS' RECOMMENDATION

Taking into account the rationale for the Disposal Mandate and the Share Buyback Mandate, the Directors of the Company are of the opinion that the (i) proposed adoption of Disposal Mandate and (ii) proposed adoption of Share Buyback Mandate, are in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the resolutions relating to the (i) proposed adoption of Disposal Mandate; and (ii) proposed adoption of Share Buyback Mandate, to be proposed at the EGM.

6. EXTRAORDINARY GENERAL MEETING

An EGM, notice of which is set out in pages 22 to 24 of this Circular, will be held at M Hotel Singapore, Shenton Room, Basement 1, 81 Anson Road, Singapore 079908 on 27 April 2017 at 10.30 a.m. (or soon thereafter following the conclusion of the AGM of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and if thought fit, passing with or without amendment, the resolutions set out in the Notice of EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM 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 at 6 Raffles Quay #25-01, Singapore 048580 not later than 48 hours before the time fixed for the EGM. The appointment of proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he wishes to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears in the Depository Register maintained by CDP, 72 hours before the EGM.

8. DIRECTORS' RESPONSIBILITY

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed adoption of Disposal Mandate and proposed adoption of Share Buyback 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 Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office, 6 Raffles Quay #25-01, Singapore 048580 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) Constitution; and
- (b) The audited financial statements of the Company for the financial year ended 31 December 2016;

Yours faithfully
for and on behalf of
the Board of Directors of Samudera Shipping Line Ltd

Hermawan Fridiana Herman
Executive Director, Finance

SAMUDERA SHIPPING LINE LTD
(Incorporated in the Republic of Singapore)
(Company registration no. 199308462C)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of Samudera Shipping Line Ltd (the “**Company**”) will be held at M Hotel Singapore, Shenton Room, Basement 1, 81 Anson Road, Singapore 079908 on 27 April 2017 at 10.30 a.m. (or soon thereafter following the conclusion of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

*All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the circular to the shareholders of the Company dated 12 April 2017 (“**Circular**”)*

ORDINARY RESOLUTION 1 - THE PROPOSED ADOPTION OF DISPOSAL MANDATE FOR PROPOSED DISPOSAL OF THE VESSELS

That:

- (a) Approval be and is hereby given, for the purposes of Chapter 10 of the Listing Manual, for the Company to dispose the Vessels to the extent mandated and according to the terms under the Disposal Mandate as described in the Circular;
- (b) The Directors of the Company and/or any of them be and are hereby authorised to do all acts and things (including without limitation, executing all such documents and approving any amendments, alterations or modifications to any such documents as may be required in connection with the Proposed Disposal) as they and/or each of them deem desirable, expedient or necessary to give effect to the matters referred to in the above paragraph of this Ordinary Resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company; and
- (c) Insofar as any documents are required to be executed under seal, the Common Seal of the Company be affixed to such documents relating to the proposed transactions contemplated and/or authorised by this Ordinary Resolution in accordance with the provisions of the Constitution of the Company.

ORDINARY RESOLUTION 2 - THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

That:

- (a) For the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares of the Company not exceeding in aggregate the Maximum Percentage (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:
 - (i) on-market purchase(s) transacted on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) through the ready market of the SGX-ST and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchase(s) otherwise than on a securities exchange, in accordance with an equal access scheme(s) as defined in Section 76C of the Companies Act and as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and Listing Manual,

on the terms set out in the Circular, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

- (b) Unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next AGM of the Company is held or required by law to be held;
 - (ii) the date on which Share Buyback Mandate have been carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied;
- (c) In this Ordinary Resolution:
- “Maximum Percentage”** means that number of issued Shares representing ten per cent. (10%) of the total number of issued Shares as at the date of the passing of this Ordinary Resolution (excluding the Shares which are held as treasury shares as at that date); and
- “Maximum Price”** in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not be more than:
- (i) in the case of a on-market purchase(s) of a Share, 5% above the average of the closing market prices of the Shares over the last five market days on which transactions in the Shares were recorded before the day of the on-market purchase by the Company, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five-day period; and
 - (ii) in the case of off-market purchase(s) of a Share, 20% above the average of the closing market prices of the Shares over the last five market days on which transactions in the Shares were recorded before the date on which the Company makes an announcement of an offer under the off-market purchase scheme, stating therein the purchase price and the relevant terms of the equal access scheme for effecting the off-market purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five-day period; and
- (d) The Directors of the Company and each of them be and is hereby authorised to do such acts and things (including without limitation, to execute all documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
12 April 2017

Notes:-

1. (a) *A member of the Company (other than a “Relevant Intermediary”) entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his/her behalf. A proxy need not be a member of the Company.*
- (b) *A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share of Shares held by such member.*

“Relevant Intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. *If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 6 Raffles Quay #25-01, Singapore 048580 not less than 48 hours before the time appointed for the holding of the EGM.*
3. *The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any official or attorney duly authorised.*

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

SAMUDERA SHIPPING LINE LTD

Registration Number: 199308462C

(Incorporated in the Republic of Singapore)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy Samudera Shipping Line Ltd's shares, this Circular to Shareholders dated 12 April 2017 is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to attend the Extraordinary General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We _____ (Name)

of _____ (Address)

being a member/members of **SAMUDERA SHIPPING LINE LTD** (the "**Company**"), hereby appoint:-

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	(%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	(%)

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "**EGM**") of the Company to be held at M Hotel Singapore, Shenton Room, Basement 1, 81 Anson Road, Singapore 079908 on **27 April 2017 at 10.30 a.m.** (or soon thereafter following the conclusion of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) and at any adjournment thereof.

No.	Resolutions	No. of votes for ⁽¹⁾	No. of votes against ⁽¹⁾
1.	Ordinary Resolution 1 To approve the proposed adoption of Disposal Mandate		
2.	Ordinary Resolution 2 To approve the proposed adoption of Share Buyback Mandate		

⁽¹⁾ *If you wish to exercise all your vote "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this _____ day of _____ 2017

Total No. of Shares In	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s) and/or Common Seal of
Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6 Raffles Quay #25-01, Singapore 048580 not less than forty-eight (48) hours before the time appointed for the EGM.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 12 April 2017.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

