

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 following:

- (a) Circular to shareholders dated 12 April 2017 (the "**Circular**") relating to, *inter alia*, the proposed adoption of the disposal mandate for proposal disposal of the vessels (the "**Disposal Mandate**"); and
- (b) Announcement made by the Company on 26 October 2017 relating to the disposal of Sinar Jogya and Sinar Padang ("**October Announcement**").

Shareholders of the Company have approved the Disposal Mandate at the extraordinary general meeting of the Company held on 27 April 2017.

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 Panjang in accordance with the terms of the Disposal Mandate.

Sinar Panjang is a 12 years old Indonesia flagged container vessel. The memorandum of agreement for the sale of Sinar Panjang was executed between PTSSS and an unrelated third party.

The consideration for the sale of Sinar Panjang was US\$1.2785 million, which was arrived at on a willing buyer-willing seller basis. The Company has received the full purchase consideration for the sale of Sinar Panjang which was paid in the following manner:

- (a) 10% of the purchase consideration was paid to the Group as down payment following the signing of memorandum of agreement; and
- (b) the remaining 90% of the purchase consideration was paid upon delivery of Sinar Panjang in the fourth quarter 2017.

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

3. DISPOSAL PROCEEDS

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

The book value of the vessel is US\$1.2 million. Accordingly, the disposal of the vessel results in the Group recording a net loss of US\$23,000 (after taking into consideration costs to sell).

4. PRINCIPLE TERMS OF DISPOSAL

The memorandums of agreement for the sale of Sinar Panjang were based the 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 specific sale of Sinar Panjang.

5. FINANCIAL EFFECTS

(a) For illustration purposes, the financial effect of the disposal of the vessel 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 2016 ("**FY2016**") are set out below.

(b) NTA

Assuming that the vessel had been disposed of on 31 December 2016, the effect on the NTA per share as at 31 December 2016 would be as follows:

	Before the disposal of the vessel	After the disposal of the vessel
Consolidated NTA (US\$)	240,119,000	240,428,000
Consolidated NTA per share (US cents)	44.63	44.69

(c) EPS

Assuming that the vessel had been disposed of on 1 January 2016, the effect on the EPS of the Group would be as follows:

	Before the disposal of the vessel	After the disposal of the vessel
EPS (US cents)	(1.01)	(0.88)

6. 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.

Sinar Panjang was making losses in FY2016.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest in the disposal of the vessel.

8. OTHER INFORMATION

- (a) No person has been or is proposed to be appointed as director of the Company in connection with the disposal of the vessel. 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 the vessel and the valuation for the vessel 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
22 December 2017

RELATIVE FIGURES

1. VESSELS DISPOSAL

The relative figures for the disposal of Sinar Jogya, Sinar Padang and Sinar Panjang 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 2017 ¹	3.9
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 September 2017 ¹	10.5
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 20 December 2017 based on the total number of shares excluding treasury shares ²	11.6
(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

Note:

- (1) As Sinar Jogya and Sinar Padang were disposed of prior to the release of the third quarter financial results of the Company, in the October Announcement, the Company has computed the relative figures for the disposal of Sinar Jogya and Sinar Padang based on the net asset value and net profit of the Group as at 30 June 2017. Kindly refer to the October Announcement for more information.
- (2) Kindly note that, in the October Announcement, the aggregate value of the consideration received by the Group for the disposal of Sinar Jogya and Sinar Padang was compared against the market capitalization of the Company as at 23 October 2017. Kindly refer to the October Announcement for more information.

2. DISPOSAL OF SINAR PANJANG

The relative figures for the disposal of Sinar Panjang 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 disposed of, compared with the Group's net asset value as at 30 Sept 2017	0.5
(b)	The net profit attributable to the assets disposed of, compared with the Group's net profit as at 30 Sept 2017	-7.5*
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation as at 20 December 2017 based on the total number of shares excluding treasury shares	1.4
(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 Panjang was a loss-making vessel.