SAMUDERA SHIPPING LINE LTD
(Company Registration No.: 199308462C)
(Incorporated in Singapore)
(the "**Company**")

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) AND SHAREHOLDERS FOR THE ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2024

The Board of Directors (the "**Board**") of Samudera Shipping Line Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's FY2023 Annual Report and its Notice of Annual General Meeting ("**AGM**") dated 12 April 2024, which were announced on 11 April 2024.

The Company would like to thank shareholders for submitting their questions in advance of the Company's AGM to be held on 29 April 2024 at 10.00 a.m..

Please refer to the Appendix A as attached hereto for the list of questions received from Securities Investors Association (Singapore) ("SIAS") and shareholders, and the Board and Management's responses to these questions.

BY ORDER OF THE BOARD

Ridwan Hamid
Executive Director, Group Business Support
23 April 2024

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APPENDIX A
RESPONSES TO QUESTIONS FROM SIAS AND SHAREHOLDERS

Question 1 :		In his message to shareholders, the chairman highlighted the group's proactive approach to fleet management, emphasising the ongoing process of refreshing its fleet through strategic leasing arrangements at favourable times and prices. During FY2023, the group took delivery of four leased and two acquired container newbuilds, with another two acquired newbuilds scheduled for delivery in the 2024 financial year. Notably, the two vessels acquired in FY2023 are equipped with emission control technology, effectively reducing harmful nitrogen oxide emissions to comply with the stringent Tier III standards mandated by the International Maritime Organisation (IMO).
	(i)	**Could the company or board provide a holistic overview of the initiatives undertaken by the group to achieve net-zero emissions from its shipping activities?**
Response :		The Company is aware on the requirement to achieve net zero emission as set out by the International Maritime Organisation ("IMO"). We follow and support the IMO's measures and targets as set out in its Strategy on Reduction of Greenhouse Gas ("GHG") Emissions from Ships. To comply with the IMO's requirements, we monitor certain operational parameters of our vessels including the Energy Efficiency Existing Ship Index or Energy Efficiency Design Index ("EEXI" or "EEDI") as well as the annual operational Carbon Intensity Indicator ("CII"). Majority of our GHG emissions come from our vessels fuel consumption. Thus, our aim is to reduce the overall emission points resulting from our vessel operations. One of the strategies is to invest in newer fleet that is either more fuel efficient, or greener fuel.
	(ii)	**How does the group's fleet renewal strategy align with sustainability objectives, particularly in terms of transitioning towards low-emission or zero-emission vessels? Does the group aim to be among the first movers in this aspect?**
Response :		The fleet rejuvenation process allows the Group to progressively replace older, less efficient vessels with vessels that are younger, more fuel efficient and potentially equipped with emission control technology or can consume alternative fuels. For instance, Sinar Toraja, a recently acquired newbuild tanker, has dual-fuel capability, which allows it to run on both liquefied petroleum gas and bunker fuel. Sinar Toraja was recently awarded Green Ship status by the Maritime & Port Authority for achieving a reduction factor of the IMO EEDI Framework by 10% or more. As the industry is still exploring for the most sustainable and scalable green solution, we strive to continuously work towards having lower emission. Our new investments and commitment to newer vessels on our operated fleet have contributed to reducing our total emission points by 11% as of 2023 compared to 2022.

	(iii)	**Are customers willing to pay premium charter/freight rates for cleaner vessels?**
Response :		Time charter rates for more modern vessels that are designed with more Time charter rates for more modern vessels that are designed with more efficient fuel consumption and cleaner emission generally commands a higher rate than similar conventional vessels. However, this depends on many factors including the overall market demand and supply for greener vessels.
	(iv)	**What is the average age of the group's owned and leased fleet, which currently consists of 31 vessels, including 24 container vessels, 4 chemical tankers, and 3 gas tankers?**
Response :		The overall average age of owned and chartered-in container vessels is 13.5 years. 8 of the vessels are below 5 years. The average age of our chemical tankers and gas tankers are 16.5 years and 10 years respectively, having considered a newbuild gas tanker delivered in 2023.
	(v)	**Does the potential acquisition of vessels carry the risk of technological obsolescence as emissions standards evolve according to IMO regulations? If so, how does management plan to address and mitigate this risk?**
Response :		As the maritime industry moves to reduce GHG emissions, there will be exposure to such risk. The Company has put in place processes to mitigate such risk, including: • Considering a vessel's specification and technology to be in line with prevailing regulations prior to acquisition; • Monitoring and obtaining annual operational CII, information and insights of every vessel, and to identify issues and decide the best action to reduce emissions; • Keeping abreast of latest emission control technology that can be installed on existing vessels if need be, to ensure continued adherence to IMO regulation (e.g. scrubber, engine power limitation).
	(vi)	**Separately, how does management oversee and ensure key operational aspects such as vessel and equipment maintenance, crew proficiency, safety training, risk assessment, and hazard awareness?**
Response :		The Group has a dedicated team that oversees and ensures quality and safety of our ship operation. The team would arrange and conduct various audits to ensure our compliance with the latest regulations and implementation of safety procedures, as well as overseeing vessel maintenance. It also engages regular training for our crew to improve their knowledge and skills.

Question 2	**:**		In 2023, the group re-entered the Middle East market with a new service linking Singapore, India, Sri Lanka, Saudi Arabia, and the United Arab Emirates. The group also established operations in Mundra and Pipavav on the west coast of India, formerly managed by sub-agents. This move aims to solidify the group's presence in the region and facilitate further growth.
		(i)	**Can management provide insight into the growth prospects of the Middle East and India? Have these two regions been identified as potential key drivers of growth?**
Response	:		The route to the Middle East was introduced to meet the needs of our customers requiring services to this region. The offices in Mundra and Pipavav in India enables the Group to expand its presence from which to manage the Group's services and better support its customers. We have existing presence in the Middle East and India, the new route and new offices are established to meet customers' demand and to provide better support. With recent investment into and development in the region, we see opportunities that we can to tap on to further develop our businesses. We are mindful of the potential risks and will strive to grow cautiously.
		(ii)	**Separately, what precautionary/preventive measure is the group taking to anticipate and respond to the (direct and indirect) impact of vessel attacks in the Red Sea on global shipping?**
Response	:		The safety of our crew, vessels & cargo will remain as the main priority of our operation. We continue to assess our risk exposure operating in high risk areas. Currently we do not have vessel operation in the Red Sea area. Potential conflicts could result in port congestions and operating challenges which affect general demand and supply of cargo movement. The Group is closely monitoring the situation and prepared to make any necessary operation adjustment to its deployment.

	(iii)	**Given the anticipated rise in bunker costs, how does management assess the sensitivity of the group's earnings to changes in bunker prices? Note 36(b)(iv) mentions the use of forward contracts to hedge against bunker price fluctuations, but as at 31 December 2023 and 2022, there were no outstanding hedging contracts. Can the board clarify the extent to which bunker price fluctuations are passed on to customers and explain the decision not to hedge bunker prices?**
Response :		The Group has in place a bunker recovery mechanism since 2020 which enables the Group to implement surcharges in tandem with the bunker price fluctuation, based on a bunker adjustment factor agreed upon with customers. This allows the Group to effectively recover any additional cost from an increase in bunker price. While there is an inevitable time lag between the bunker price increase and the implementation of the surcharge, such a mechanism is more reflective of the direction of the price movement, which provides a natural hedge. The bunker recovery mechanism has served the Group well in mitigating the impact of bunker price increases. We will enter into bunker hedging contracts whenever required or necessary.
	(iv)	**What factors contributed to the impairment of US$12.2 million in the carrying value of a right-of-use asset (page 103)?**
Response :		The right-of-use (ROU) asset relates to a vessel that the Company chartered for a period of 3 years in 2022, on an annual declining charter rate. As per SFRS(I) 16, ROU asset is amortised on a straight-line basis throughout the lease term. The recent market trend of charter rates being lower than the ROU vessel’s straight-line lease rate and the declining market trend of freight rates trigger an impairment indicator. Following a review on the recoverable amount of the ROU vessel an impairment of US$12.2 million was determined, as the discounted cashflow forecast of the vessel is lower than its carrying value as at the end of FY2023.
Question 3 :	 **(i)**	Mr. Low Chee Wah was appointed to the board on 1 August 2023 as an independent non-executive Director. The announcement of appointment of Mr. Low Chee Wah can be found here: https://links.sgx.com/1.0.0/corporate-announcements /W9Q2A3F7DGD69YLI/8083765c75406d3d9d2d961d7a560ea84aa48ea7 **Would the board elaborate further on the rationale, selection criteria, board diversity considerations and the search and nomination process, that led to the appointment of Mr. Low Chee Wah, as required in the SGX template?**
Response :		In determining the suitability of a candidate for appointment to the Board, the Board and the Nominating Committee considers expertise, core competencies, working experience, and industry knowledge that the candidate can bring to the Board and Company, as well as the candidate’s independence and professional qualifications. The Board also factors in diversity in respect of skills, experience expertise, and gender within the Board, as it work towards achieving the progressive renewal of the Board with continuity in experience and fresh perspectives.

		The director is seeking his re-appointment at the annual general meeting to be held on 29 April 2024.
	(ii)	**If re-elected, how does the director envision himself contributing to the board as a director given that the group's main business is in shipping while the director has vast experience in real estate?**
Response :		Mr Low has extensive senior management experience in both real estate and banking and have navigated through global crises such as Global Financial Crisis and Covid-19. He has also been a board director of Singapore-listed companies. The Board is of the view that his management experience and financial skillsets will add value to Board discussions on evaluation of investments and corporate governance and is part of the diversity of skills for the composition of Board members.
Question 4 :		**May I know what is the average directors' fee for the Independent Directors and what would be the average directors' fee for the Executive Directors. Non-independent and Non-Executive Directors should be regarded as Executive Directors.**
Response :		Director's fee for Independent and Non-Executive Directors can be found in page 19 of our Annual Report 2023 (Financial). Remuneration band and total remuneration for Executive Directors is disclosed in page 20 and page 112, respectively. Non-independent and Non-Executive Director is regarded as Non-Executive Director.
Question 5 :		**The dividends seem to jump about yearly. Can the directors please state a clear dividend policy? This is especially important as most investors would invest into Samudra not as a growth stock but for dividend income.**
Response :		With reference to page 28 of our Annual Report 2023 (Financial), the Company endeavors to maintain a dividend policy with a payout ratio of minimum 20% of our net profit attributable to shareholders. The decision to propose dividend each year will depend on the Board's judgement of the Group's strategy and business plans, financial position, capital needs, and other factors.