

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

(Incorporated in the Republic of Singapore)

SALE OF A PANAMAX VESSEL UNDER JOINT VENTURE

1. Introduction

Seroja Investments Limited (the “**Company**”) wishes to announce that its joint venture company Seroja-Zhushui 5 Shipping Limited (“**SZ5SL**”) has on 25 July 2014 entered into a memorandum of agreement (“**MOA**”) for the sale of its panamax vessel, MV “Zhushui 5” (the “**Vessel**”), to Conirma Marine S.A. (“**CMSA**”) (the “**Disposal**”). The purchase price for the Vessel is US\$20.65 million (the “**Purchase Price**”).

2. Rationale for the Disposal

The Board of Directors of the Company is of the view that the Disposal is in the interests of the Company and its shareholders based on following rationale:-

- (a) The net proceeds from the Disposal will be utilized to repay bank loan which will result in interest savings and the balance proceeds will improve the cash flows and working capital of the Company and its subsidiaries (the “**Group**”).
- (b) It is mutually agreed between the joint venture partners that the share of gross proceeds attributable to the Company and its joint venture partner will be approximately US\$11.22 million and US\$9.43 million respectively.

3. Vessel

The Vessel was built in 2012 by Zhoushan Jinhaiwan Shipyard Co., Ltd and has a capacity of approximately 80,000 dwt. The Vessel is mortgaged under vessel financing by a related company, Seroja-Zhushui Shipping Limited (“**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 Group’s unaudited net asset value of the Vessel as at 31 March 2014 is US\$12.15 million, based on its 50% share of the net asset value in the joint venture of US\$24.30 million. The Group’s unaudited net loss attributable to the Vessel for the 3 months ended 31 March 2014 is US\$16,500 based on 50% share of the net losses in the joint venture for the 3 months ended 31 March 2014 of US\$33,000. Assuming the Disposal is completed as at 31 March 2014, it is estimated that the Group will record a loss on Disposal of about US\$1.15 million for the year ending 31 December 2014. This is calculated based on the Group’s share of the net proceeds of about US\$11.00 million less 50% share of the net book value of the Vessel of about US\$24.30 million which is US\$12.15 million.

4. Information on the Purchaser and the Purchase Price

CMSA is a company incorporated in the Marshall Islands and its principal activity is in the business of marine transportation specializing in bulk cargoes.

The Purchase Price will be payable by buyer as follows:

(1) a deposit of 10% of the Purchase Price (the “**Deposit**”) shall be paid by CMSA into an escrow account within 3 banking days of the date of the MOA or the date on which the escrow agreement relating to the escrow account is signed, whichever is later; and

(2) the balance 90% of the Purchase Price and the Deposit shall be paid to an account nominated by SZ5SL on the delivery date of the Vessel, which is a date not later than 3 banking days after the notice of readiness has been tendered by SZ5SL and accepted by CMSA.

The above Purchase Price was arrived at on a willing buyer-willing seller basis based on prevailing market price of second-hand vessels sold.

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 2013 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 2013	10.89	10.57
Effects of the Disposal on the earnings/(loss) per share assuming that the Disposal was completed on 31 December 2013	(2.68)	(3.00)

Note:- For purposes of the above computations, the net loss from the Disposal attributable to the Group was US\$1.25 million.

6. Other information

The Vessel is to be delivered to CMSA between 8 September 2014 and 8 October 2014, with canceling date of 8 October 2014 in CMSA's option. Barring unforeseen circumstances, the Directors of the Company expect the Disposal to be completed by the end of the current financial year.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the sale of the Vessel.

By order of the Board

Husni Heron
Executive Director & CEO
25 July 2014