

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

DISCLOSEABLE TRANSACTION – VESSELS DISPOSAL

1. INTRODUCTION

The Board of Directors (the "**Board**") of Samudera Shipping Line Ltd. (the "**Company**") together with its subsidiaries, the "**Group**") wishes to announce that its subsidiary, PT Samudera Shipping Services ("**PT SSS**"), has completed a sale of the vessel Sinar Jimbaran to Samudera Bharat Feeder Private Ltd (the "**Samudera Bharat**").

The disposal of Sinar Jimbaran to Samudera Bharat is a non-discloseable transaction pursuant to Chapter 10 of the SGX-ST Listing Manual (the "**Listing Manual**"). However, when aggregated with other disposals of vessels (collectively the "**Vessels Disposal**") by the Group over the last 12 months, it will be a discloseable transaction. The computation of the relative figures in Rule 1006 of the Listing Manual is enclosed in Schedule 1.

2. VESSEL DISPOSAL

The Group has disposed of the following vessels over the last 12 months' period:

- (a) Sinar Johor;
- (b) Amanah;
- (c) Sinar Demak;
- (d) Sinar Bontang;
- (e) Sinar Jambi; and
- (f) Sinar Jimbaran

(collectively, the "**Vessels**")

The aggregate sale price for the Vessels was approximately US\$5.73 million.

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

Sinar Johor

Sinar Johor was a 25 years old Indonesia flagged vessel and the Company had intended to scrap it as the vessel has reached the end of its useful life. Sinar Johor was sold by PT SSS to PT Samudera Energi Tangguh (the "**PT SET**") in the second quarter of 2016.

PT SET is a subsidiary of PT Samudera Indonesia Tangguh (the "**Tangguh**"), the ultimate parent company of the Company. The sale price for Sinar Johor was US\$350,000, which was arrived at on a willing buyer – willing seller basis taking into consideration of its market value. Its book value was US\$328,536 and the gain on disposal was US\$21,464.

The sale of Sinar Johor to PT SET was an interested person transaction but the value of the transaction was less than 3% of the Group's latest audited net tangible assets.

Amanah

Amanah was a 35 years old Indonesia flagged vessel sold by PT SSS to an unrelated third party in the second quarter of 2016 for scrapping.

The sale price for Amanah was IDR 2,272,727,272.73 (equivalent to approximately US\$167,420). Amanah was sold below its book value of US\$397,772. The loss on disposal was approximately US\$230,352.

Sinar Demak

Sinar Demak was an 11 years old Indonesia flagged vessel sold by PT SSS in third quarter of 2016 to a company in which the Group owns minority stake.

The sale price for Sinar Demak was US\$1,600,000 which was close to its book value of approximately US\$1,581,649. The gain on disposal was US\$18,351.

Sinar Bontang

Sinar Bontang was a 24 years old Indonesia flagged vessel sold by PT SSS to PT Cumawis Indonesia ("**PT Cumawis**") in fourth quarter of 2016.

The sale price for Sinar Bontang was IDR 1,909,090,910 (equivalent to approximately US\$141,698). Sinar Bontang was sold below its book value of US\$359,798 and the loss on disposal was approximately US\$218,101. The sale price of Sinar Bontang was arrived at based on its estimated scrap value as at fourth quarter of 2016.

PT Cumawis is a subsidiary of Tangguh. The sale of Sinar Bontang to PT Cumawis was an interested person transaction but the value of the transaction is less than 3% of the Group's latest audited net tangible assets.

Sinar Jambi

Sinar Jambi an 11 years old Indonesia flagged vessel was sold by PT SSS to an unrelated third party in first quarter of 2017.

The sale price of Sinar Jambi was IDR 13,000,000,000 (equivalent to approximately US\$973,709). Sinar Jambi was sold close to its book value as at 31 December of US\$967,551. The gain on disposal was US\$6,158.

The vessel has been operating at a loss and the Group had intended to dispose the vessel. The sale price of Sinar Jambi was arrived at on a willing buyer-willing seller basis in which the Group took into account the operation loss of Sinar Jambi.

Sinar Jimbaran

Sinar Jimbaran was an 11 years old Indonesia flagged vessel sold by PT SSS to Samudera Bharat in first quarter of 2017. Samudera Bharat is a company incorporated in India. The Group owns 49% of the issued share capital of

Samudera Bharat. The remaining 51% of the issued share capital of Samudera Bharat is owned by the joint venture partner who is not related to the Group.

The sale price for Sinar Jimbaran was US\$2,500,000, arrived at on a willing buyer – willing seller basis taking into consideration the market value of the vessel. Sinar Jimbaran was sold above its book value of US\$2,365,508. The gain on disposal was US\$134,492.

3. PRINCIPLE TERMS OF DISPOSAL

The sale of Sinar Johor, Sinar Bontang and Sinar Jambi were based on the memorandum of agreement SALEFORM 2012 (revised 1966, 1983, 1986/87 and 1993) 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 relevant Vessels.

The sale of Amanah and Sinar Jimbaran were based on free form agreements adopted from the memorandum of agreement SALEFORM 2012 (revised 1966, 1983, 1986/87 and 1993) 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 relevant Vessels.

The sale of Sinar Demak was based on the memorandum of agreement 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 sale of Sinar Demak.

4. FINANCIAL EFFECTS

(a) For illustration purposes, the financial effect of the Vessels Disposal 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 FY2015 are set out below.

(b) NTA

Assuming that the Vessels Disposal had been completed on 31 December 2015, the effect of the Vessels Disposal on the NTA per share as at 31 December 2015 would be as follows:

	Before the Vessels Disposal	After the Vessels Disposal
Consolidated NTA (US\$)	247,376,000	247,108,000
Consolidated NTA per share (US cents)	45.98	45.93

(c) EPS

Assuming that the Vessels Disposal had been completed on 1 January 2015, the effect of the Vessels Disposal on the EPS of the Group would be as follows:

	Before the Vessels Disposal	After the Vessels Disposal
EPS (US cents)	0.78	0.95

5. RATIONALE FOR THE DISPOSAL

Amanah, Sinar Demak, Sinar Jambi and Sinar Jimbaran were unprofitable in FY2015.

Sinar Johor was profitable in FY2015 but for the financial period 1 January 2016 to 30 September 2016 ("**9M2016**"), it was loss making.

In relation to Sinar Bontang, it was profitable in FY2015 and 9M2016. However, Sinar Bontang was a 24 years old vessel and due for docking in November 2016. Taking into consideration the costs of docking against the potential earning capacity of Sinar Bontang, it was in the best interest of the Group to sell Sinar Bontang.

Further, the Vessels were all Indonesia flagged that served the Indonesia domestic market. Under current Indonesia Shipping law, the Group is restricted from registering new Indonesia flagged vessels. The inability to acquire new Indonesia flagged vessels hampers the ability of the Group to rejuvenate its Indonesia flagged vessels.

Taking the above into consideration, the Group adopted the strategic approach of disposing the Vessels which were old and/or no longer competitive.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for the disposal of Sinar Johor and Sinar Bontang to subsidiaries of Tangguh as stated above, none of the directors or controlling shareholders of the Company has any interest in the disposal of the Vessels.

7. OTHER INFORMATION

- (a) No person has been or is proposed to be appointed as director of the Company in connection with the Vessels Disposal. 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 Vessels Disposal 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
7 February 2017

RELATIVE FIGURES

1. VESSELS DISPOSAL

The relative figures for the Vessels Disposal 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	2.4%
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 September 2016	-35.5%*
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 26 Jan 2017 based on the total number of shares excluding treasury shares	9.5%
(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

* collectively the Vessels were loss making.

2. DISPOSAL OF SINAR JOHOR

The relative figures for the disposal of Sinar Johor 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	0.1%
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 September 2016	-9.1%*
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 26 Jan 2017 based on the total number of shares	0.6%

	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

* Sinar Johor was a loss making vessel.

3. DISPOSAL OF AMANAH

The relative figures for the disposal of Amanah 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	0.2%
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 September 2016	6.1%
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 26 Jan 2017 based on the total number of shares excluding treasury shares	0.3%
(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

4. DISPOSAL OF SINAR DEMAK

The relative figures for the disposal of Sinar Demak 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	0.6%

	value	
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 September 2016	-6.7%*
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 26 Jan 2017 based on the total number of shares excluding treasury shares	2.7%
(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 Demak was a loss making vessel.

5. DISPOSAL OF SINAR BONTANG

The relative figures for the disposal of Sinar Bontang 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	0.1%
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 September 2016	12.1%
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 26 Jan 2017 based on the total number of shares excluding treasury shares	0.2%
(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

6. DISPOSAL OF SINAR JAMBI

The relative figures for the disposal of Sinar Jambi 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	0.4%
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 September 2016	-21.3%*
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 26 Jan 2017 based on the total number of shares excluding treasury shares	1.6%
(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 Jambi was a loss making vessel.

7. DISPOSAL OF SINAR JIMBARAN

The relative figures for the disposal of Sinar Jimbaran 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	1.0%
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 September 2016	-16.4%*
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 26 Jan 2017 based on the total number of shares excluding treasury shares	4.1%

(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

* Sinar Jimbaran was a loss-making vessel.