

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

(Incorporated in the Republic of Singapore)

DISPOSAL OF VESSEL UNDER JOINT VENTURE

1. Introduction

Seroja Investments Limited (“**SIL**” or the “**Group**”) wishes to announce that its joint venture company Seroja Zhushui Shipping Limited (“**SZSL**”) has on 28 February 2014 entered into a memorandum of agreement (“**MOA**”) for the sale of a capesize vessel, Zhushui 2, to Ruth Enterprises Inc., (“**REI**”) a company incorporated in the Republic of Liberia (the “**Vendor**”) for a total consideration of about US\$7.2 million.

2. Rationale for the Disposal

Due to the weak economic condition and the age of the vessel, the capesize vessel is to be disposed to the buyer for demolition. The net proceeds from disposal will be used to repay bank loan which will result in interest savings for the Group from prepayment of the bank loan.

3. Vessel

Zhushui 2 is a capesize vessel, built in 1990 by Hyundai Heavy Industries, Ltd and has a capacity of approximately 150,000 dwt. The vessel is mortgaged under vessel financing by SZSL in January 2011. As at the date of the announcement, SZSL is in process of arranging for the discharge of the said mortgage. The unaudited Group’s net asset value of Zhushui 2 as at 31 December 2013 is US\$6.75 million, based on 50% share of the net asset value in the joint venture of US\$13.5 million. The unaudited Group’s net loss attributable to Zhushui 2 for the 12 months ended 31 December 2013 is US\$0.9 million based on 50% share of the net losses in the joint venture for the 12 months ended 31 December 2013 of US\$1.8 million. It is estimated that the Group will record a impairment loss of about US\$3.5 million for the year ended 31 December 2013. This is calculated based on the Group’s 50% share of the net proceeds of about US\$6.5 million which is US\$3.25 million less 50% share of the net book value of the vessel of about US\$13.5 million which is US\$6.75 million.

4. Information on the Purchaser and Consideration

REI is a company incorporated in the Republic of Liberia and its principal activity is in the business of buying and selling of vessels for recycling.

The total cash consideration from the disposal is US\$7.2 million and will be payable by REI as follows:

(1) a deposit of 20% of the Consideration to be paid by REI within 3 banking days after signing of the MOA; and

(2) the balance 80% of the Consideration to be paid by REI within 3 banking days after the notice of readiness has been tendered by SZSL and accepted by REI.

The Consideration was arrived at on a willing buyer-willing seller basis based on prevailing market price of similar vessels sold for demolition.

5. Financial Effect

The financial effects of the Disposal are for illustration purposes and do not reflect the actual future financial position of the Group after the completion of the Disposal. The financial effects of the Disposal based on the audited financial statements of the Group for the financial year ended 31 December 2012 are illustrated as follows:

	Before the Disposal (US cents)	After the Disposal (US cents)
Effects of the Disposal on the net tangible assets value per share assuming that the Disposal was completed on 31 December 2012	13.56	12.35
Effects of the Disposal on the earnings/(loss) per share assuming that the Disposal was completed on 31 December 2012	0.99	(0.22)

Note:- For purposes of the above computations, the net loss from disposal of vessel attributable to the Group was US\$4.8 million.

6. Other information

Zhushui 2 is to be delivered to the buyer between 1 March 2014 and 19 March 2014, with canceling date of 20 March 2014 in buyer's option. Based on latest itinerary of Zhushui 2, it is expected that the delivery date will be on or about 15 March 2014. Barring unforeseen circumstances, the directors expect the disposal to be completed by 19 March 2014.

None of the directors or controlling shareholders of SIL has any interest, direct or indirect, in the Disposal.

By order of the Board

Husni Heron
Executive Director & CEO
28 February 2014