

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 10 April 2018 (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 25 April 2018.

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 completed the disposal of Sinar Labuan in accordance with the terms of the Disposal Mandate.

Sinar Labuan is a 25 years old Indonesia flagged oil tanker. The memorandum of agreement for the sale of Sinar Labuan was executed between PTSSS and PT Samudera Energi Tangguh, a related company.

The net consideration for the sale of Sinar Labuan was US\$860,976.19, which was arrived at on a willing buyer-willing seller basis. The Company has received the full purchase consideration for the sale of Sinar Labuan which was paid upon delivery of Sinar Labuan to PT Samudera Energi Tangguh in December 2018.

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

Notwithstanding that the disposal of Sinar Labuan to PT Samudera Energi Tangguh was a disposal to interested person, the value of the transaction does not equal to or exceed the financial materiality threshold prescribed in Chapter 9 of the Listing Manual.

3. DISPOSAL PROCEEDS

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

The book value of Sinar Labuan was US\$788,000. Accordingly, the disposal of Sinar Labuan has resulted in the Group recording a net profit of US\$75,000 (after taking into consideration bunker onboard).

4. PRINCIPLE TERMS OF DISPOSAL

The memorandum of agreement for the sale of Sinar Labuan was based on the SALEFORM 2012 (revised 1966, 1983 and 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 Labuan.

5. FINANCIAL EFFECTS

(a) For illustration purposes, the financial effect of the disposal of Sinar Labuan 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 2017 are set out below.

(b) NTA

Assuming that Sinar Labuan had been disposed of on 31 December 2017, the effect on the NTA per share as at 31 December 2017 would be as follows:

	Before the disposal of Sinar Labuan	After the disposal of Sinar Labuan
Consolidated NTA (US\$)	245,671,000	245,943,000
Consolidated NTA per share (US cents)	45.66	45.71

(c) EPS

Assuming that Sinar Labuan had been disposed of on 1 January 2017, the effect on the EPS of the Group would be as follows:

	Before the disposal of Sinar Labuan	After the disposal of Sinar Labuan
EPS (US cents)	1.10	0.95

6. RELATIVE FIGURES

The relative figures for the disposal of Sinar Labuan 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 disposed of, compared with the Group's net asset value as at 30 September 2018	0.4
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 September 2018	-2.7*
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 11 January 2019 based on the total number of shares excluding treasury shares	1.2
(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

* Please note that Sinar Labuan was operating at a loss when it was sold.

7. 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 as well as potentially investing in a minority stake in Indonesian company which provides shipping services for domestic route within Indonesia.

Further, prior to the sale of Sinar Labuan, it was operating at a loss. Considering that it was a 25 years old vessel, the choice was between scrapping Sinar Labuan or to dispose it of on an as is where is basis (subsequent to docking). Based on the quotations received by the Company, the scrap value of Sinar Labuan was

lower than the sale price received by the Company i.e. for Sinar Labuan to be disposed on an as is where is basis (after taking into consideration on docking). Thus, the Board considered it to be in the interest of the Company and shareholders as a whole to proceed with the sale after docking rather than scraping Sinar Labuan.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors of the Company has any interest in the disposal of Sinar Labuan. PT Samudera Energi Tangguh is a related company of PT Samudera Indonesia Tangguh, the ultimate parent company of the Company. PT Samudera Energi Tangguh has interest in the disposal of Sinar Labuan.

9. OTHER INFORMATION

- (a) No person has been or is proposed to be appointed as director of the Company in connection with the disposal of Sinar Labuan. Accordingly, no service contract has been or is proposed to be entered into between the Company and any such person.
- (b) Copies of the memorandum of agreement for the disposal of Sinar Labuan and the valuation for Sinar Labuan 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
14 January 2019