



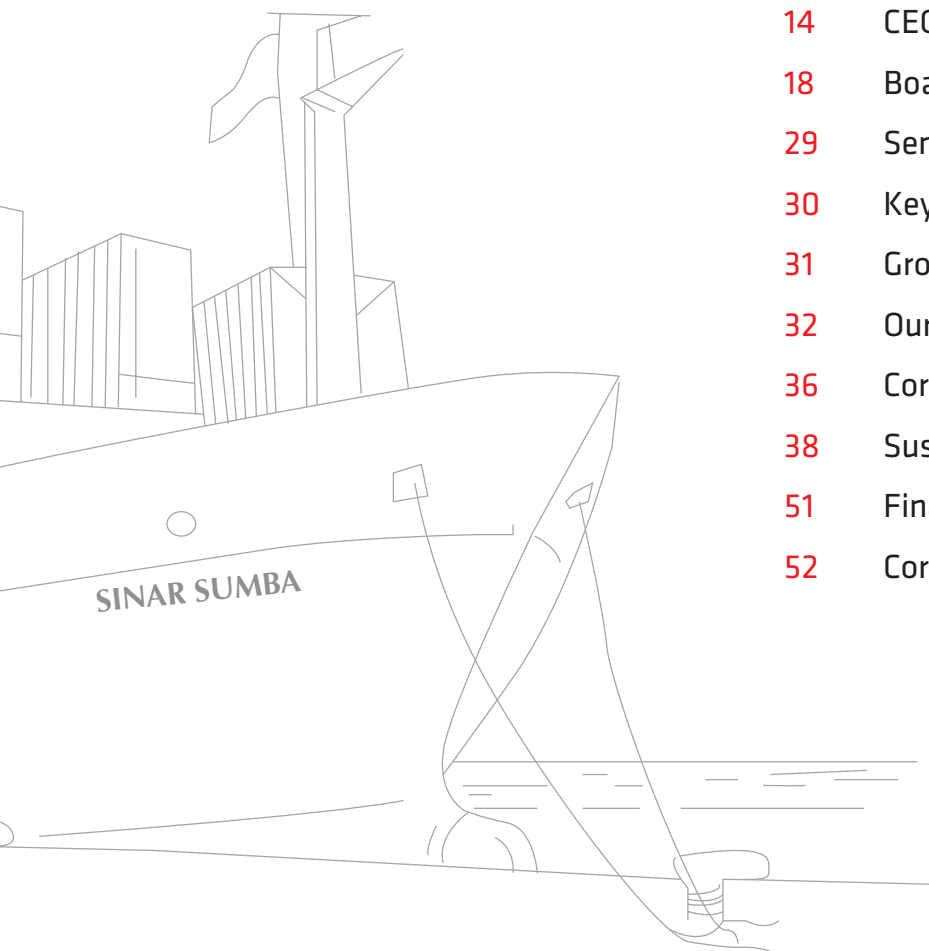
2018

ANNUAL REPORT



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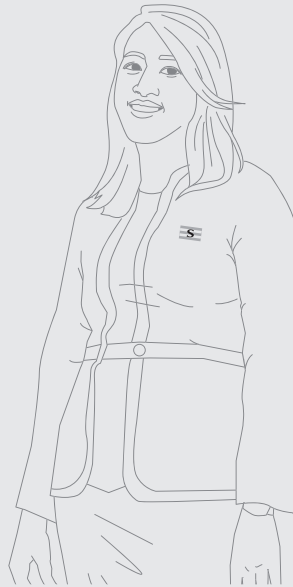
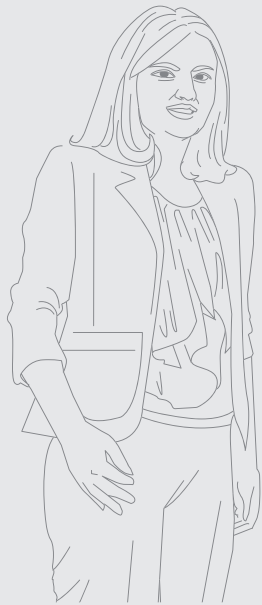
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ABOUT SAMUDERA

Samudera Shipping Line Ltd is primarily engaged in the transportation of containerised and non-containerised cargo through its Container Shipping and Bulk & Tanker business segments. The Group's vessels and services currently ply trade routes connecting various ports in Southeast Asia, the Indian Subcontinent, the Far East and the Middle East.





Since its incorporation in 1993, Samudera has progressively established a good track record of professionalism and competency in its field. Through prudent management and a well-managed expansion strategy, the Group has been able to successfully build up its position as a credible and well-respected industry player in the region today.

Leveraging its extensive network, Samudera's Container Shipping business segment offers reliable feeder services between its "hub" port in Singapore and other "spoke" ports in Asia, as well as inter-regional container shipping services to manufacturers, exporters and importers. The Group serves

a wide spectrum of shippers from its headquarters in Singapore, and via representative and agency offices in various cities in Southeast Asia, Far East, the Indian Subcontinent and the Middle East.

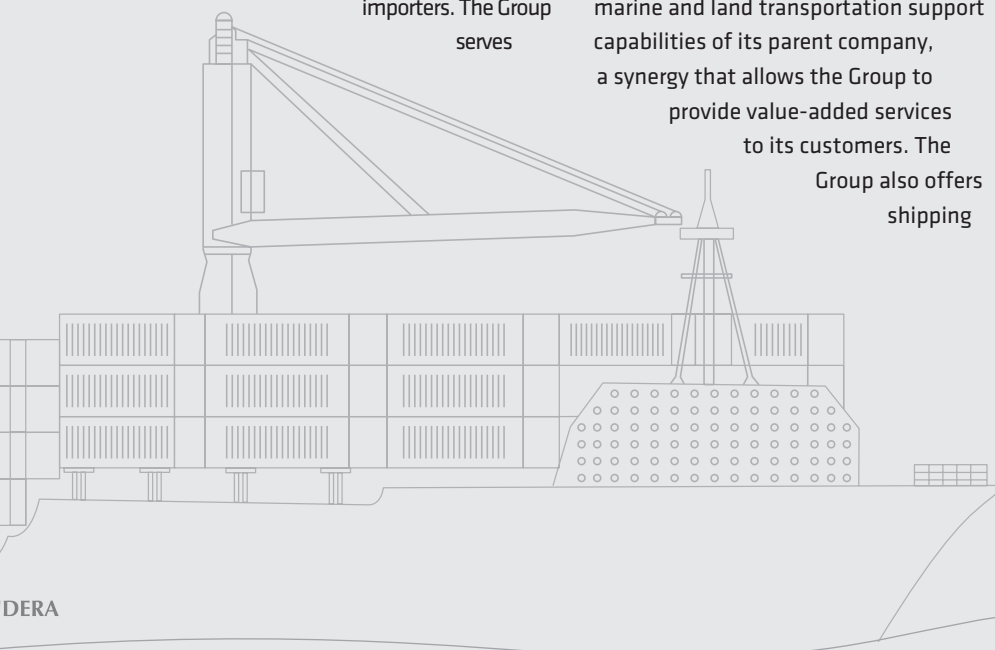
In the Bulk and Tanker shipping business, Samudera's fleet of bulk carriers and tankers are chartered out to shippers for the transportation of dry bulk and liquid cargo. The vessels are deployed either on time charter, contracts of affreightment, or single-voyage basis.

As part of the Samudera Indonesia Group in Indonesia, Samudera taps the marine and land transportation support capabilities of its parent company, a synergy that allows the Group to provide value-added services to its customers. The Group also offers shipping

logistics and others solutions to its customers in the region including warehousing, freight forwarding and cargo handling services. Through a combination of its transportation and logistics services, the Group aims to connect its global partners with Indonesia and beyond.

Samudera's operating fleet, which comprises vessels owned by the Group as well as those on operating leases, currently stands at 34. This consists of 29 container vessels, 2 chemical tankers, 1 gas tanker, and 2 dry bulk carriers. The Group continues to renew its fleet by acquiring, disposing and leasing vessels where appropriate.

Samudera is listed on the Mainboard of the Singapore Exchange Securities Trading Limited.



Vision



Connecting
Indonesia and
Beyond

Mission



- Providing transportation services to meet the demand of distribution activities
- Positively contribute to the economic growth by providing efficient logistics solutions
- To ensure sustainable business growth and deliver additional value to shareholders
- Actively participating in creating employment and developing human capital

Values



Integrity and
Professionalism

INCORPORATED IN
1993



Samudera Shipping Line Ltd (SSL) is engaged in the transportation of containerised cargo, gas, liquid and bulk cargo in the Southeast Asia, Indian Subcontinent, Far East as well as the Middle East.

SSL is listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

3 SSL'S KEY BUSINESS SEGMENTS:



Container Shipping

Leveraging its extensive network, Samudera's Container Shipping business offers reliable feeder services between its "hub" port in Singapore and other "spoke" ports in Asia, as well as inter-regional container shipping services to manufacturers, exporters and importers. The Group serves a wide spectrum of shippers from its headquarters in Singapore, and via representative and agency offices in various cities in Indonesia, Cambodia, China, Thailand, Vietnam, Malaysia, Myanmar, Philippines, India, Sri Lanka, Bangladesh and Pakistan.

Bulk and Tanker

Samudera's fleet of bulk carriers and tankers are chartered out to shippers for the transportation of dry/liquid cargo. The vessels are deployed either on time charter, contracts of affreightment, or single-voyage basis.

The Group also offers ship manning, vessel operation and maintenance management services for its customers in the offshore oil and gas industry.



Logistics and Others

In the Logistics and Others business, Samudera provides agency services in areas such as Bangkok, Port Klang, Penang, Mumbai, Kolkata, Chennai, and Dubai to both own vessel operation as well as other third party shipping operations. While its logistics business engages in forwarding, warehousing as well as other general logistics services.

34

TOTAL FLEET



29

CONTAINER VESSELS

2

CHEMICAL TANKERS

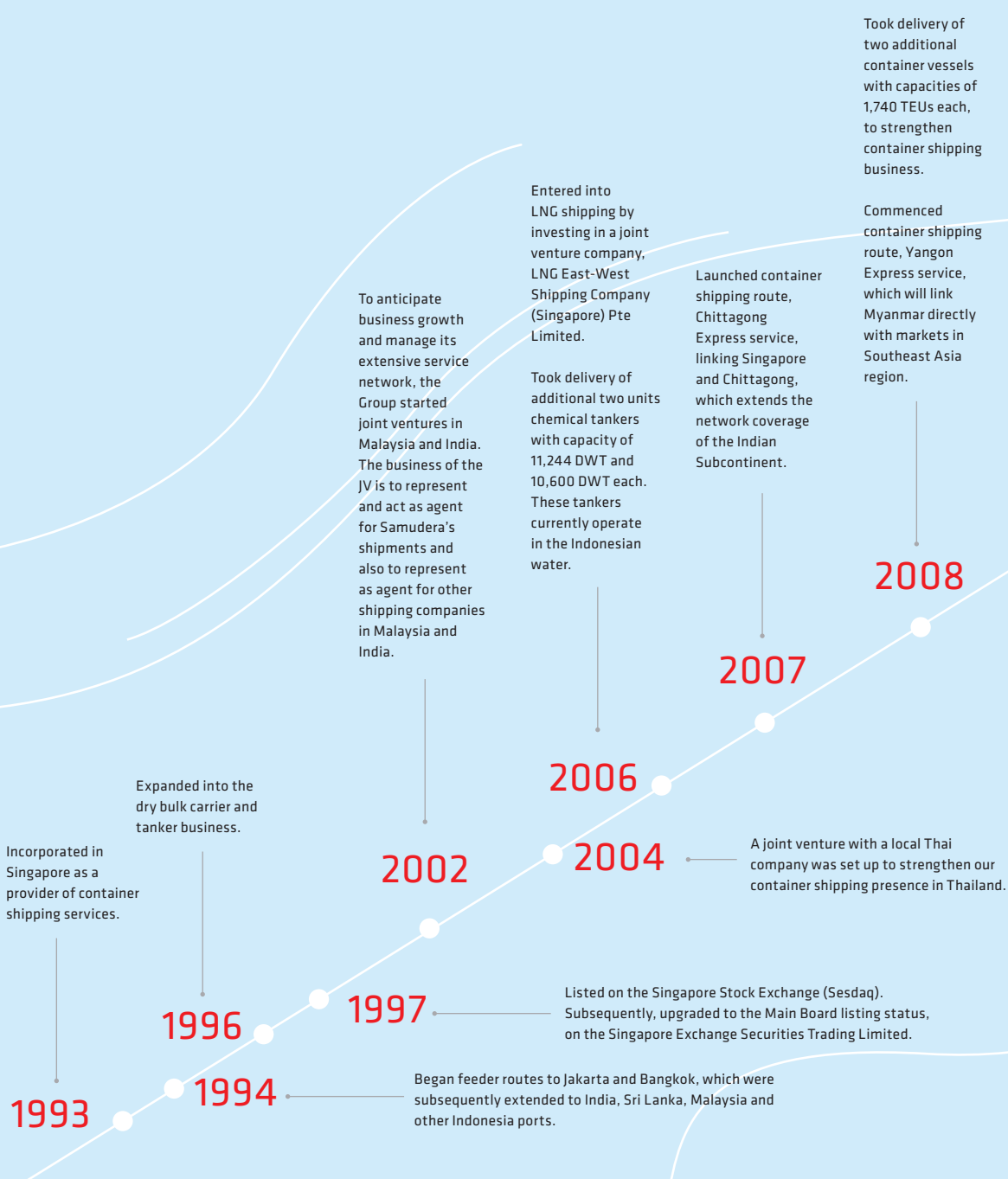
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DRY BULK CARRIERS

1

GAS TANKER

MILESTONES



As part of the effort to manage cost and capacity more efficiently, the Group acquired three container vessels with capacities from 1,054 TEUs to 1,060 TEUs.

Took delivery of two Supramax bulk carriers with a carrying capacity of 57,700 DWT each.

Introduced a weekly service to Songkhla, connecting Singapore-Kuantan-Songkhla, to tap on new market and to widen our liner business.

Samudera Logistics DWC LLC was incorporated as a logistics arm in Dubai, United Arab Emirates.

2011

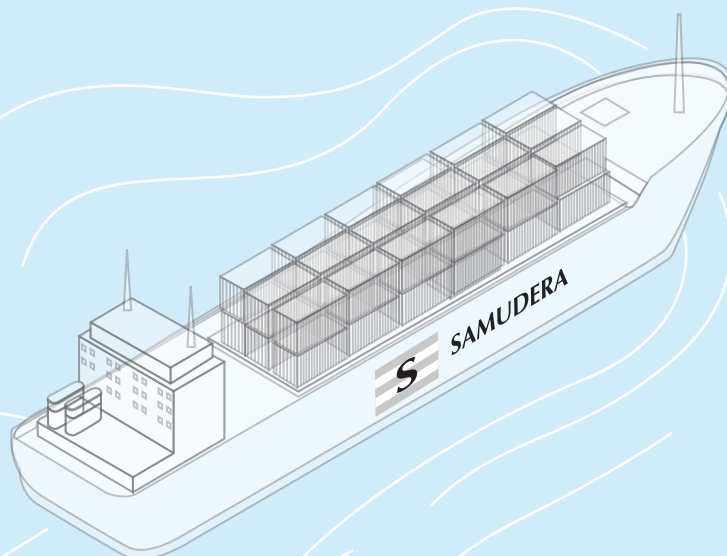
2014

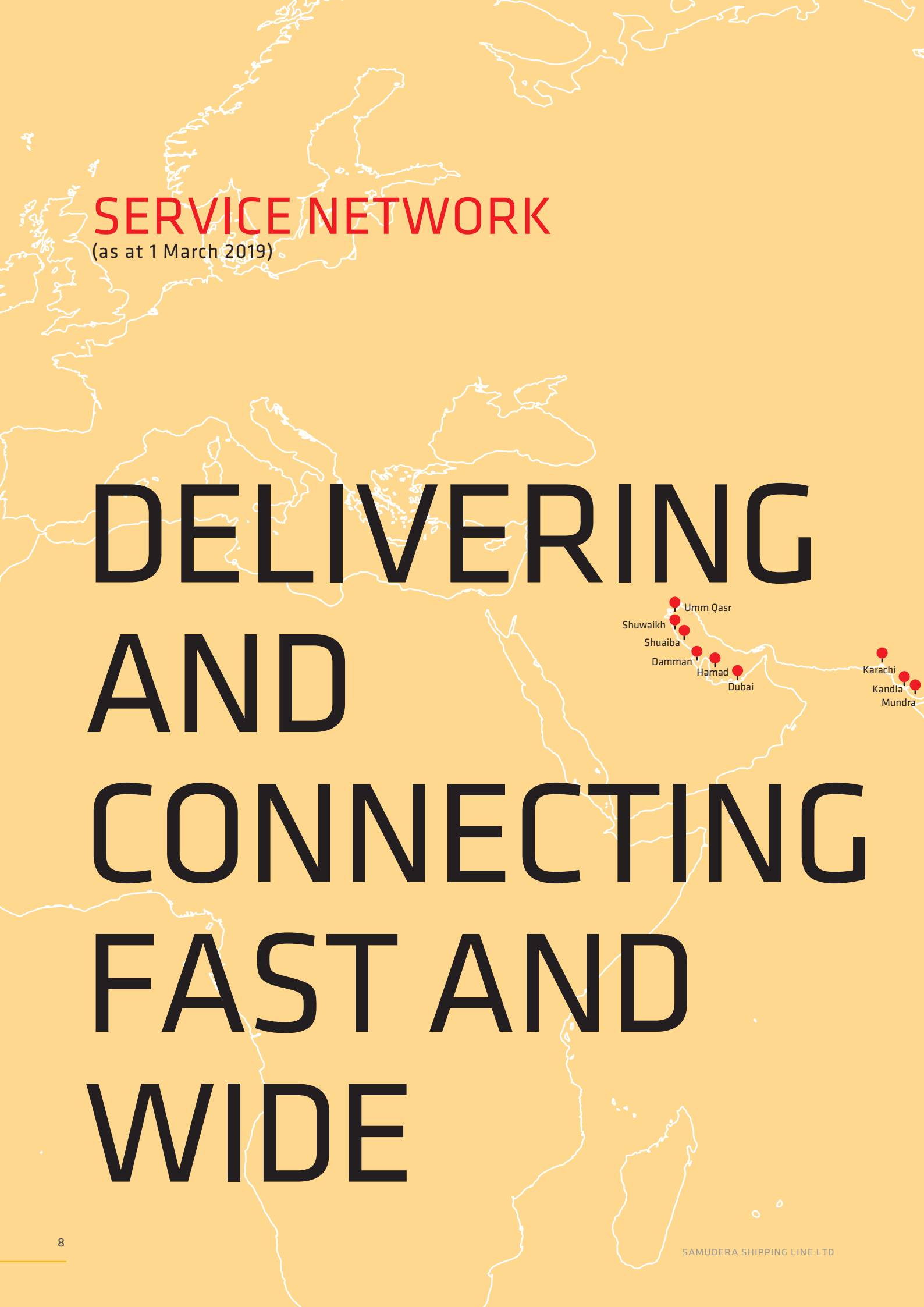
2015

2018

Launched Cambodia feeder service, with a weekly sailing linking Singapore and Sihanoukville.

Started warehousing activities in Malaysia through a joint venture with a local Malaysian company.



A stylized white line map of the Middle East and surrounding regions is set against a solid orange background. The map includes the outlines of the Arabian Peninsula, the Red Sea, the Persian Gulf, and parts of Europe, Africa, and Asia.

SERVICE NETWORK

(as at 1 March 2019)

DELIVERING AND CONNECTING FAST AND WIDE



Southeast Asia

We operate 7 services from the Singapore hub covering Indonesia main ports at Jakarta, Surabaya, Semarang, Belawan and Palembang, with frequencies of 1 to 3 sailings per week.

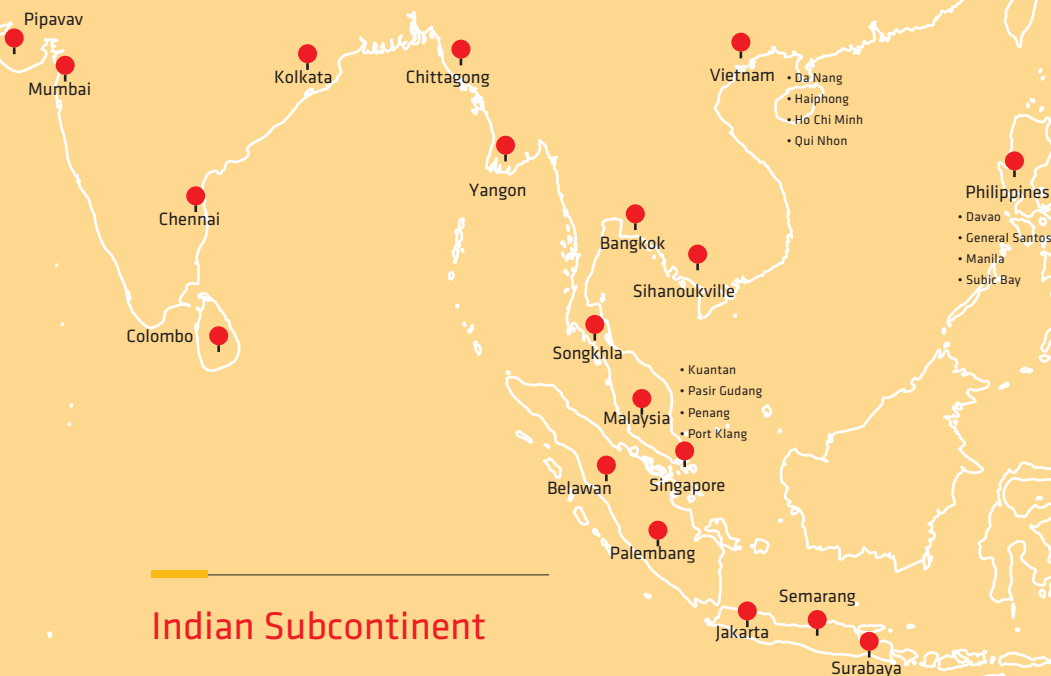
There are 18 services serving Penang, Port Klang, Pasir Gudang and Kuantan in Malaysia, Bangkok and Songkhla in Thailand, North and South Vietnam, Yangon in Myanmar, North and South Philippines and Sihanoukville in Cambodia, with up to 4 sailings per week.

NVOCC

In addition to the ports served by the services above, where we deploy vessels, we also serve other ports on Non-Vessel Operating Common Carrier (NVOCC) basis.

Far East

We have a weekly service to China ports, with direct calls from Qingdao and Shanghai to Singapore, Malaysia, India, Sri Lanka and Thailand, with up to 4 sailings per week.



Indian Subcontinent

We operate 10 services covering Chennai, Kolkata, Mumbai and Pipavav in India, Chittagong in Bangladesh, Colombo in Sri Lanka and Karachi in Pakistan, with frequencies of up to 6 sailings per week.



Enriching human
capital to remain
relevant



ING



AGILE





DEAR SHAREHOLDERS,

The shipping industry faced many challenges during the 12 months ended 31 December 2018 ("FY18") as geopolitical issues weighed on trade flows and impacted fuel prices. Amid these challenges, we continue to be more nimble and responsive, by collaborating with our business partners for better synergies and efficiency. Our effort in recent years to consolidate our position, and maintain a healthy balance sheet while remaining alert to potential opportunities, have helped us become more resilient against the headwinds buffeting the industry.

We achieved a 9.8% improvement in revenue to USD422.3 million in FY18, compared to USD384.6 million in the previous financial year ("FY17"). This was underpinned by higher contribution from the container shipping business on the back of a 13.7% increase in container volume handled over the previous year, even as contribution from the bulk and tankers shrank in tandem with our reduced fleet size. We recorded a 10.6% rise in cost of services to USD400.7 million, in line with the higher revenue. Key contributory factors to the increase in cost of services included higher bunker prices and charter-hire rates, as well as freight charges associated with cooperative and slot exchange partnership arrangements. Taking this into account, along with higher other operating expenses and financial expenses and lower other operating income, we turned in net profit

CHAIRMAN'S MESSAGE

MASLI MULIA

We achieved a 9.8% improvement in revenue to USD422.3 million in FY18, compared to USD384.6 million in the previous financial year ("FY17").

attributable to shareholders of USD8.3 million in FY18, which was 21.5% lower than that recorded in FY17.

In appreciation of our shareholders' steadfast support throughout the years, the Board has proposed a tax-exempt final dividend of 0.75 Singapore cents for FY18. This is subject to your approval at the upcoming Annual General Meeting on 29 April 2019. If approved, the dividend is expected to be paid in May 2019.

IN THE SPIRIT OF COOPERATION AND SERVICE EXCELLENCE

While the container shipping industry continues to navigate troubled waters, we remain confident about the sustainability of our operations, given our strong track record and ability to respond quickly to changes in the operating environment. As a service provider, our primary mission is to provide transportation services to meet the demands of our customers' logistics and transportation activities. We try our best to fulfil our customers' needs in a manner that is efficient and sustainable for all. The increase in container volume handled in FY18 reflects our commitment and readiness to meet the varied requests of our customers.

To expand our geographical coverage in an asset-light manner, we are cooperating more extensively with some industry players on slot exchange arrangements. We have been able to work with customers and partners to arrive at win-win solutions because of

our ability to adjust and adapt quickly to the dynamic industry situation, through effective and strategic fleet management.

The bulk and tanker business continued to face headwinds in FY18 with charter-out rates generally lower compared to the previous year. In view of the disposal of two older and less competitive tankers in October 2017 and April 2018 respectively, our tanker fleet in FY18 was smaller than what it was in FY17. Nevertheless, the remaining vessels in our fold were well-employed, allowing us to turn in a relatively steady performance overall. On the other hand, demand for dry bulk shipping services has remained muted.

To further strengthen our value proposition to our customers, we maintained a lookout for opportunities to grow our shore-side business, particularly in warehousing, trucking and container depot. By extending our participation in the transportation value chain, we hope to value-add and provide a wider range of logistics solutions to expand our revenue stream.

LOOKING AHEAD

The shipping sector remains embroiled in a state of uncertainty, pending a resolution of trade friction and geopolitical tensions between the world's largest economies. With muted expectations of trade growth and the recent consolidation among main line operators, we expect to have to compete harder for each container box.

As announced on 28 February 2019, one of our dry-bulk vessels was detained in Honduras over a cargo claim from the Honduran cargo owner. We are currently working closely with our lawyers, insurance company and the Honduran authority to release the vessel from arrest. We expect this incident to have an impact on our bulk and tanker performance in the current financial year. Leveraging our competitive advantages

and track record, we will aim for steady growth in our container shipping business in the year ahead. Our values of integrity, prudence and trustworthiness will serve us well in our dealings with customers and competitors alike. We will continue to build our presence in the dry bulk market, and tanker business, especially in Indonesia, through local partnerships.

We will also maintain a keen focus on optimising operational and cost efficiencies while strategically managing asset utilisation. With people as our most important resource, Samudera Shipping Line is also committed to nurturing competent and dedicated talent to take us to greater growth.

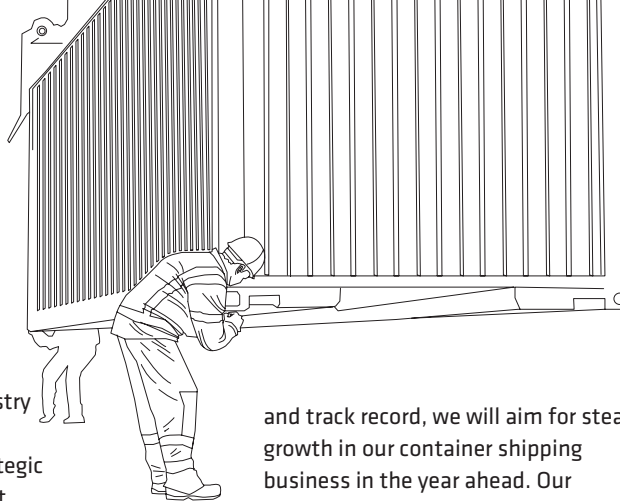
A WORD OF APPRECIATION

Samudera Shipping Line has had to weather diverse challenges in recent years, but we have emerged stronger at every turn. For that, I am grateful to all employees for their dedication and hard work in ensuring we are able to strengthen and grow.

I would like to thank my fellow directors for their invaluable advice and commitment. I am also thankful to our shareholders, customers, partners and associates for supporting and believing in us.

As we continue to chart our course of growth, we promise to uphold the values integrity, prudence and trustworthiness and be committed to all our stakeholders. I am optimistic that we will be able to build on our strengths to capture the opportunities ahead.

Masli Mulia
Executive Chairman





We will continue to enhance our strong working relationships with our customers and partners, and seek win-win solutions that reinforce our competitiveness and meet the needs of our customers.

ASMARI HERRY

CEO'S STATEMENT ON OPERATIONAL REVIEW

DEAR SHAREHOLDERS,

Amid a difficult FY18 for the shipping industry, Samudera was able to turn in a profitable set of results.

FINANCIAL REVIEW

The Group delivered revenue growth of 9.8% to USD422.3 million in FY18, from USD384.6 million in FY17. The growth was driven by higher business activity in the container shipping business segment, leading us to handle 1,470,000 TEUs (twenty-foot equivalent units) of cargo in FY18, or 13.7% more than in FY17.

The higher container shipping business activity is the result of our effort to increase vessel capacity and service route offerings through flexible vessel deployment, vessel sharing and slot exchange arrangements with our partners.

Boosted by the higher volume, revenue contribution from the container shipping segment rose to USD390.9 million, an 11.2% improvement over USD351.6 million a year ago.

On the other hand, on account of a smaller tanker fleet operated in FY18, revenue from the bulk and tanker business contracted 17.8% to USD22.1 million, from USD27.0 million in FY17.

Cost of services rose 10.6% to USD400.7 million in FY18, compared to USD362.3 million in FY17, driven by higher charter-hire rates, a larger fleet, as well as the increase in bunker prices. Higher freight charges were also incurred in conjunction with cooperative arrangements that we undertake with our partners.

Consequently, the Group turned in gross profit of USD21.6 million in FY18, compared to USD22.3 million in the previous financial year, and gross margin of 5.1%, compared to 5.8% in FY17.

Other operating income was USD2.0 million, compared to USD2.3 million on a year ago, due to a lower gain recorded on disposal of vessels held for sale that was received in FY17. On the other hand, other operating expenses was higher at USD0.5 million, versus USD0.1 million in FY17, as we made an impairment on our joint ventures in India.

Profit before tax thus declined to USD8.2 million, compared to USD10.7 million in FY2017. Notwithstanding this, taxation for FY18 increased to USD0.5 million, from USD0.3 million a year ago,

due to a write-back of tax provision in 2017, resulting in lower tax expense in FY17.

In consideration of the above, we turned in net profit attributable to shareholders of USD8.3 million in FY18, a decline of 21.5% compared to USD10.5 million in FY17.

Trade receivables was USD70.9 million as at the close of the year, compared to USD58.7 million as at 31 December 2017, mainly due to the higher business activity.

At the close of 2018, our cash and bank balance stood at USD28.8 million, compared to USD49.6 million as at 31 December 2017. The decrease takes into account scheduled loan repayments, lower profitability in FY18, as well as longer credit terms extended to certain major customers that led to an increase in working capital requirements. Our gearing ratio remained relatively low at 0.23 at the close of 2018, versus 0.34 a year ago. Net asset value in FY18 increased to US35.14 cents, compared to US34.03 cents in FY17.

REVIEW OF OPERATIONS

Having built close relationships with our customers as well as our partners, we continued to provide effective and efficient transportation solutions. In addition to slot purchases, we also cooperate with our customers and partners through slot exchange, joint

operation and consortium arrangements during the year. Through these arrangements, we have been able to maintain our service integrity as these enable us to manage our vessel utilisation more effectively. With customer service at the heart of our operations, our efforts in FY18 to work more closely with our customers have translated into higher revenue for the segment.

The dry bulk sector began FY18 on a relatively bright note, as healthy demand for dry bulk cargo provided support for charter rates. However, the economic volatility in China arising from the US-China trade war led to a slowdown in the demand for dry bulk services, which led to charter rates weakening towards the third quarter of the year. Thankfully, our tanker business maintained a relatively stable performance year-on-year, even though we were operating a smaller fleet.

Our move to expand into shore-side activities is making good headway. Construction of our warehouse in Port Klang, Malaysia, is completed and operations commenced in 2019. The warehouse, both covered and open yard, will be utilised by the general cargo, mining, as well as oil and gas industries. This will be the starting point for the Group to further develop logistics activities in Malaysia and beyond.

LOOKING AHEAD

2019 has started on a volatile note for the shipping industry as US-China trade tensions, a slowdown in China's growth and the Brexit deadlock combined to paint a less-than-ideal global economic outlook. With an anticipated slowdown in demand for shipping services and bunker prices trending upwards, we expect the operating environment to be challenging.

For feeder service providers like Samudera, the consolidation of mainline operators in recent years has resulted in fewer customers, with each possessing greater bargaining power. We will continue to enhance our strong working relationships with our customers and partners, and seek win-win solutions that reinforce our competitiveness and meet the needs of our customers.

Come 1 January, 2020, the International Maritime Organisation (IMO) will enforce a regulation to reduce the sulphur content on marine fuel from the present 3.5% to 0.5%, in response to heightening environmental concerns over harmful emissions from ships. In anticipation of this, we are currently monitoring the situation closely, to ensure our compliance with the regulation when it is implemented.

Meanwhile, we will ensure that the shore-side logistics business in Malaysia starts off on a sound base from which we can grow. We continue to be on the lookout for warehousing, trucking and container depot opportunities in the region. We believe growing the shore-side business will strengthen our competitive position in terms of value-add and service integration.

In November 2018, one of our dry bulk vessels, Sinar Kapuas, was arrested in Honduras, on the basis of a cargo claim by the Honduran cargo owner. We have been working closely with our team of lawyers, insurance agent and the authorities to secure its release and return it to service in due course. The arrest will nonetheless encumber the performance of our bulk and tanker business in 2019, given our inability to deploy the vessel and the expected cost of securing its release.

To further our participation in the domestic shipping business in Indonesia, we are currently exploring opportunities to form joint ventures with Indonesian partners. Such partnerships will allow the Group to grow its Indonesia shipping activities in compliance with its cabotage laws.

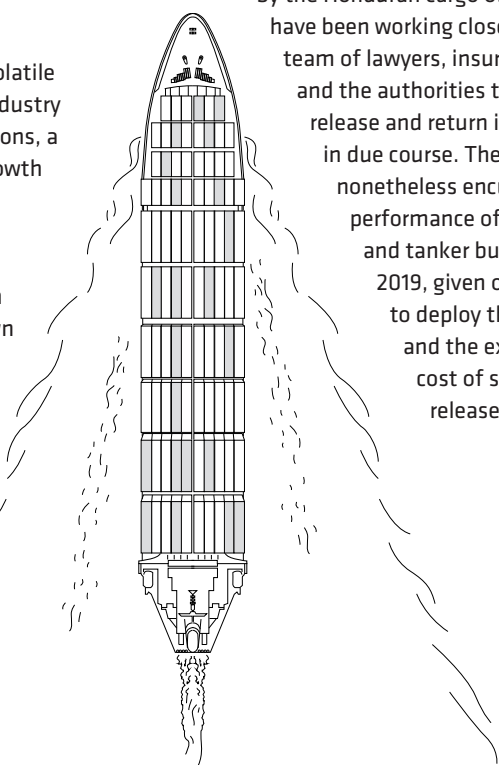
APPRECIATION

I am grateful to the Samudera team for staying the course and embodying the same mindset of nimbleness and service quality that have lifted us above the water. I would like to thank our customers, partners, bankers and shareholders who have shown tremendous faith in us. My fellow Directors have put in yet another year of hard work and I am thankful for that.

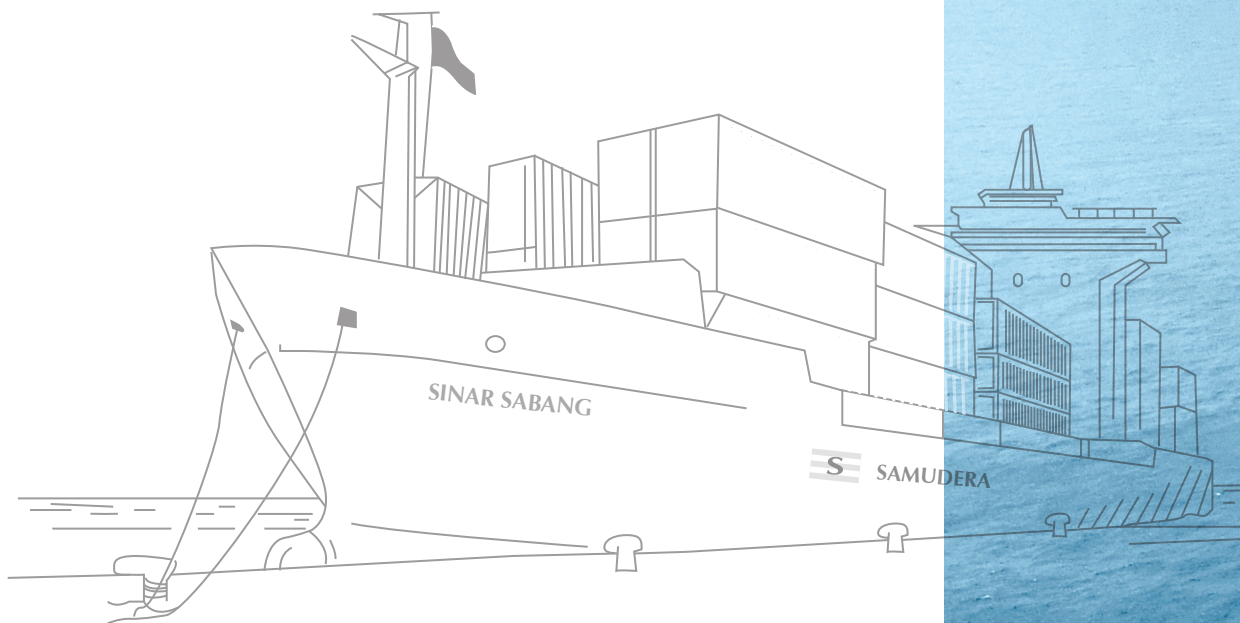
The pace of change in the industry is relentless but I am confident that, with our abilities and your support, we will be able to surmount any challenge.

Asmari Herry

Executive Director and CEO



Building on a solid
business model to
excel



ADAPTING CHA



TO LLENGES

BOARD OF DIRECTORS

Masli Mulia

Executive Chairman
Age 72



As Executive Chairman, Masli Mulia leads the Board in the overall strategic direction and business growth of the Company and its subsidiaries (the "Group"). He is member of the Nominating Committee of the Company. He is also the President Director of PT Samudera Indonesia Tbk ("Samudera Indonesia"), a majority shareholder of the Company. Masli Mulia joined Samudera Indonesia in 1971 and has held various positions prior to becoming the President Director in 2010. He serves as a member of the Advisory Board in the Indonesian National Shipowners' Association (INSA). Formerly, he was the Chairman of ASEAN Federation of Forwarders Association and the Indonesian Logistics and Freight Forwarders Association. Masli Mulia graduated from the Merchant Marine Academy, Jakarta, Indonesia in 1970.

Lim Kee Hee

Executive Director,
Business Strategic & Development
Age 70



Lim Kee Hee currently oversees the business strategic and development of the Group. He was responsible for the overall commercial activities of the Company prior to assuming responsibilities in the office. Lim Kee Hee has over 20 years of experience in the shipping industry where he had served in various senior management positions prior to joining the Company. He holds a Bachelor of Science from the then University of Singapore and a Graduate Diploma in Financial Management from the Singapore Institute of Management.

Asmari Herry, the Chief Executive Officer ("CEO"), is responsible for the overall management, strategic planning and day-to-day business operations of the Group. Prior to his appointment, he was the Chief Operating Officer responsible for the overall operations of the Group. Asmari Herry joined Samudera Indonesia in 1979 and has held various managerial positions prior to his appointment as an Executive Director of the Company in 1997. Asmari Herry served as Director in the Board of PT Samudera Indonesia Tbk from 2010 to 2016. He was also Deputy Chairman of the Indonesian National Shipowners' Association for the period 2011 – 2015. Since 2015 he was appointed as Head of Permanent Committee of Transportation for Infrastructure & Superstructure, Indonesian Chamber of Commerce and Industry. He graduated from the Merchant Marine College in Indonesia and joined the Sea Transport Course at AIM – Manila, Philippines.

Asmari Herry Prayitno

Executive Director and CEO
Age 62



Hermawan Fridiana Herman

Executive Director, Finance
Age 53



Hermawan is responsible for the overall finance and administrative functions of the Group. He joined Samudera Indonesia in 1992 as the Group Accountant and was subsequently posted to the Company as the General Manager for Finance and Administration prior to his current appointment. Hermawan started his career with various business consultants in Indonesia before joining KPMG Indonesia as an Auditor in 1989. He holds a Bachelor of Economics degree (majoring in Accountancy) from the University of Indonesia.

Tan Meng Toon, appointed as Executive Director is responsible for the overall commercial activities of the Company. Prior to becoming Executive Director, he was the Deputy Director of the Company who was in charge of the trade function in the Group. He had served onboard the vessel as a deck officer in various ranking in several local and foreign-owned shipping companies. He also served as a technical superintendent and operations manager of a foreign-owned ship management company. He holds a Foreign Ocean Going Master (Class I) Certificate.

Tan Meng Toon

Executive Director, Commercial
Age 60



Quah Ban Huat

Lead Independent and Non-Executive Director
Age 52



Quah Ban Huat is the Chairman of the Audit Committee as well as a member of the Remuneration and Nominating Committees of the Company. Mr Quah was appointed as the Lead Independent Director of the Company on 27 February 2017. He is currently a Principal Advisor at KPMG Services Pte Ltd and sits on the board of several public and private companies including AP Oil International Ltd, Grindrod Shipping Holdings Ltd, Deutsche Boerse Asia Holding Pte Ltd and Eurex Clearing Asia Pte Ltd. Mr Quah has worked in various senior management roles in multinational and listed companies. He is a member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants.

Nicholas Ballas is member of the Audit, Nominating and Remuneration Committees of the Company. Mr. Ballas is currently Managing Director of Cathedral Hill Advisory LLC, a boutique consulting firm that provides strategy and execution advisory services. Prior to forming Cathedral Hill Advisory, Mr Ballas was the Executive Vice President, Asia Pacific and a member of the management council of Nexans SA, a worldwide leader in the cable industry based in Paris, France. He has more than 25 years of experience working in the Asia Pacific region and has held various positions in finance, strategy and general management in the USA, Japan, Malaysia, Indonesia and Singapore. Mr Ballas was educated in the USA and holds an MBA degree from Thunderbird School of Global Management.

Nicholas Peter Ballas

Independent and Non-Executive Director
Age 58

**Chng Hee Kok**

Independent and Non-Executive Director
Age 70



Chng Hee Kok is the Chairman of the Remuneration Committee as well as member of the Audit and Nominating Committees. He is the Chairman of Ellipsiz Ltd and director of a few SGX listed companies. He graduated with a Bachelor of Engineering degree (First Class Honours) from the then University of Singapore in 1972 and an MBA from the National University of Singapore in 1984. Mr Chng was a Member of Parliament from 1984 to 2001. He was at various times CEO of Yeo Hiap Seng Ltd, Scotts Holdings Ltd, Hartawan Holdings Ltd, HG Metals Manufacturing Ltd and LH Group Ltd. He had served on the Board of Sentosa Development Corporation and the Public Utilities Board and was a Council Member of the Singapore Institute of Directors. He is a Fellow member of the Singapore Institute of Directors.

Ng Chee Keong is the Chairman of the Nominating Committee as well as member of the Audit and Remuneration Committees of the Company. Mr Ng had held various senior positions throughout his career with the Port of Singapore Authority and later PSA Corp till his retirement in 2005 as CEO, PSA Corp. He has many years of experience in terminal, marine and logistic businesses and serves on the Board of Jurong Port Pte Ltd, Mencast Holdings Ltd, and JTC. Mr Ng is also the Chairman of Jurong Port Pte Ltd. He was awarded the Public Administration Medal (Silver) in 1992 and the Public Administration Medal (Gold) in 1997 by the Government of Singapore, in recognition of his public service. He graduated with a Bachelor of Social Science degree in Economics (Upper Honours) from the then University of Singapore in 1971.

Ng Chee Keong

Independent and Non-Executive Director
Age 70

**Lee Lay Eng Juliana**

Independent and Non-Executive Director
Age 63



Juliana Lee joined the Company as an Independent and Non-Executive Director in August 2018. She is member of the Audit, Nominating and Remuneration Committees of the Company. She is currently the Managing Director of Caridian Consulting Pte Ltd and specialises in tax advisory. She was a former tax partner with Arthur Andersen and Ernst & Young and worked with multinational and local companies on mergers, acquisitions, business reorganisation, cross-border and domestic transactions and restructuring. She graduated with a Bachelor of Law (Honours) degree from the then University of Singapore. She is a Certified Financial Planner and is a Registered Trust and Estate Practitioner with the Society of Trust and Estate Practitioners (STEP). She is also an Accredited Tax Advisor (Income Tax) under the Singapore Institute of Accredited Tax Professionals.

BOARD OF DIRECTORS

FURTHER INFORMATION

Masli Mulia

Executive Chairman

Date of first appointment as a director:
1 April 2007

Date of last re-election as a director:
27 April 2017

Academic and Professional Qualification(s):
Merchant Marine Academy
Jakarta, Indonesia

Present Directorship:

Other Listed Companies

- PT Samudera Indonesia Tbk
President Director

Other Principal Commitments

- PT Ngrumat Bondo Utomo
President Commissioner
- PT Samudera Indonesia Tangguh
President Commissioner
- PT Masaji Prayasa Cargo
President Commissioner
- PT SILkargo Indonesia
Commissioner
- PT GAC Samudera Logistics
President Commissioner

Past Directorships in listed companies held over the preceding three years:

None

Asmari Herry Prayitno

Executive Director and CEO

Date of first appointment as a director:
31 December 1996

Date of last re-election as a director:
25 April 2018

Academic and Professional Qualification(s):
Merchant Marine College, Semarang, Indonesia

Sea transport course at AIM, Manila, Philippines

Present Directorship:

Other Listed Companies

None

Other Principal Commitments

- PT Samudera Shipping Services
Commissioner
- PT Perusahaan Pelayaran Nusantara Panurjwan
Vice President Director
- Samudera Intermodal Sdn Bhd
Director
- Samudera Traffic Co Ltd
Director

Past Directorships in listed companies held over the preceding three years:

- PT Samudera Indonesia Tbk
Director

Lim Kee Hee

Executive Director, Business Strategic & Development

Date of first appointment as a director:
1 June 2010

Date of last re-election as a director:
25 April 2018

Academic and Professional Qualification(s):
Bachelor of Science, University of Singapore

Graduate Diploma in Financial Management, Singapore
Institute of Management

Present Directorship:

Other Listed Companies

None

Other Principal Commitments

- SILkargo Logistics (Singapore) Pte Ltd
Director

Past Directorships in listed companies held over the
preceding three years:

None

Hermawan Fridiana Herman

Executive Director, Finance

Date of first appointment as a director:
1 June 2010

Date of last re-election as a director:
25 April 2018

Academic and Professional Qualification(s):
Bachelor of Economics, Accountancy, University of Indonesia

Present Directorship:

Other Listed Companies

None

Other Principal Commitments

- Foremost Maritime Pte Ltd
Director
- Samudera Intermodal Sdn Bhd
Director
- SILkargo Logistics (Singapore) Pte Ltd
Director
- Samudera Traffic Co Ltd Thailand
Director
- LNG East-West Shipping Company (Singapore) Pte Ltd
Director

Past Directorships in listed companies held over the preceding
three years:

None

BOARD OF DIRECTORS

FURTHER INFORMATION

Tan Meng Toon

Executive Director, Commercial

Date of first appointment as a director:

1 August 2018

Date of last re-election as a director:

N.A.

Academic and Professional Qualification(s):

Certificate of Competency Foreign Ocean Going (Class 1)
Certificate

Present Directorship:

Other Listed Companies

None

Other Principal Commitments

- Samudera Shipping Line (India) Pvt Ltd
Director

Past Directorships in listed companies held over the preceding three years:

None

Quah Ban Huat

Lead Independent and Non-Executive Director

Date of first appointment as a director:

31 October 2013

Date of last re-election as a director:

27 April 2017

Academic and Professional Qualification(s):

Institute of Chartered Accountants in England and Wales
(Member)

Association of Chartered Certified Accountants (Fellow
Member)

Present Directorship:

Other Listed Companies

- AP Oil International Ltd, Singapore
Independent and Non-Executive Director
- Grindrod Shipping Holdings Limited
Independent and Non-Executive Director

Other Principal Commitments

- Primeur Cellars Pte Ltd
Executive Director
- Primeur Holdings Pte Ltd
Executive Director
- KPMG Services Pte Ltd
Principal Advisor
- Eurex Clearing Asia Pte Ltd
Independent and Non-Executive Director
- Deutsche Boerse Asia Holding Pte Ltd
Independent and Non-Executive Director
- Eurex Exchange Asia Pte Ltd
Independent and Non-Executive Director
- Sunjoy Group
Senior Advisor to Chairman

Past Directorships in listed companies held over the preceding three years:

- Croesus Retail Asset Management Pte Ltd,
trustee-manager of Croesus Retail Trust
Independent and Non-Executive Director
- mDR Ltd
Independent and Non-Executive Director

Nicholas Peter Ballas

Independent and Non-Executive Director

Date of first appointment as a director:
1 June 2010

Date of last re-election as a director:
27 April 2016

Academic and Professional Qualification(s):
Master of Business Administration, Thunderbird School of
Global Management

Present Directorship:

Other Listed Companies

None

Other Principal Commitments

- Cathedral Hill Advisory LLC
Managing Director

Past Directorships in listed companies held over the
preceding three years:

None

Ng Chee Keong

Independent and Non-Executive Director

Date of first appointment as a director:
23 July 2014

Date of last re-election as a director:
27 April 2017

Academic and Professional Qualification(s):
Bachelor of Social Science (Upper Honours), University of
Singapore

Post-Graduate in Advanced Management from Stanford
University in 1988 and INSEAD

Present Directorship:

Other Listed Companies

Mencast Holdings Ltd
Independent Director

Other Principal Commitments

- JTC
Board Member
- Jurong Port Pte Ltd
Chairman
- Jurong Port Jakarta Holding Pte Ltd
Director
- Jurong Port Marunda Holding Pte Ltd
Director
- Jurong Port Hainan Holding Pte Ltd
Director
- Rizhao Jurong Port Terminals Co Ltd
Independent Director

Past Directorships in listed companies held over the preceding
three years:

- Jasper Investments Limited
Independent Director
- Indo Port Holdings Pte Ltd
Director
- PT Pelabuhan Tegar Indonesia
Vice President Commissioner

BOARD OF DIRECTORS

FURTHER INFORMATION

Chng Hee Kok

Independent and Non-Executive Director

Date of first appointment as a director:
13 September 1997

Date of last re-election as a director:
27 April 2016

Academic and Professional Qualification(s):
Master of Business Administration, National University of Singapore

Bachelor of Engineering (First Class Honours), University of Singapore

Present Directorship:

Other Listed Companies

- Ellipsiz Ltd
Director and Chairman
- Full Apex (Holdings) Ltd
Director
- Luxking Group Holdings Ltd
Director
- United Food Holdings Ltd
Director
- Chaswood Resources Holdings Ltd
Director
- The Place Holdings Ltd
Director

Other Principal Commitments

None

Past Directorships in listed companies held over the preceding three years:

- Pacific Century Regional Developments Ltd
Director
- Chinasing Investment Holdings Ltd
Director
- LH Group Ltd
Managing Director and Director
- China Flexible Packaging Holdings Ltd
Director
- Infinio Group Ltd
Director

Lee Lay Eng Juliana

Independent and Non-Executive Director

Date of first appointment as a director:
1 August 2018

Date of last re-election as a director:
N.A.

Academic and Professional Qualification(s):
Bachelor of Law (Honours) from National University of Singapore

Accredited Tax Advisor (Income Tax) with the Singapore Institute of Accredited Tax Professionals (SIATP)

Registered Trust and Estate Practitioner with the Society of Trust and Estate Practitioners (STEP)

Certified Financial Planner

Present Directorship:

Other Listed Companies

None

Other Principal Commitments

- Hardwood Private Limited
Director
- Caridian Consulting Pte Ltd
Director
- Premier Universal Resources Pte Ltd
Director
- Novus Energy International Pte Ltd
Director
- Glorious DEXA Singapore Pte Ltd
Director
- DEXA International Pte Ltd
Director
- Centurion Capital Investments Pte Ltd
Director
- Freesia Offshore Limited
Director
- ZT Strategic Holding Limited
Director
- Ellsworth Holdings Limited
Director
- First China Resources Ltd
Director
- Sino Pacific Assets Management Ltd
Director
- Marvel Rock Enterprises Ltd
Director

Past Directorships in listed companies held over the preceding three years:

None

BOARD OF DIRECTORS

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING ON 29 APRIL 2019

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the information as set out in the Appendix 7.4.1 of the Listing Manual of the SGX-ST on Messrs Masli Mulia, Chng Hee Kok, Nicholas Peter Ballas, Tan Meng Toon and Ms Lee Lay Eng Juliana, who are seeking re-appointment as Directors at the Company's forthcoming Annual General Meeting on 29 April 2019, are set out below:

	Retiring pursuant to Rule 720(5) of the SGX-ST Listing Manual and Article 91 of the Constitution of the Company			Retiring pursuant to Article 97 of the Constitution of the Company	
Information as required in Appendix 7.4.1	MR MASLI MULIA Executive Chairman	MR CHNG HEE KOK Independent and Non-Executive Director	MR NICHOLAS PETER BALLAS Independent and Non-Executive Director	MR TAN MENG TOON Executive Director	MS LEE LAY ENG JULIANA Independent and Non-Executive Director
Date of Appointment	1 April 2007	13 September 1997	1 June 2010	1 August 2018	1 August 2018
Date of last re-appointment	27 April 2017	27 April 2016	27 April 2016	-	-
Age	72	70	58	60	63
Country of principal residence	Indonesia	Singapore	USA	Singapore	Singapore
The Board's comments on this re-appointment	The NC had recommended to the Board the re-appointment of Mr Mulia as a Director and took into account his attendance at meetings, contributions and performance in its assessment and recommendation. The Board concurred with the NC's recommendation on Mr Mulia's re-appointment as a Director of the Company.	The NC had recommended to the Board the re-appointment of Mr Chng as a Director and took into account Mr Chng's attendance at meetings, contributions and performance in its assessment and recommendation. The Board concurred with the NC's recommendation on Mr Chng's re-appointment as a Director of the Company.	The NC had recommended to the Board the re-appointment of Mr Ballas as a Director and took into account Mr Ballas' attendance at meetings, contributions and performance in its assessment and recommendation. The Board concurred with the NC's recommendation on Mr Ballas' re-appointment as a Director of the Company.	The NC had recommended to the Board the re-appointment of Mr Tan as a Director and took into account Mr Tan's attendance at meetings, contributions and performance in its assessment and recommendation. The Board concurred with the NC's recommendation on Mr Tan's re-appointment as a Director of the Company.	The NC had recommended to the Board the re-appointment of Ms Juliana Lee as a Director and took into account Ms Juliana Lee's attendance at meetings, contributions and performance in its assessment and recommendation. The Board concurred with the NC's recommendation on Ms Juliana Lee's re-appointment as a Director of the Company.
Whether re-appointment is executive, and if so, the area of responsibility	Yes	N.A.	N.A.	Yes	N.A.
Job Title	Executive Chairman	Independent and Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.	Independent and Non-Executive Director and a member of the Audit, Nominating and Remuneration Committees.	Executive Director, Commercial	Independent and Non-Executive Director and a member of the Audit, Nominating and Remuneration Committees.
Professional qualifications	Please refer to page 20	Please refer to page 24	Please refer to page 23	Please refer to page 22	Please refer to page 24

BOARD OF DIRECTORS

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING ON 29 APRIL 2019

	Retiring pursuant to Rule 720(5) of the SGX-ST Listing Manual and Article 91 of the Constitution of the Company			Retiring pursuant to Article 97 of the Constitution of the Company	
Information as required in Appendix 7.4.1	MR MASLI MULIA Executive Chairman	MR CHNG HEE KOK Independent and Non-Executive Director	MR NICHOLAS PETER BALLAS Independent and Non-Executive Director	MR TAN MENG TOON Executive Director	MS LEE LAY ENG JULIANA Independent and Non-Executive Director
Working experience and occupation(s) during the past 10 years	2008 – Present: President Director of PT Samudera Indonesia Tbk	2008 – Present: Chairman and Director of Ellipsiz Ltd 2012 – 2016 MD, LH Group Ltd 2011 – 2012 CEO, HG Metal Manufacturing Ltd 2009 – 2011 CEO, Hartawan Holdings Ltd	2008 – Present: Managing Director of Cathedral Hill Advisory LLC	2018 – Present: Director, Commercial 2011 – 2018: Deputy Director, Trade of the Company 2006 – 2011: General Manager of the Company	2008 – Present: Managing Director of Caridian Consulting Pte Ltd
Shareholding interest in the Company and its subsidiaries	Please refer to the “Directors’ Statement” section on pages 31 to 33 of the 2018 Annual Report (Financial).	Nil	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/ or substantial shareholder of the Company or of any of its principal subsidiaries	Mr Mulia does not have any relationship or immediate family relationship with the Company’s existing directors or CEO. His relationships, including immediate family relationships with the Company, its substantial shareholders and principal subsidiaries are set out below: (1) In relation to the Company: Mr Mulia is the father of Trisnadi Sukur Muslim Mulia, Deputy Director of Commercial.	Nil	Nil	Nil	Nil

	Retiring pursuant to Rule 720(5) of the SGX-ST Listing Manual and Article 91 of the Constitution of the Company			Retiring pursuant to Article 97 of the Constitution of the Company	
Information as required in Appendix 7.4.1	MR MASLI MULIA Executive Chairman	MR CHNG HEE KOK Independent and Non-Executive Director	MR NICHOLAS PETER BALLAS Independent and Non-Executive Director	MR TAN MENG TOON Executive Director	MS LEE LAY ENG JULIANA Independent and Non-Executive Director
	(2) In relation to its Substantial Shareholders: Mr Mulia is (a) the President Director of PT Samudera Indonesia Tbk ("PTSI"), being the controlling shareholder of the Company; (b) the President Commissioner of PT Samudera Indonesia Tangguh ("PTSIT"), being the controlling shareholder of PTSI; and (c) the President Commissioner of PT Ngrumat Bondo Utomo ("NBU"), being the ultimate holding company of the Company. He is the husband of Ms Chandraleika Mulia, being a Commissioner and a substantial shareholder of NBU. He is also the father of Bani Maulana Mulia, who is a Director of PTSI, PTSIT and NBU. (3) In relation to its Principal Subsidiaries: Mr Mulia is the father of Bani Maulana Mulia who is a Director and President Director of the Company's subsidiaries Foremost Maritime Pte Ltd and PT Samudera Shipping Services respectively.				

BOARD OF DIRECTORS

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING ON 29 APRIL 2019

	Retiring pursuant to Rule 720(5) of the SGX-ST Listing Manual and Article 91 of the Constitution of the Company			Retiring pursuant to Article 97 of the Constitution of the Company	
Information as required in Appendix 7.4.1	MR MASLI MULIA Executive Chairman	MR CHNG HEE KOK Independent and Non-Executive Director	MR NICHOLAS PETER BALLAS Independent and Non-Executive Director	MR TAN MENG TOON Executive Director	MS LEE LAY ENG JULIANA Independent and Non-Executive Director
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the SGX-ST has been submitted to the Company	Yes	Yes	Yes	Yes	Yes
Other Principal Commitments ¹ including Directorships ²	Past Directorships (for the last 5 years), Present / Existing Directorships, and Other Principal Commitments: Please refer to page 20	Past Directorships (for the last 5 years), Present / Existing Directorships, and Other Principal Commitments: Please refer to page 24	Past Directorships (for the last 5 years), Present / Existing Directorships, and Other Principal Commitments: Please refer to page 23	Past Directorships (for the last 5 years), Present / Existing Directorships, and Other Principal Commitments: Please refer to page 22	Past Directorships (for the last 5 years), Present / Existing Directorships, and Other Principal Commitments: Please refer to page 24
Disclosures as set out in paragraphs (a) to (k) of the Appendix 7.4.1	Mr Mulia has provided a negative confirmation to each of the items (a) to (k).	Mr Chng has provided a negative confirmation to each of the items (a) to (j). As to item (k), Mr Chng was fined \$5,000 in 2007 under Section 156 the Companies Act, Cap 50 and was given a warning under section 28(B)(b) of the Prevention of Corruption Act, cap 241.	Mr Ballas has provided a negative confirmation to each of the items (a) to (k).	Mr Tan has provided a negative confirmation to each of the items (a) to (k).	Ms Juliana Lee has provided a negative confirmation to each of the items (a) to (k).

1. "Principal Commitments" has the same meaning as defined in the 2012 Code of Corporate Governance (i.e. includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments).
2. Not applicable for announcements of appointment pursuant to Rule 704(9) of the Listing Manual of the SGX-ST (i.e. appointment of a person who is a relative of a director or chief executive officer or substantial shareholder of the Company to a managerial position in the Company or any of its principal subsidiaries).

SENIOR MANAGEMENT

Asmari Herry Prayitno
Executive Director and CEO



Profile of Mr Asmari Herry Prayitno can be found on page 18, Board Profile.

Lim Kee Hee
Executive Director, Business Strategic & Development



Profile of Mr Lim Kee Hee can be found on page 18, Board Profile.

Hermawan Fridiana Herman
Executive Director, Finance



Profile of Mr Hermawan Fridiana Herman can be found on page 18, Board Profile.

Tan Meng Toon
Executive Director, Commercial



Profile of Mr Tan Meng Toon can be found on page 18, Board Profile.

Trisnadi Sukur Muslim Mulia
Deputy Director, Commercial



Mr Trisnadi Sukur Muslim Mulia is the Deputy Director of the Company for commercial and business development functions of the Group. He holds a Bachelor of Planning & Design major in Construction Management and a Master of Applied Commerce major in Business Analysis and System from the University of Melbourne, Australia. He has previously held various roles in shipping and logistics businesses within the Samudera Group, being involved in operational, business development and directorship responsibilities.

Thomas Lee Thuan Aun
Deputy Director, Trade



Mr Thomas Lee Thuan Aun joined the Company in 1997. He is currently holding the position of Deputy Director and is responsible for trade performance and business development in the Regional Container Shipping business including seeking opportunities to co-operate with other shipping companies. Mr Thomas Lee graduated from the National University of Singapore in 1997 and holds a Bachelor of Science degree.

KEY MANAGEMENT PERSONEL

Mr Trisnadi Sukur Muslim Mulia. Profile can be found in the Senior Management section on page 29.

Mr Thomas Lee Thuan Aun. Profile can be found in the Senior Management section on page 29.

Mr Aditya Girinda Wardhana is the Head of Business Development of our Group. He is responsible for identifying and developing new business opportunities as well as overseeing the marketing and operational aspects of the Company. He has more than 20 years of shipping management experience and has worked in our overseas offices such as Bangkok and Dubai. He graduated with a Bachelor of Mathematics and Natural Sciences from the University of Indonesia.

Captain Chan Cheow Chan joined the Company in 1996. Currently, he holds a position of General Manager who is responsible for the Container Management business and also for Cost Control and Vendor Management. Prior to his current appointment, he was responsible for the Liner Trade and Business Development of the Company. Before joining Samudera, Captain Chan had many years of experience in various aspects of shipping business. He obtained a Certificate of Competency in Master of Foreign-Going Ship from the Singapore Marine Department in 1988.

Captain Choo Eng Chye Royce held various senior positions in the shipping industry for the past 12 years prior to joining the Company in 1999. At present, he holds the position as an Operations General Manager and is responsible for the fleet management of the Company. Captain Royce obtained a Certificate of Competency in Master of Foreign-Going Ship from Auckland Nautical Institute, New Zealand in 1986.

Mr Chan Ngok Chuin joined the Company in 2002 as MIS General Manager to oversee the management information systems of the Group. He holds a Bachelor of Science major in Computer Science and Mathematics from Brandon University, Canada and a Master of Business Administration major in Strategic Management from the Nanyang Technological University, Singapore. Mr Chan has more than 20 years of experience in the IT field such as system implementation, Portnet interfaces, designing and developing real time applications system, providing management and leadership in all computerisation projects in the Southeast Asia region, Hong Kong, Taiwan, China, Europe and America.

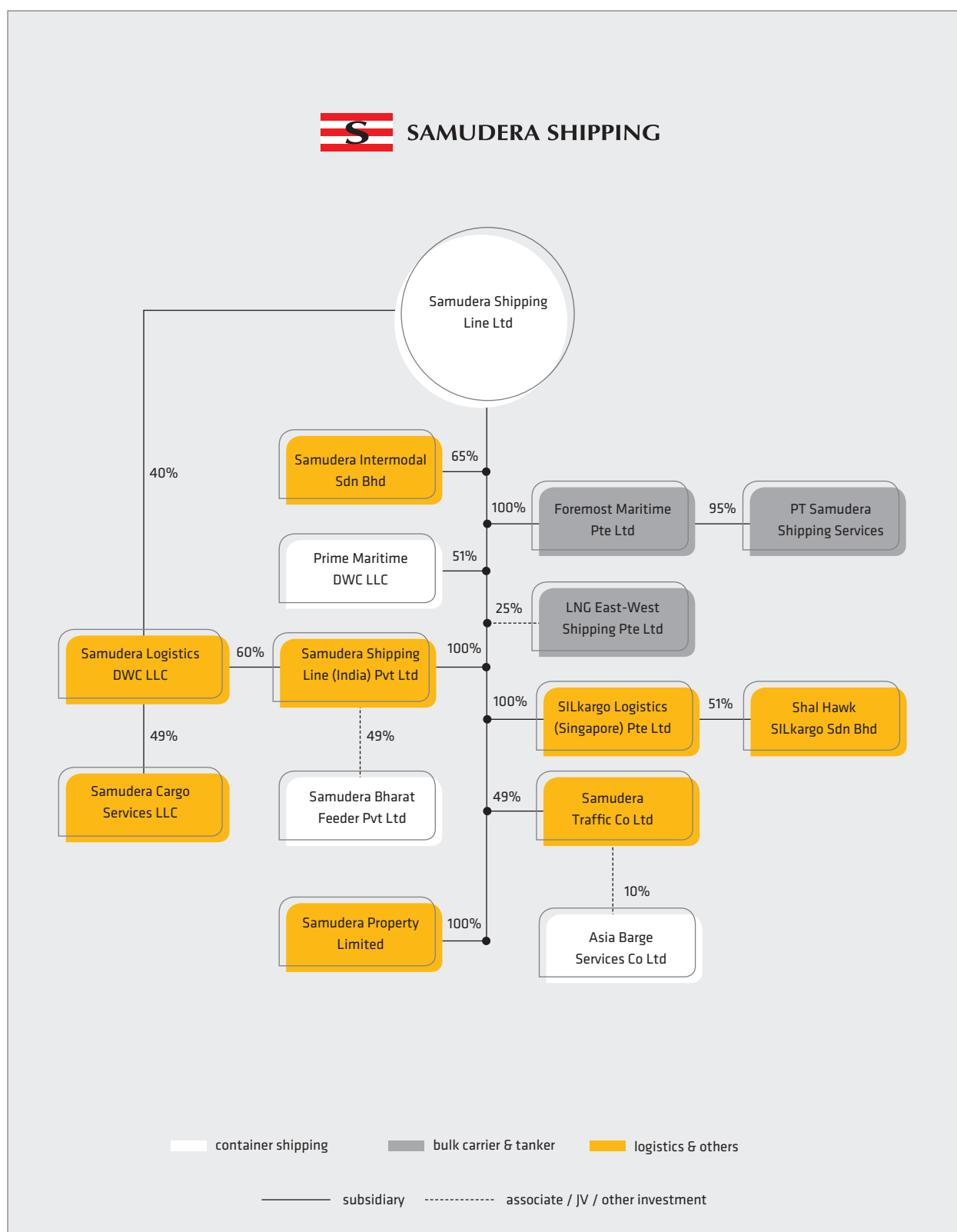
Mr Oh Kian Beng joined the Company in 1992. He holds the position of General Manager who is responsible for the Sales & Marketing as well as Customer Service functions. Prior to joining the Company, Mr Oh had many years of marketing experience in the shipping industry. He studied Sales and Marketing.

Ms Agnes Wong Pui Yee holds the position of Chief Accountant who is responsible for the Group's Finance and Accounting function as well as providing support on system development. She joined the Company in 1998, and held several positions prior to her current appointment. She is member of The Institute of Singapore Chartered Accountants (ISCA) and a fellow member of The Association of Chartered Certified Accountants (ACCA).

Ms Deborah Marlisa is our Head of Liner Department. She has international exposure and experienced in General Management, Sales and Marketing, Business Development. Prior to her current role, she had worked for many years in PT Samudera Indonesia, Tbk, and held various strategic management and directorship positions. Ms Deborah graduated with a Bachelor's degree in Public Relations from the Institute of Social and Political Sciences of Jakarta, Indonesia in 1994.

GROUP STRUCTURE

(AS AT 1 MARCH 2019)



OUR SUBSIDIARIES

SILKARGO LOGISTICS (SINGAPORE) PTE LTD (Singapore)

Hermawan Fridiana Herman, Director

SILkargo Logistics (Singapore) Pte Ltd ("SILkargo") is founded in Singapore in 1997 as one of the Group's subsidiaries specially engaged in logistics and forwarding business. SILkargo provides end to end worldwide logistics and freight-forwarding services which include air and sea transportation, custom process, shipping agency, warehouse and inland transportation for its end users.

FOREMOST MARITIME PTE LTD (Singapore)

Aditya Girindra Wardhana, Director

Established in 1995, Foremost Maritime Pte Ltd ("Foremost") is set up as part of the Group's strategy to venture into dry bulk activities. The principal activities of Foremost include owning, chartering and operating dry bulk carriers for the transportation of bulk shipping commodities in the international market.

PT SAMUDERA SHIPPING SERVICE (Indonesia)

Tarmizi Amir, Director

Through Foremost, the incorporation of PT Samudera Shipping Service ("PTSSS") in Indonesia allows the Group to enlarge its tanker activities in Indonesia. PTSSS provides specialised services such as owning and chartering of oil tankers and chemical tankers, off shore support as well as manning, operation and maintenance services. Besides, PTSSS also owns container vessels. Vessels owned by PTSSS are mainly employed either on time charter, voyage charter or contract of affreightment.

SAMUDERA INTERMODAL SDN BHD (Malaysia)

Bian Adiantoro, Director

Samudera Intermodal Sdn Bhd ("SISB"), a joint venture company between the Group and its business partner, QEL Shipping Service Sdn Bhd, was established in 2012. The primary activity of SISB is the provision of shipping agency services. SISB operates from two offices in Malaysia, namely Port Klang and Penang.

SHAL HAWK SILKARGO SDN BHD (Malaysia)

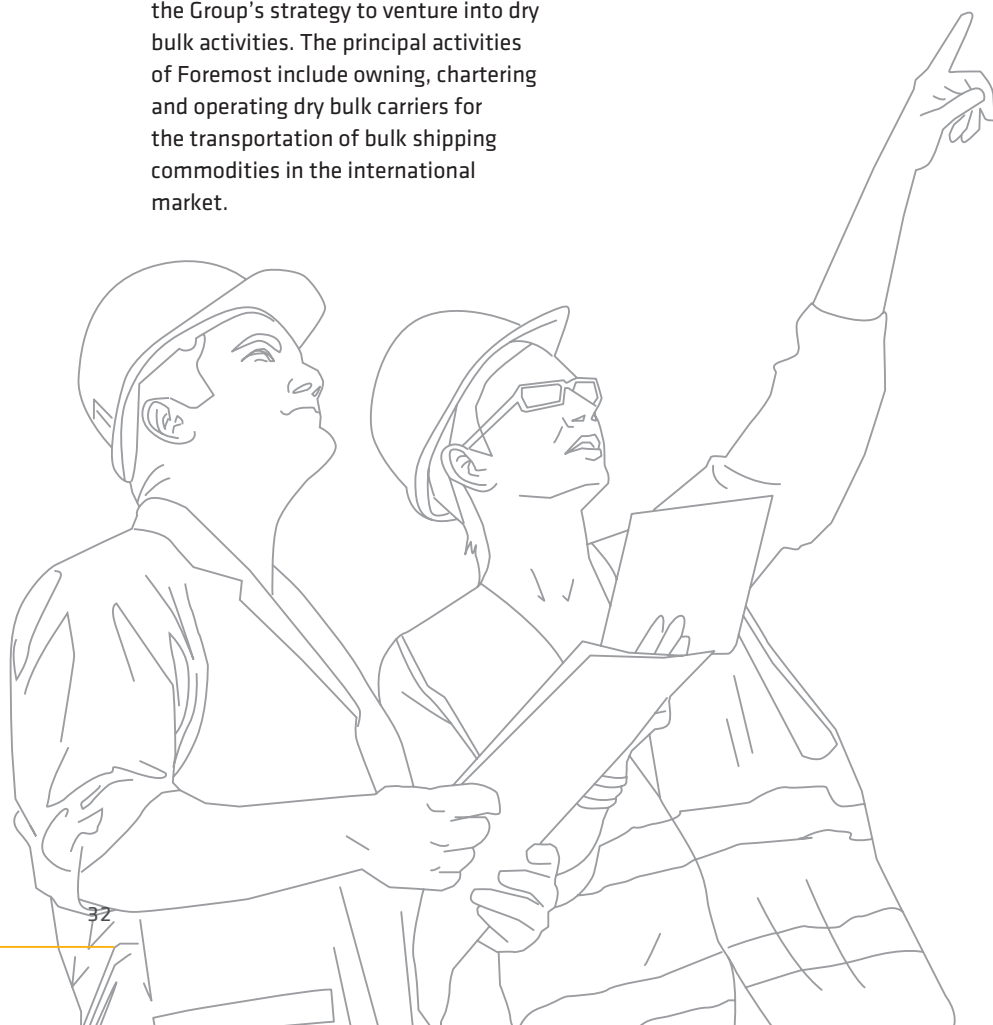
Oddy Medrian Cutasman, Director

Shal Hawk SILkargo Sdn Bhd ("SHS") is incorporated in 2017 as a joint venture company between the Group and its business partner, Shal Hawk Sdn Bhd. SHS primary engagement is in management of warehouse for general cargo, mining, oil and gas industry in the Port Klang Free Trade Zone, Malaysia.

SAMUDERA TRAFFIC CO., LTD (Thailand)

Christina Enita Hernawati, Director

Samudera Traffic Co., Ltd ("STC") was incorporated in Thailand in 2004 to provide shipping agency services to the Group. As the Group's general shipping agent, STC handles all vessel and cargo operations at various main ports in Thailand such as BKK Klongtoey port, Laem Chabang, BMT and Songkhla ports in Southern Thailand. STC enables the Group to capitalise local expertise, broaden its local customer network and marketing capabilities and experience in Thailand.



OUR ASSOCIATES

SAMUDERA SHIPPING LINE (INDIA) PVT LTD (India)

Rakesh Purshottamlal Vijay, Director

Samudera Shipping Line (India) Pvt Ltd ("SSL India") primarily engages in shipping agency business in India and provides support function to the Group's container shipping services connecting Singapore to the Indian Subcontinent and Middle East. Till date, it has presence in three major cities in India, namely Mumbai, Kolkata and Chennai and is appointed as shipping agent for several NVOCCs (non-vessel operating common carrier) in the country.

SAMUDERA LOGISTICS DWC LLC (United Arab Emirates)

Cyprianus Andriyanto, Director

Samudera Logistics DWC LLC ("Samudera Dubai") is a free zone entity set up in 2015 in Dubai, United Arab Emirates; as an extension of the Group's network to tap on the trade growth between India - Middle East market. Samudera Dubai provides reliable end to end worldwide logistics services to diverse end-users such as manufacturers, buyers, exporters and importers in the Middle East.

SAMUDERA CARGO SERVICES LLC (United Arab Emirates)

Cyprianus Andriyanto, Director

Samudera Cargo Services LLC ("SCS LLC") is a Dubai mainland entity set up in 2015 to act as local entity of the Group in Dubai, United Arab Emirates. SCS LLC provides shipping agency service, customs clearance and formalities services, warehousing, local distribution and delivery service from/to/within the United Arab Emirates.

PRIME MARITIME DWC LLC (United Arab Emirates)

Aditya Girindra Wardhana, Director

Prime Maritime ("PM") is a joint venture company between the Group and a business partner in India, registered in Dubai in 2017, in which the Company holds a majority stake. PM is the Group's vehicle to foray into the Arabian Gulf region. This is in line with the Group's goal of developing markets and expanding trade activities into new geographical areas.

SAMUDERA PROPERTY LIMITED (United Arab Emirates)

Trisnadi Sukur Muslim Mulia, Director

Samudera Property Limited ("SPL") was incorporated in 2018 in Dubai, United Arab Emirates. It is the Group's strategy to have SPL in Dubai to own office units to house its logistic business in the Middle East region.

LNG EAST-WEST SHIPPING COMPANY (SINGAPORE) PTE LIMITED (Singapore)

LNG East-West Shipping Company (Singapore) Pte Limited ("LNG-EW") is a company incorporated in Singapore and is a joint venture with Nippon Yusen Kabushiki Kaisha and JSC Sovcomflot. The principal business activity is liquefied natural gas ("LNG") transportation. Samudera Shipping Line Ltd has a direct interest of 25% in LNG-EW who owns Tangguh Towuti, a LNG carrier with capacity of 145,700 CBM, currently employed under a long-term time charter contract.

SAMUDERA BHARAT FEEDER PVT LTD (India)

Samudera Bharat Feeder Pvt Ltd ("SBF"), a joint venture company between the Group and our business partner in India, was established in 2016 to operate feeder service along the east coast of India. SBF owns an Indian Flag vessel which is being operated between Kolkata and Vizag port.

ASIA BARGE SERVICES CO LTD (Thailand)

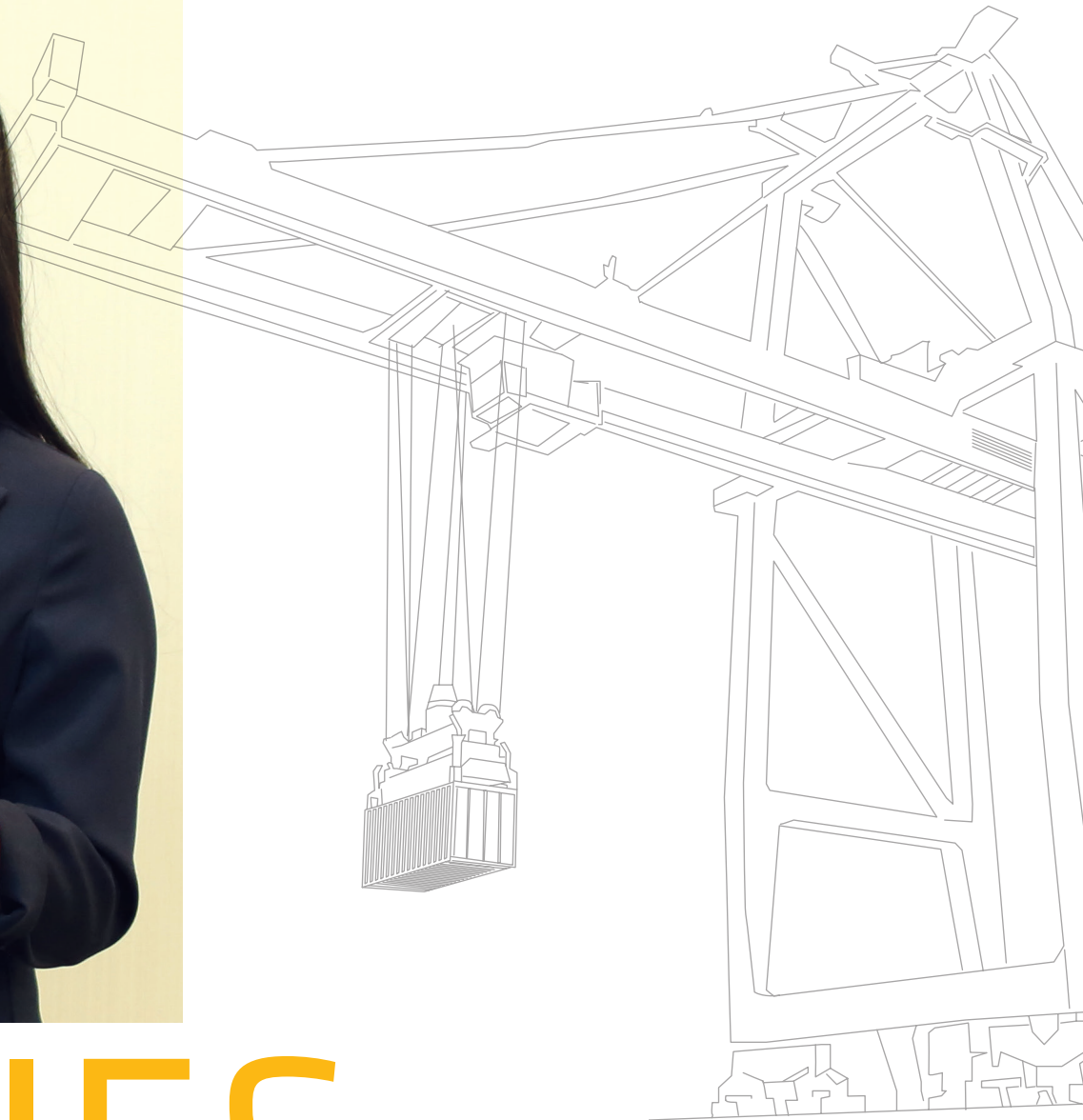
In 2016, the Group invested in an equity investment in Asia Barge Services Co Ltd ("ABS") together with our business partners in Thailand. The primary activity of ABS is to provide containerised barging service between Bangkok and Laem Chabang in Thailand.



SEIZING

OPPORTU

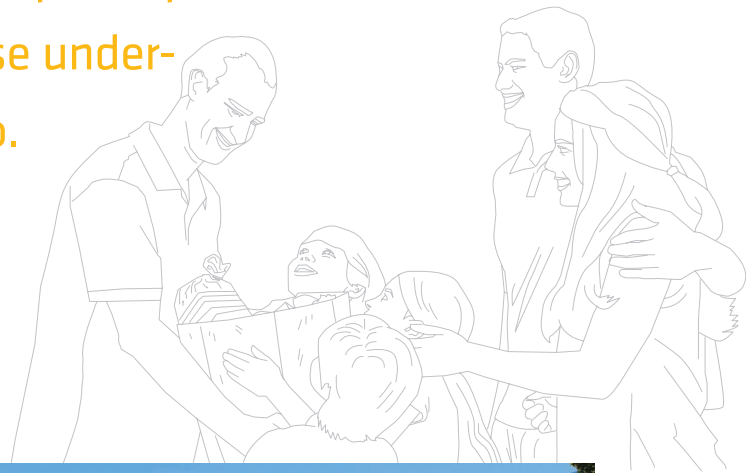
Developing a
diversified business
to create value



NITIES

CORPORATE SOCIAL RESPONSIBILITY

We are committed to doing our part, however small, to drive positive change in our communities. We draw on the enthusiasm of our employees to support initiatives and activities that provide for those in need. In turn, we hope our participation not only enriched the lives of those under-resourced, but our employees' too.



NTUC INCOME ECO RUN

In April 2018, our employees and their families laced up their running shoes to join over 9,000 participants from all walks of lives to run towards one collective goal: a more sustainable future. Reinforcing our pledge to be more eco-friendly, our employees were once again “Zero Waste Runners”, a special group of some 2,000 runners who have opted not to receive their finishers’ entitlements including a medal for all categories and a finisher’s tee. Many runners also opted out of getting race packs. According to an audit of the event, the organisers of the NTUC Income Eco Run saved about 1,400kg of material including metal from medals, polyester from finisher’s tees and fabric from race packs. We are proud to be part of this eco race!



Our Zero Waste champions runs towards a sustainable future



Mr Kitamura Motonobu and his wife rise to the occasion by selecting items from their home for donation



Floral murals, Ms Chua Hui Fen, brought a touch of warmth and welcome to the formerly dreary walls of Bishan Home

SINGAPORE RED CROSS

In May 2018, our colleagues gave pre-loved items a second lease of life by donating them to the Singapore Red Cross. The donated items were delivered to the SCWO to be sold at the Red Cross Thrift Shop at 15 Penang Lane. Red Cross' lifesaving mission programme such as Community FirstAid, FoodAid and ElderAid are some of the beneficiaries of the proceeds raised from the sale of the items.

BISHAN HOME FOR THE INTELLECTUALLY DISABLED

When the call came in August for volunteers to help create colourful wall murals for the residents of Bishan Home for the Intellectually Disabled, our employees responded heartily. The Bishan Home is one of the first purposefully build residential homes in Singapore for people with intellectual disabilities. The home is designed to provide a family setting with residential rooms clustered into 'neighbourhoods'. Each neighbourhood has its own shared communal living space for social interaction and recreation. Our employees brought forth their artistic flair, decorating the walls with floral-

themed murals of myriad cheery colours that added a welcoming touch to the home.

It was time to engage the residents of Bishan Home, as our employees took on the roles of befrienders. After a quick crash course in making rojak, our team began to impart the steps of making the popular local dish to residents. The experience was rewarding and our employees were delighted to enjoy the fruits of their labour with the residents.

SUSTAINABILITY REPORT

MESSAGE FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

On behalf of the Board, I am pleased to present you the second Sustainability Report of Samudera Shipping Line Ltd ("Samudera"). This Sustainability Report demonstrates Samudera's steadfast progress in its sustainability journey. The report is aligned with SGX-ST Listing Rules Practice Note 7.6: "Sustainability Reporting Guide" and is prepared in accordance with Global Reporting Initiative (GRI) Standards.

The Board recognises the importance of sustainability in realising our core values of "Integrity and Professionalism". We strive to align environmental, social and governance (ESG) considerations with our operational and development strategy. Our sustainability policies and practices are developed and monitored by senior management within the Group, while the Board provides oversight and counsel on the direction.

In 2018, Samudera conducted a materiality review session to review the ESG factors that are most important to our business and our stakeholders. Through a multi-lateral discussion across different business functions within Samudera, the reviewed

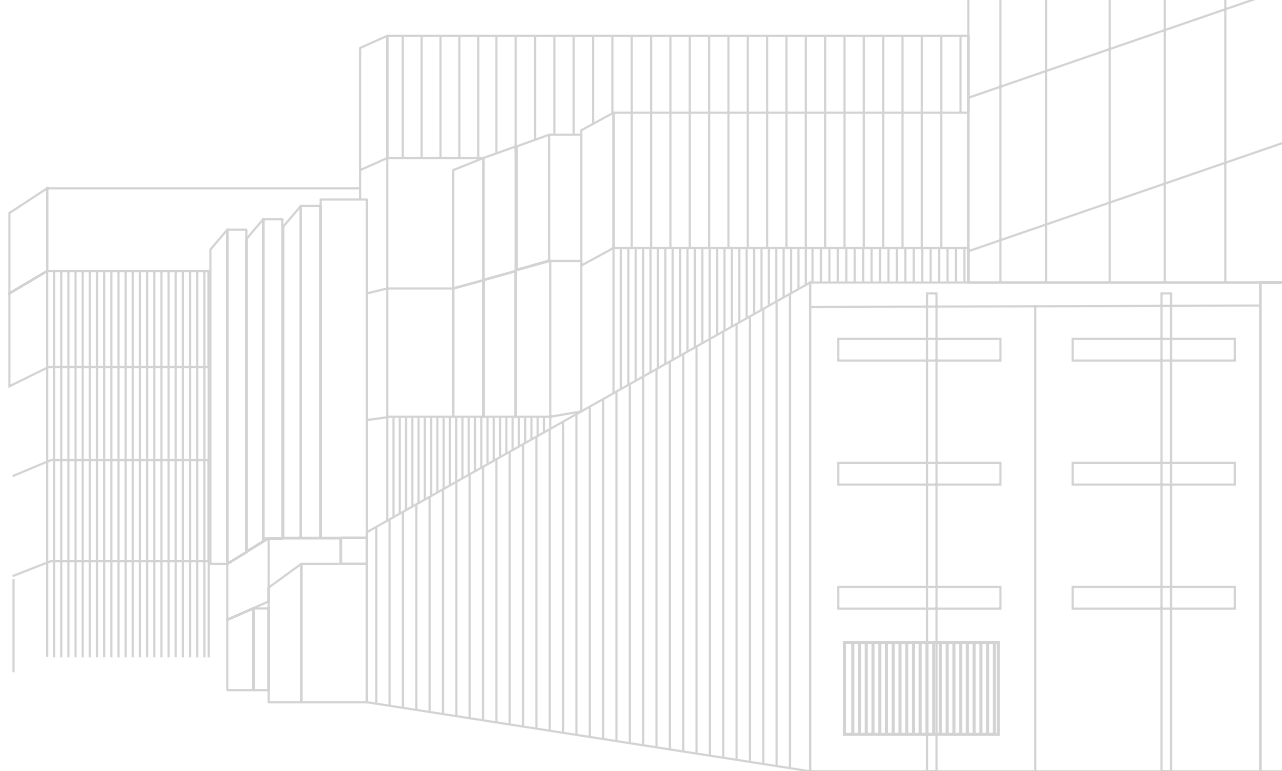
material factors' continue to underpin four main sustainability aspects. These are economic performance, environmental responsibility, workforce management and corporate governance. These material ESG factors focus our sustainability objectives and drive our sustainability endeavors. The Board oversees the management of these material ESG factors and approves the disclosure of sustainability performance and targets in this report.

Moving forward, we shall endeavor to grow our business to deliver healthy financial returns along with good ESG performance. I would like to express my sincere appreciation to our committed and driven team of employees.

Masli Mulia
Executive Chairman

1. For more information on material factors, please refer to "Materiality Review" section.





WHO WE ARE

Samudera Shipping Line Ltd and its subsidiaries ("Group") focus on three main business segments in the shipping industry, namely, Container Shipping, Bulk and Tanker, as well as Logistics and Others.

1. Container shipping: Samudera offers reliable feeder service between the central "hub" port in Singapore and smaller size "spoke" ports in the region. The Group connects ports across a wide geographical range, spanning from Southeast Asia, the Indian Subcontinent, the Far East and the Middle East.
2. Bulk and Tanker: Samudera's fleet of bulk carriers and tankers are chartered out for the transportation of dry or liquid cargo.
3. Logistics and Others: Samudera provides agency services, forwarding, warehousing as well as general logistics services.

Samudera is listed on the Mainboard of Singapore Exchange Securities Trading Limited. For more corporate information, kindly refer to the relevant sections within this Annual Report.

ABOUT THIS REPORT

This Sustainability Report covers Samudera's sustainability practices and performance from 1 January to 31 December 2018 ("FY2018"). The report aligns with the requirements of SGX-ST Listing Rules Practice Note 7.6: "Sustainability Reporting Guide". The report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. GRI Standards are used as the reporting framework because it represents one of the most commonly used international practice guides on sustainability reporting. Please refer to page 48 - 50 for the GRI Content Index. No external assurance has been sought for this report.

We welcome your feedback to help us improve our sustainability practices and reporting. Please forward your feedback or enquiries to sustainability@samudera.id or (65) 6430 1687.



SUSTAINABILITY REPORT

ABOUT THIS REPORT

REPORTING SCOPE

The ESG policies, practices and performance disclosed in the Sustainability Report² relate to the listed entity, Samudera Shipping Line Ltd and its six container vessels, as well as two of Samudera's key subsidiaries in Singapore, Foremost Maritime Pte Ltd ("Foremost") and SILkargo Logistics (Singapore) Pte Ltd ("SILkargo"). Foremost principally engages in the transportation of dry-bulk commodities and owns two bulk carrier vessels, while SILkargo specialises in logistics and forwarding business. Samudera consistently practices the same high level of business ethics across all its operations. Going forward, we will continue to review our reporting scope in consideration of encompassing other subsidiaries and geographic areas.

MATERIALITY REVIEW

In 2017, Samudera conducted its first formal ESG materiality assessment. This exercise identified six material ESG factors based on their impact on the business and their concern to stakeholders. In 2018, we reviewed our material ESG factors and came to the conclusion that the ESG factors chosen last year were still relevant in 2018. Therefore, we continue to focus on these factors for our sustainability endeavors and sustainability reporting with minor rearrangements (as shown by footnote 3). Our material ESG factors are mapped into four broad sustainability aspects as shown in the table below.

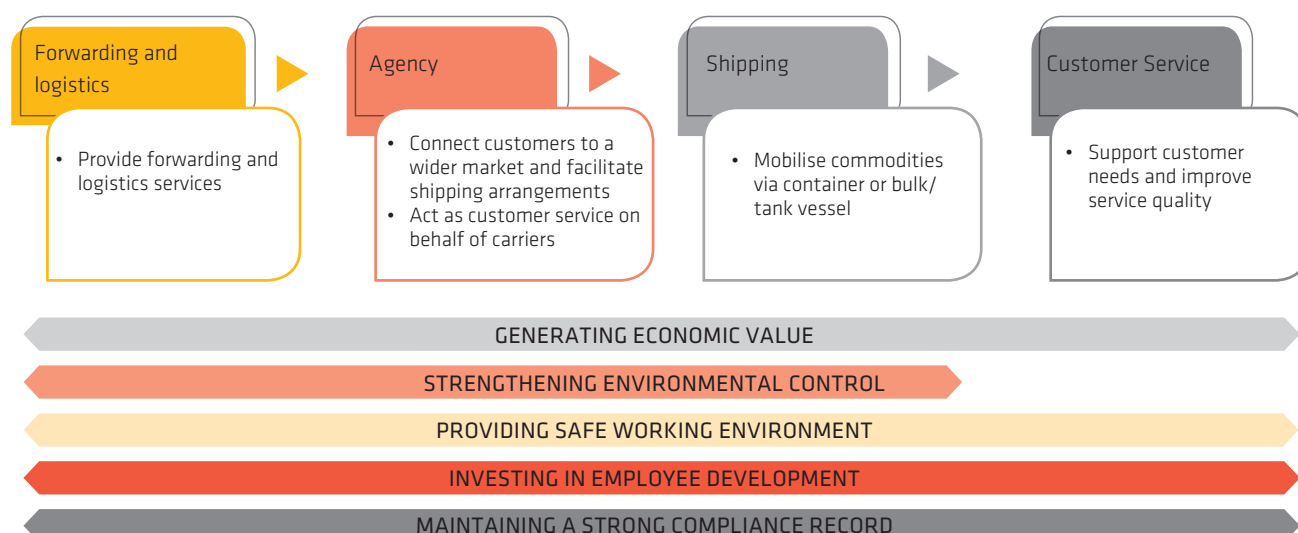
Sustainability aspect	Material ESG factor
Economic Performance	1. Generating economic value
Environmental Responsibilities	2. Strengthening environmental controls
Workforce Management	3. Providing safe working conditions ³ 4. Investing in employee development
Corporate Governance	5. Maintaining a strong compliance record

SUSTAINABILITY ACROSS OUR VALUE CHAIN

With a global shipping network, Samudera has an extended value chain of activities. To create synergy in our sustainability undertakings, we proactively engage a mix of stakeholders, including our suppliers, employees, customers and port authorities, at each stage of our activities.

2. Except the "Generating economic value" section, which covers Samudera Shipping Line Ltd and all its subsidiaries, following the same scope as the "Financial Statement" section in this Annual Report.
3. "Providing safe working conditions" summaries the following two material factors from Sustainability Report 2017, "strengthening the transport by sea" and "providing safe conditions during cargo handling operations"

The diagram below shows the materiality boundaries of each of our material factors in our value chain.



To create a collaborative experience, stakeholder engagement is important. It helps us to understand the key concerns of our stakeholders and brings insights on our approach to material sustainability issues. At the same time, through engagement and communication, we can raise awareness and cultivate a stronger sense of ownership regarding sustainability, garnering support from our stakeholders. The following table identifies our key stakeholders and shows how they are engaged.

Key Stakeholders	Key Topics of Concern	Engagement Methods	Frequency of Engagement
Investors and shareholders	- Business operations and performance - Business strategy and outlook	- Release of financial results and other relevant disclosures through SGXNet and Samudera's website - Annual General Meeting - Meeting with investors and stock analysts	- Throughout the year - Once a year - Throughout the year
Employees	- Benefits and compensation - Workplace safety and well-being - Career development and progression - Employee-management relationship	- Management meeting - Social and team building activities - Safety training - In-house and external trainings - Performance feedback and review	- Throughout the year - Throughout the year - Throughout the year - Throughout the year - Once a year
Port authorities	Compliance with laws and regulations	Compliance surveillance and monitoring	Throughout the year
Customers	- Reliability and quality of services - Environmental and social impacts of services	- Feedback via website & email - Customer meetings	- Throughout the year - Throughout the year
Business partners	- Safety and environmental practices - Transparent cooperation with integrity - Mutual growth	Business partners meetings	Throughout the year
Local community	- Environmental impacts - Social contributions	- CSR activities - Facilitation of trade and business through shipping services	- Throughout the year - Throughout the year

GENERATING ECONOMIC VALUE

Performance Indicator	Performance in 2018	Target for 2019
Revenue	USD422 million	Continue to leverage on our extensive network and high-level of professionalism to provide the key connections for the region and beyond

Since its incorporation in 1993, Samudera has established itself as a reliable and trustworthy regional leader in the shipping industry. Positioned as a well-established regional container shipping service provider, Samudera provides end-to-end solution to the transportation of cargos.

SUSTAINABILITY REPORT

We take pride in our nimble decision making, high service quality and strong network. These qualities have successfully helped us to navigate through turbulent market conditions in the previous years. On top of financial resilience, we also actively tap on new opportunities for growth. Our strategic expansion into the logistics business presents potentials for revenue diversification and future growth. While we continue to strengthen our current operations, we also strive to increase our presence beyond the region by venturing into new international markets. In 2018, we continue to grow our revenue from USD385 million in 2017 to USD 422 million. Our net profit remains strong at USD 7.7 million. Details of the financial performance in 2018 can be found in the Financial Statement section of this Annual Report.

Beyond its direct economic contribution to employees and shareholders, Samudera facilitates trade and creates business opportunities for the broader community. Going forward, we will continue to leverage on our extensive network and high-level of professionalism to provide the key connections for the region and beyond.

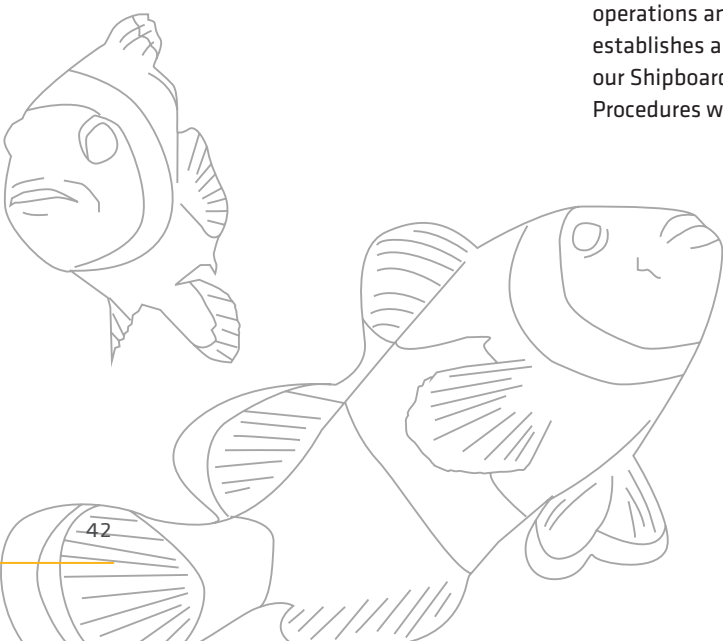
STRENGTHENING ENVIRONMENTAL CONTROLS

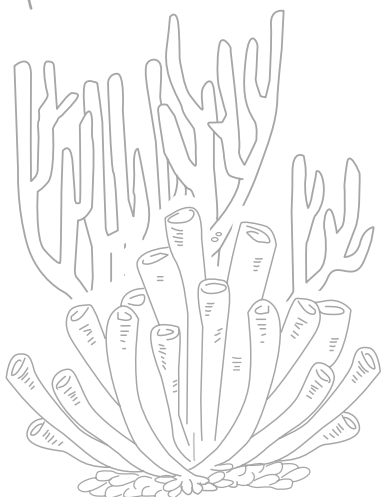
Performance Indicator	Performance in 2018	Target for 2019
Compliance with applicable regulations regarding oil spillage	100% 2018 Target achieved	Maintain 100% vessel-compliance rate for oil spill regulations
Number of oil spill incidents	0 2018 Target achieved	Maintain zero oil spill incidents.

In our operation, Samudera transports various chemical, oils and industrial compounds. We acknowledge the potential risks of environmental pollution if these compounds are accidentally spilled into the surrounding environment. Committed to protecting the natural environment, we strive to strengthen our environmental controls to minimise our pollution risks.

For this purpose, we have established an Environmental Management System (EMS). The EMS guides our ship managers and crew to monitor, evaluate and take corrective actions related to environmental issues. Based on a sound understanding of our operations and the environmental concerns within the maritime industry, the EMS establishes a comprehensive set of Standard Operating Procedures (SOPs) as part of our Shipboard Procedure Manual (SPM). For example, our Marine Pollution Prevention Procedures within SPM covers a range of topics related to pollution control, including:

- ballast water management
- prevention of pollution by oil
- control of pollution by noxious liquid in bulk
- control of pollution by harmful substances carried in packaged form
- prevention of pollution by sewage and garbage
- prevention of air pollution and noise from ship
- prevention of pollution by anti-fouling paint





In particular, we place strong emphasis on oil spill management, as oil spills can potentially have severe environmental and public health consequences. Oil spills management includes hiring of competent crew members and providing them with adequate training and equipment. On top of the Marine Pollution Prevention Procedures mentioned above, we also have a specialised policy document, Bunker and Oil Transfer Procedures, to establish the SOPs on the loading, discharge and internal transfer of oils, such as cargo oil, bunker fuel oil and lubricating oil. All procedures related to oil transfer are supervised by a qualified Chief Engineer to provide guidance and ensure SOPs are strictly adhered to. Moreover, our equipment is inspected and maintained regularly to reduce the possibility of spills due to machine malfunction. Any defects are reported immediately to ensure prompt rectification.

Furthermore, we extend our commitment to prevent oil spills to our value chain. We have in place a stringent screening process to select responsible bunker suppliers. We also extended incident management training to all partners across our owned and chartered vessels.

We have established contingency plans to deal with emergency situations such as collisions, grounding and machine failures which may result in oil spills. Every vessel is equipped with the necessary pollution prevention procedures to contain damage to the minimal. Our crew also undergoes frequent oil spill drills to stay prepared for potential crises. All our vessels are covered under the Civil Liability Convention (CLC) Bunker Certificate, which provides us with the financial insurance to cover the liability of any potential pollution damage.

We are proud to announce that in 2018 we have achieved our target for the year of zero incidents involving oil spills and 100% of our vessels were in compliance with applicable regulation on oil spillage. In the coming year, we aim to maintain a zero vessel incident record involving oil spill and a 100% vessel-compliance rate for oil spill regulations.

PROVIDING SAFE WORKING CONDITIONS

Performance Indicator	Performance in 2018	Target for 2019
Number of significant* incidents involving dangerous goods	0 2018 Target achieved	Maintain zero significant work-place accidents, including incidents involving dangerous goods
Workplace fatalities	0	
Workplace injuries	0	

* Significant incidents refer to accidents which resulted in personal injury

SUSTAINABILITY REPORT

Due to the nature of our business, some of our employees are exposed to certain levels of occupational health and safety (OHS) risks in their work. As a responsible employer, Samudera is committed to providing a safe and healthy environment for its employees.

The Company continuously identifies potential safety hazards and implements precautions to eliminate or reduce those risks. To formalise our management approach, we have set up an OHS management framework. OHS trainings are provided to all relevant employees on a regular basis. As part of our monitoring effort, we conduct annual reviews on ship management to assess compliance with the Group's safety policies and procedures. Any findings will be followed up thoroughly to ensure the necessary corrective actions are put in place.

One particular focus of our OHS management is the safe handling of dangerous goods. The consequences of mishandling dangerous goods can be severe, posing threats to worker's safety and the surrounding environment. In addition, incidents involving the mishandling of dangerous goods can also result in legislative fines or sanctions, bringing financial and reputational loss.

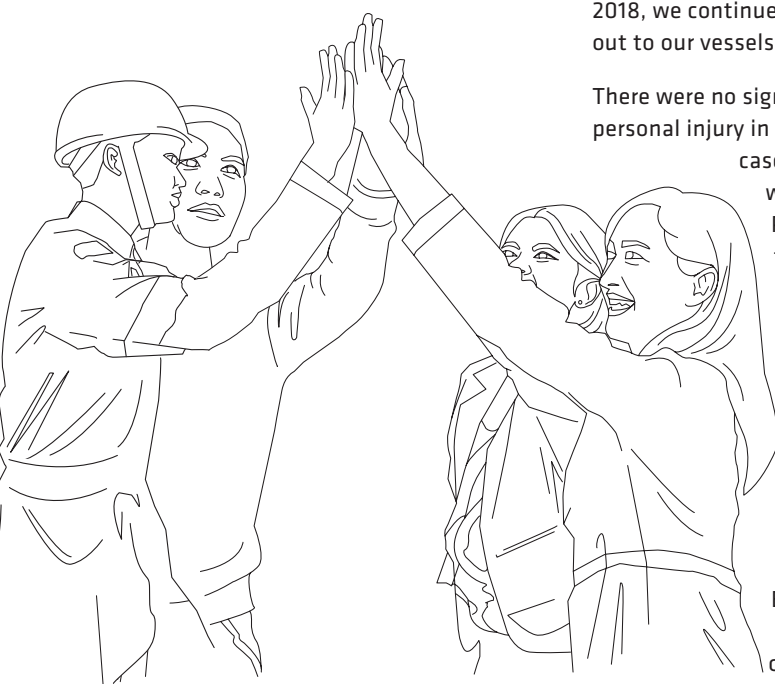
We have established SOPs to achieve the safe stowage of dangerous goods. The potential dangers are properly signposted and corresponding emergency plans are formulated and communicated. We have also set up a flowchart to guide our employee through decision makings with regard to dangerous goods, in compliance with relevant laws and regulations.

4. A MSDS is a document that contains information on the potential hazards (health, fire, reactivity and environmental) of the chemical product and how to work safely with the chemical product.

We strive to continuously enhance our management for dangerous goods. In 2017, we began to develop a computerised software programme which would improve the control for dangerous goods and avoid the risk of human error. The new system will alert the ship stowage planner when dangerous goods are not properly stowed, so that the planner can take corrective actions. Throughout 2018, we continue to work on and fine tune this system to prepare for rolling it out to our vessels.

There were no significant incidents involving dangerous goods which resulted in personal injury in 2018, achieving our target for the year. However, there was one case of near-miss incident onboard one of our chartered vessels when loading dangerous goods (Organic Peroxide) at PSA Pasir Panjang terminal. The cargo in one of the containers was found to be leaking by crew during routine check. The accident was rectified immediately by the crew in collaboration with PSA. To prevent similar happenings in the future, we have further tightened our safety controls to execute more vigorous examinations on dangerous goods of high safety hazards. We also put in place a safety checklist to require Material Safety Data Sheets⁴ (MSDS) to be submitted prior to approval of loading cargo onboard. In 2019, we target to maintain zero significant workplace accidents, including incidents involving dangerous goods.

Beyond workplace safety, Samudera is also committed to promoting employee health and wellbeing. We also ensure our ship managers and crew follow procedures that have



been established. For instance, the crew were educated on the health impacts of inhaling paint smell. Thus, to prevent the presence of a paint smell during any maintenance activities which involve paintings, the crew would make sure there should be sufficient ventilation within the area, by keeping the doors and windows opened.

As well as protecting their health, we strive to help employees to reduce stress levels and promote work-life balance. Some examples of our wellness programmes in 2018 include:

- Provision of fitness equipment such as stationery bicycles onboard our vessels
- Weekly hygiene checks on cabin and accommodation
- Offering complimentary medical check-ups for seafarers
- Organising group sporting activities, such as jogging and football sessions
- Encouraging employee to take part in the Health for Life in Singapore (HELIOS) Study, which offers comprehensive health screenings to participants for chronic disease research
- Encouraging employee to participate the National Step Challenge initiated by Health Promotion Board, to promote a more active lifestyle

INVESTING IN EMPLOYEE DEVELOPMENT

Performance Indicator	Performance in 2018	Target for 2019
Provision of programs for upgrading employee skills	• See our various programs below • 2018 target of more than 3 hours of training per employee per year achieved	Maintain a diverse and relevant training programme in our efforts to broaden and deepen the knowledge and experience of our employees

Grooming competent and motivated employees is key to our long-term success. We also believe in growing our employees personally and professionally in support of their life aspirations. Therefore, Samudera offers its employees training opportunities and career development programmes to build up their functional and core competencies. This helps Samudera to develop the essential capacities for growth.

Employees are encouraged to pursue training opportunities such as certified skills training programmes, industry seminar and conference, as well as courses to attain professional qualifications. Financial sponsorship and leave are granted for eligible courses. For example, Samudera has sent employees from the IT

SUSTAINABILITY REPORT

department for Ethical Hacker Course (EHC), a qualification programme to enable IT professionals to assess the security postures by looking for weaknesses and vulnerabilities in target systems, using the same knowledge and tools as a malicious hacker, but in a lawful and legitimate manner. The programme equipped our employees with the most updated domain knowledge and allowed Samudera to strengthen its IT security. More examples of training programmes offered in 2018 are illustrated in the table below. In the coming year, we will maintain a diverse and relevant training programme in our efforts to broaden and deepen the knowledge and experience of our employees.

Aspect	Training topic
Orientation	• New Employee Orientation
Specialised training	• Container Management • International Ship and Port Facility Security (ISPS) Code • Familiarisation with New Build Ship
Information technology	• Electronic Chart Display and Information System (ECDIS) Type Specific Training • Nautical System Version 5 • Bellerophon Maritime • Certified Ethical Hacker • Cisco Networking • Paymaster Payroll Module • G-suite User
Occupational health and safety	• Safety management system • Safety Briefing and Discussion on Dangerous Goods • International Maritime Dangerous Goods Code
Governance	• Director Fundamental • Corporate Governance Briefing Session • Risk Management and Risk Assessment • Sustainability Reporting • Maritime Labour Convention • ISO140001 Environmental Management System (EMS)
Others	• Communication skills

Our Human Resources Department (HR) tracks and monitors the training records of employees. For external courses, employees are required to submit handouts or study materials to HR for review. If the materials are found relevant for other employees, they will be kept in the library for future reference. In 2018, our average training hours for our employees exceeded our target of 3 hours set for 2018. Going forward, we will focus on adequate and quality training to equip our employees with the relevant knowledge and to upkeep their mindset on new development to improve on work productivity. To support long-term career development, Samudera conducts annual performance and salary review for employees. The review communicates employee performances, identifies development needs and helps employees to progress steadily towards their career goals. In 2018, 100 % of employees have received a performance review from their supervisors.

MAINTAINING A STRONG COMPLIANCE RECORD

Performance Indicator	Performance in 2018	Target for 2019
Number of incidents of non-compliance with laws and regulations which resulted in significant fines or non-monetary sanctions	0 2018 Target achieved	Maintain zero incidents of non-compliance with laws and regulations which resulted in significant ⁵ fines or non-monetary sanctions

We strongly believe that our ability to maintain a strong compliance record directly translates into the long-lasting trust of our stakeholders. We continue to strengthen our internal controls and risk management to adhere to relevant laws and regulations. We recognise that strong corporate governance brings about greater transparency, accountability and integrity, which are vital for the long-term value creation of Samudera.

Samudera does not condone any form of corruption or fraudulent behaviour. Our Employee Handbook provides clear guidance on anti-corruption and anti-bribery policies. Employees are informed about our whistle blowing channels, which allows employees to report any suspected unethical or illegal practices without the fear of reprisal. Any received report will be discussed, evaluated and documented in the quarterly Audit Committee meeting. In 2018, there were zero whistle blowing reports.

Samudera actively identifies and manages its compliance risks across many relevant topics, including labour rights, safety practices, prevention of environmental pollution, licensing requirements, port clearance requirements, taxation as well as listing rules. Our management, risk management and internal audit team monitors changes to the applicable laws and regulations and ensure our internal governance controls stay relevant. We also provide training to our directors and selected employees to update them on significant new areas of law.

In 2018, there was zero incidents of non-compliance which resulted in significant fines or non-monetary sanctions. Going forward, we will continue to exercise strong governance and target to maintain zero incidents of non-compliance with laws and regulations which result in significant fines or non-monetary sanctions in 2019.

5. Significant cases are those resulting in a court case, imprisonment or fine above S\$100,000

GRI CONTENT INDEX

This report has been prepared in accordance to GRI Standards: Core option.

GENERAL DISCLOSURES

Organizational Profile

102 – 1	Name of the organization	Annual Report page 2
102 – 2	Activities, brands, products, and services	Annual Report page 5
102 – 3	Location of headquarters	Annual Report page 5
102 – 4	Location of operations	Annual Report pages 8 – 9
102 – 5	Ownership and legal form	Annual Report (Financial) pages 146 – 147
102 – 6	Markets served	Annual Report pages 8 – 9
102 – 7	Scale of the organization	Annual Report page 31
102 – 8	Information on employees and other workers	No significant portion of Samudera's activities are performed by workers who are not employees.
102 – 9	Supply chain	Annual Report page 5
102 – 10	Significant changes to the organization and its supply chain	No significant changes to the structure, ownership, supply chain occurred during the financial year.
102 – 11	Precautionary principle or approach	Samudera does not explicitly refer to the precautionary approach or principle in its Risk Management Framework
102 – 12	External initiatives	Annual Report pages 6 – 7
102 – 13	Membership of associations	Samudera is member of various professional associations, however it is not stated in the Annual Report.

Strategy

102 – 14	Statement from senior decision-maker	Annual Report pages 12 – 15
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Ethics and Integrity

102 – 16	Values, principles, standards, and norms of behavior	Annual Report page 4
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Governance

102 – 18	Governance structure	Annual Report pages 18 – 30
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Stakeholder Engagement		
102 – 40	List of stakeholder groups	Annual Report page 41
102 – 41	Collective bargaining agreements	There are no collective bargaining agreements in place.
102 – 42	Identifying and selecting stakeholders	Annual Report page 41
102 – 43	Approach to stakeholder engagement	Annual Report page 41
102 – 44	Key topics and concerns raised	Annual Report page 41
Reporting Practices		
102 – 45	Entities included in the consolidated financial statements	Annual Report (Financial) pages 104 – 109
102 – 46	Defining report content and topic Boundaries	Annual Report page 40
102 – 47	List of material topics	Annual Report page 41 – 47
102 – 48	Restatements of information	There is no restatement of information.
102 – 49	Changes in reporting	None
102 – 50	Reporting period	1 January to 31 December 2018
102 – 51	Date of most recent report	March 2018
102 – 52	Reporting cycle	Every 12 month
102 – 53	Contact point for questions regarding the report	sustainability@samudera.id or (65) 6430 1687
102 – 54	Claims of reporting in accordance with the GRI Standards	Annual Report page 40
102 – 55	GRI content index	Annual Report pages 48 – 50
102 – 56	External assurance	External assurance was not sought for this report

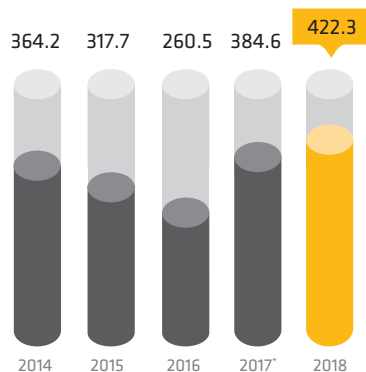
GRI CONTENT INDEX

This report has been prepared in accordance to GRI Standards: Core option.

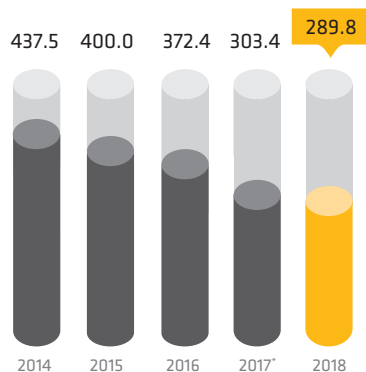
MATERIAL TOPICS		
Economic Performance		
103 – 1	Explanation of the material topic and its Boundary	Annual Report page 41
103 – 2	The management approach and its components	Annual Report page 41
103 – 3	Evaluation of the management approach	Annual Report page 41
201 – 1	Direct economic value generated and distributed	Annual Report page 41
Environmental Compliance		
103 – 1	Explanation of the material topic and its Boundary	Annual Report pages 42 – 43
103 – 2	The management approach and its components	Annual Report pages 42 – 43
103 – 3	Evaluation of the management approach	Annual Report pages 42 – 43
307 – 1	Non-compliance with environmental laws and regulations	Annual Report pages 42 – 43
Training and Education		
103 – 1	Explanation of the material topic and its Boundary	Annual Report pages 45 – 46
103 – 2	The management approach and its components	Annual Report pages 45 – 46
103 – 3	Evaluation of the management approach	Annual Report pages 45 – 46
404 – 1	Average hours of training per employee per year	Annual Report pages 45 – 46
404 – 2	Percentage of employees receiving regular performance and career development reviews	Annual Report pages 45 – 46
Occupational Health and Safety		
103 – 1	Explanation of the material topic and its Boundary	Annual Report pages 43 – 45
103 – 2	The management approach and its components	Annual Report pages 43 – 45
103 – 3	Evaluation of the management approach	Annual Report pages 43 – 45
403 – 2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Annual Report pages 43 – 45 Rate of injury, absentee rate, lost day rate and occupational disease rate are not disclosed due to unavailability of data.
Socio-economic Compliance		
103 – 1	Explanation of the material topic and its Boundary	Annual Report page 47
103 – 2	The management approach and its components	Annual Report page 47
103 – 3	Evaluation of the management approach	Annual Report page 47
419 – 2	No significant case on non-compliance with laws and regulations	Annual Report page 47

FINANCIAL HIGHLIGHTS

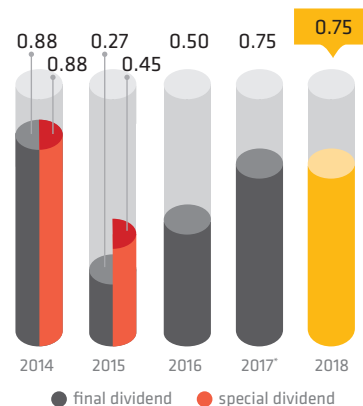
turnover (US\$m)



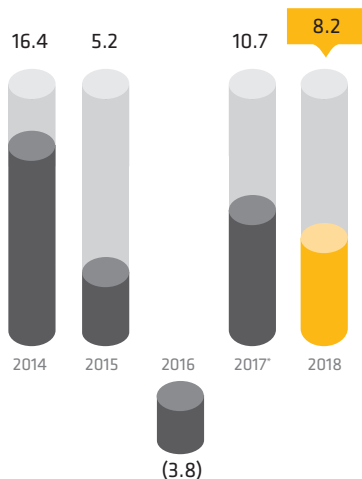
total assets (US\$m)



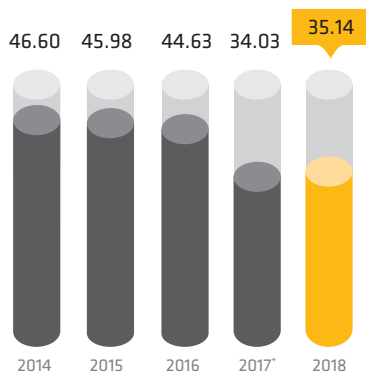
dividend per share (SG cents)



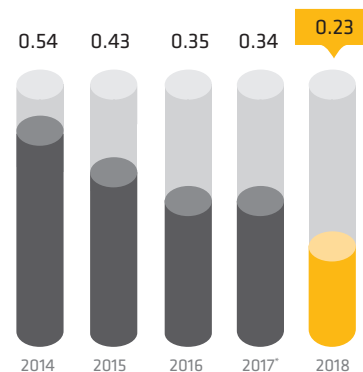
profit (loss) before tax (US\$m)



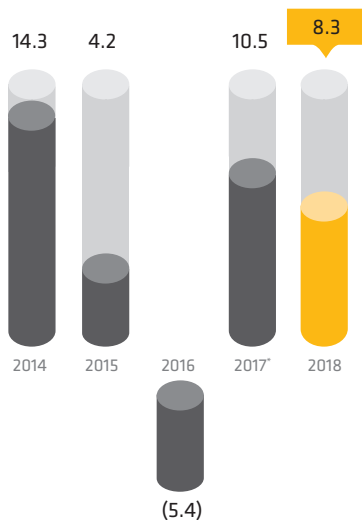
net asset value per share (US cents)



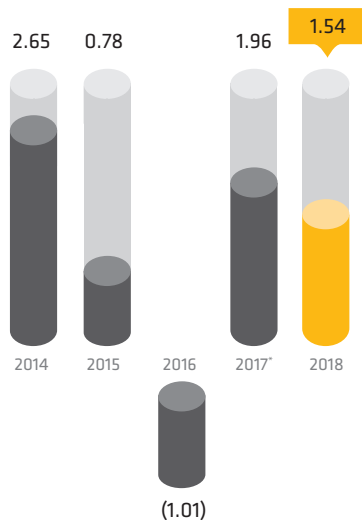
gearing ratio (times)



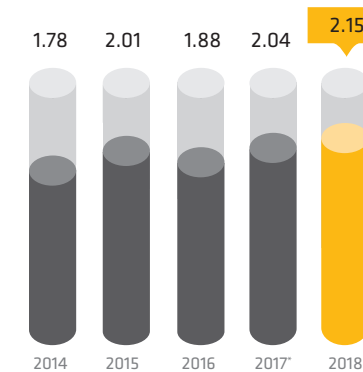
profit (loss) attributable to the owners of the Company (US\$m)



earnings per share (US cents)



current ratio (times)



* 2017 Restated

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Masli Mulia (Chairman)
Asmari Herry Prayitno (Chief Executive Officer)
Hermawan Fridiana Herman
Tan Meng Toon
Lim Kee Hee

Independent & Non-Executive

Quah Ban Huat (Lead Independent)
Chng Hee Kok
Nicholas Peter Ballas
Ng Chee Keong
Lee Lay Eng Juliana

AUDIT COMMITTEE

Quah Ban Huat (Chairman)
Chng Hee Kok
Nicholas Peter Ballas
Ng Chee Keong
Lee Lay Eng Juliana

NOMINATING COMMITTEE

Ng Chee Keong (Chairman)
Chng Hee Kok
Quah Ban Huat
Nicholas Peter Ballas
Masli Mulia
Lee Lay Eng Juliana

REMUNERATION COMMITTEE

Chng Hee Kok (Chairman)
Quah Ban Huat
Nicholas Peter Ballas
Ng Chee Keong
Lee Lay Eng Juliana

SECRETARY

Gwendolin Lee Soo Fern

REGISTERED OFFICE

6 Raffles Quay #25-01
Singapore 048580
Tel: (65) 6403 1687
Fax: (65) 6403 1889

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place, #32-01, Singapore Land Tower.
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6438 8710

AUDITORS

Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

Partner-in-charge
Shariq Barmaky
(Appointed with effect from Financial Year 2015)

PRINCIPAL BANKERS

BNP Paribas
10 Collyer Quay #33-01
Ocean Financial Centre
Singapore 049315

Maybank
2 Battery Road
Maybank Tower
Singapore 049907

PT Bank Mandiri (Persero) Tbk, Singapore branch
12 Marina View #19-01
Asia Square Tower 2
Singapore 018961

Citibank N.A. Singapore
8 Marina View #21-01
Asia Square Tower 1
Singapore 018960

United Overseas Bank Limited
1 Raffles Place #23-61
One Raffles Place Tower 2
Singapore 048616

2018

ANNUAL REPORT

SAMUDERA SHIPPING LINE LTD

6 Raffles Quay, #25-01, Singapore 048580

Tel: (65) 6403 1687

CO. REG. NO.: 199308462C

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SAMUDERA SHIPPING

MOVING WITH THE TIMES

2018

ANNUAL REPORT
(FINANCIAL)

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31	Directors' Statement
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42	Consolidated Statement of Profit or Loss and Other Comprehensive Income
43	Statements of Changes in Equity
45	Consolidated Statement of Cash Flows
47	Notes to Financial Statements
146	Shareholdings Statistics
148	Notice of Annual General Meeting
154	Notice of Books Closure and Payment date for First and Final Dividend Proxy Form

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board” or the “Directors”) of Samudera Shipping Line Ltd (the “Company”) is committed to setting and maintaining high standard of corporate governance to ensure greater corporate transparency, accountability, performance and integrity, and at the same time, protect shareholders’ interests and enhance shareholders’ value.

This report describes the Company’s corporate governance processes and activities that were in place through the financial year with specific reference to the principles and guidelines as set out in the Code of Corporate Governance 2012 (the “**2012 Code**”).

The Company has complied substantially with the principles and guidelines of the 2012 Code. Where there are deviations from the recommendations of the 2012 Code, specific reference to the guidelines are made and appropriate reasons and explanations in relation to the Company’s practices are provided.

BOARD MATTERS

Principle 1: The Board’s Conduct of its Affairs

Guidelines 1.1 and 1.2: The Board’s role, duties and responsibilities

The Company has an effective Board to lead and control the operations and affairs of the Company and its subsidiaries (collectively the “**Group**”). The Board is responsible for setting the strategic direction and establishing goals for the management team of the Company (the “**Management**”) as well as working together with Management to achieve these goals set for the Group.

The principal functions of the Board are:

- To set up and to review the broad policies, strategies and financial objectives of the Group and to ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- To supervise the management of the business and affairs of the Group and monitor the performance of Management;
- To review the financial performance of the Group, including the review and approval of annual budgets, major funding proposals, potential investments, divestment proposals, material capital investments and interested person transactions and related party transactions;
- To oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and to ensure that the Group maintains a sound system of risk management and internal controls to safeguard shareholders’ interests and the Group’s assets;
- To approve the nomination of Directors and appointment of key management personnel;
- To approve the framework of remuneration for Directors and key management personnel as recommended by the Remuneration Committee;
- To assume responsibility for the Group’s compliance with its corporate governance practices, the Companies Act (Chapter 50) and rules and regulations of the relevant regulatory bodies;

CORPORATE GOVERNANCE REPORT

- To set up the Group's values and standards (including ethical standards) and consider sustainability issues in relation to the Economic, Environmental, Social and Governance ("**ESG**") factors identified as material for the Company as part of its strategic formulation. The Company's Sustainability Report is set out on pages 38 to 50 of the Annual Report; and
- To ensure accurate, adequate and timely reporting to, and communication with shareholders.

Each Director, in the course of carrying out his duties, acts in good faith and considers the interests of the Group at all times. The Board provides shareholders with a balanced and clear assessment of the Group's performance, position and prospects on a quarterly basis.

Guideline 1.3: Delegation by the Board

Our Directors recognise the importance of good corporate governance and in offering high standards of accountability to our shareholders. In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated specific areas of responsibilities to three Board Committees: Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). These Board Committees have been constituted with clearly defined Terms of Reference. These Terms of Reference are currently being reviewed to be in line with the 2018 Code of Corporate Governance ("**2018 Code**") and to ensure their continued relevance and adequacy to meet the governance standards expected of the Board. The Chairman of the respective Committee will report to the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

The Board is free to request for further clarification and information from Management on all matters within their purview. The Board is ultimately responsible for the final decision on all matters.

Guideline 1.4: Attendance at Board and Board Committee Meetings

To address the competing time commitments of the Directors, the schedule of all Board and Board Committees' meetings, the Annual General Meeting and/or Extraordinary General Meeting is prepared and given to all the Directors well in advance, before the beginning of each financial year. The Board conducts at least four meetings on a quarterly basis to review the Group's financial results and where necessary, additional Board meetings are held to address significant issues or transactions.

During the financial year ended 31 December 2018 ("**FY2018**"), the Board met six (6) times to review and approve the annual budget (including the proposed investments and/or divestments during the year), the Company's quarterly and full-year financial results announcements, the Company's sustainability policies and practices (including the material ESG factors and proposed measurements/targets for each identified ESG factors), and the Group's strategic business plan. Ad-hoc meetings are held to address significant issues or transactions. The Company's Constitution (the "**Constitution**") allows for Board meetings to be conducted by way of a telephone conference and/or by means of similar communication equipment where all Directors participating in the meeting are able to hear each other. Decisions of the Board and Board Committees may also be obtained through circular resolutions in writing.

CORPORATE GOVERNANCE REPORT

The number of meetings held by the Board and Board Committees and attendance by Directors at the meetings during FY2018 is set out as follows:

	Board	Board Committees		
		Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	6	6	3	2
Name of Director	No. of meetings attended			
Masli Mulia	6	–	2	–
Asmari Herry Prayitno	6	–	–	–
Hermawan Fridiana Herman	6	–	–	–
Lim Kee Hee ⁽³⁾	6	–	–	–
Quah Ban Huat	6	6	3	2
Chng Hee Kok	6	6	3	2
Nicholas Peter Ballas	6	6	2	2
Ng Chee Keong	6	6	3	2
Lee Lay Eng Juliana ⁽¹⁾	2	2	–	–
Tan Meng Toon ⁽²⁾	2	–	–	–

(1) Ms Lee Lay Eng Juliana (“**Ms Juliana Lee**”) was appointed as an Independent Non-Executive Director of the Company and a member of the AC, NC and RC on 1 August 2018.

(2) Captain Tan Meng Toon (“**Captain Tan**”) was appointed as an Executive Director, Commercial of the Company on 1 August 2018.

(3) Mr Lim Kee Hee was re-designated as Executive Director, Business Strategic & Development on 1 August 2018.

All Board members who are non-committee members of the AC, NC, RC would attend the Board Committee meetings via invitation.

The Board is of the view that the contribution of each Director should not be focused only on his attendance at meetings of the Board and/or Board Committees. A Director’s contribution also extend beyond the confines of the formal environment of such meetings, through the sharing of views, advices, experience and strategic networking relationships which would further the interests of the Company.

Guideline 1.5: Matters Reserved for Board’s Approval

The Board delegates the formulation of business policies and day-to-day management to the Chief Executive Officer (“**CEO**”) and the Executive Directors. The Company has adopted a framework of delegated authorisations in its Authorisation Matrix approved by the Board. The Authorisation Matrix sets out the level of authorisation and their respective approval limits for a range of transactions, including but not limited to operating and capital expenditures. The following matters are specifically reserved for the Board’s decision and approval:

- The Group’s annual budget;
- Financial results announcements;
- Annual report and Audited financial statements;
- Dividend payment to shareholders;
- Corporate strategies and financial restructuring;
- Major investments/divestments or acquisition/ disposal proposal and material capital expenditures; and
- Any other transactions of a material nature requiring announcement under the listing rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

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Guidelines 1.6 and 1.7: Continuous Training and Formal Letter of Appointment for New Directors

As part of the Board renewal process, the NC reviews and considers the skill, qualification and experience of the nominated director before recommending any proposed appointments to the Board for approval. During the year under review, based on the NC's review and recommendation, the Board had approved the appointment of 2 new Directors, Ms Juliana Lee and Captain Tan, with effect from 1 August 2018. A formal letter of appointment is given to all newly appointed Directors, setting out their duties and obligations.

Newly appointed Directors are given orientation briefings by Management on the business activities of the Group and its strategic directions, so as to familiarise them with the Group's operations, financial performance and encourage effective participation in Board discussions.

The Board recognises the importance of appropriate orientation training and continuing education for its Directors. All Directors are encouraged to attend seminars, conferences or any courses in connection to new laws, regulations and risk management (including management of commercial, financial, operational and compliance risks) conducted by professional bodies, including active participation in the Singapore Institute of Directors. The cost of arranging and funding the training of the Directors will be borne by the Company. Directors receive regularly updates on latest development and issues pertaining to regulatory changes, corporate matters as well as corporate governance.

During the year under review, Ms Juliana Lee and Captain Tan, the 2 newly appointed Directors, had attended the following courses with the Singapore Institute of Directors to familiarise themselves with the role and responsibilities of a Director of a public listed company in Singapore:

Singapore Governance and Transparency Index (SGTI)	attended by Juliana Lee
Rebooting Globalisation SID Directors Conference 2018	attended by Juliana Lee
Changes on Corporate Governance 2018	attended by Juliana Lee
Board and Director Fundamentals	attended by Captain Tan and Juliana Lee

In 2018, Mr Hermawan attended seminars on the Corporate Governance 2018 and Listing Rule Changes as well as the Maritime Capital Forum, while Mr Quah attended the ACCA Annual Conference 2018.

All Directors are updated on major milestones of the Group. The Directors have unrestricted access to the Company's resources such as its Constitution, Terms of References of the respective Board Committees, Annual Reports and any other pertinent information for their reference. They can also request for further explanations, briefings or informal discussions on any aspects of the Group's operations and business issues from Management from time to time.

Where required, the Company Secretary and external professionals bring to the Directors' attention relevant updates in the industry and changes in accounting standards and regulations. The Directors are also given access to professionals for consultation as and when they deem necessary at the expense of the Company.

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Principle 2: Board Composition and Guidance

Guidelines 2.1 and 2.2: Board Independence

The Board consists of 10 Directors, 5 of whom are Independent and Non-Executive Directors:

Name of Directors	Designation	Audit Committee	Nominating Committee	Remuneration Committee
Masli Mulia	Executive Chairman	-	Member	-
Asmari Herry Prayitno	Executive Director and CEO	-	-	-
Hermawan Fridiana Herman	Executive Director, Finance	-	-	-
Tan Meng Toon	Executive Director, Commercial	-	-	-
Lim Kee Hee	Executive Director, Business Strategic & Development	-	-	-
Quah Ban Huat	Lead Independent Director and Non-Executive	Chairman	Member	Member
Chng Hee Kok	Independent and Non-Executive Director	Member	Member	Chairman
Ng Chee Keong	Independent and Non-Executive Director	Member	Chairman	Member
Nicholas Peter Ballas	Independent and Non-Executive Director	Member	Member	Member
Lee Lay Eng Juliana	Independent and Non-Executive Director	Member	Member	Member

At the NC's recommendation, the Board had approved the following changes to the composition of the Board Committees during FY2018:

- (a) Ms Juliana Lee was appointed as an Independent Non-Executive Director of the Company and a member of the AC, NC and RC on 1 August 2018;
- (b) Captain Tan was appointed as an Executive Director, Commercial of the Company on 1 August 2018; and
- (c) Mr Lim Kee Hee was re-designated as Executive Director, Business Strategic & Development on 1 August 2018.

The NC conducts annual review of the Directors' Independence and for the year under review, the NC was satisfied that the current Board composition complies with the guideline of the 2012 Code that at least half of the Board should comprise Independent Directors where the Chairman of the Board is not an Independent Director.

The profiles of the Directors are set out on pages 18 to 28 of this Annual Report.

Guideline 2.3: Independence Review

The NC determines, on an annual basis, the independence of the Independent and Non-Executive Directors based on the guidelines provided in the 2012 Code, including considering whether the Directors have any business relationships with the Group that could interfere or be reasonably perceived to interfere, with their ability to exercise independent judgment, and a rigorous review of those Directors whose tenure had exceeded nine years from the date of their first appointment.

Each Independent and Non-Executive Director, existing or newly-appointed, is required to confirm his/her independence by completing and signing the Confirmation of Independence declaration form, which is based on the guidelines as set out in the NC Terms of Reference and the 2012 Code. The NC will then review the declarations submitted by each Independent and Non-Executive Director to determine their independence.

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For the year under review, the NC has reviewed the independence of Messrs Chng Hee Kok, Quah Ban Huat, Nicholas Peter Ballas, Ng Chee Keong and Lee Lay Eng Juliana, and is satisfied that there are no relationships which would impair their independent judgment or would deem any of them to be non-independent. In reviewing each Independent and Non-Executive Director's independence, the NC has considered the relationships identified by the 2012 Code and is satisfied that the Independent and Non-Executive Directors are also independent of the 10% shareholders of the Company.

Each member of the NC had abstained from all discussions, deliberations and decisions in respect of their own independence.

Guideline 2.4: Independence of Director who has served on the Board beyond Nine Years

During the year under review, all the Directors (with the exception of Mr Chng Hee Kok) participated in the deliberation and assessment of the independence status of Mr Chng Hee Kok, who has served on the Board for more than nine years from the date of his first appointment. Having considered the feedback and assessment made by each Director, the Board concurred with the NC's view that Mr Chng has demonstrated strong independence in character and judgment over the years in discharging his duties and responsibilities as an Independent and Non-Executive Director of the Company. There were no circumstances which would likely affect or appear to affect his independent judgment and he has acted in the best interests of the Group and the non-controlling shareholders. His contributions in Board deliberations, due to his length of service, in-depth knowledge of the Group's businesses and board representation on other listed companies are considered valuable by the Board. While recognising the benefits of the experience and stability brought by long-standing Directors, the Board remains committed to the progressive renewal of board membership.

The Board, after taking into consideration the NC's evaluation, resolved that Mr Chng Hee Kok, notwithstanding his service on the Board for more than nine years from the date of his first appointment, will continue to be considered independent along with Messrs Quah Ban Huat, Nicholas Peter Ballas, Ng Chee Keong and Lee Lay Eng Juliana.

Mr Chng Hee Kok had abstained from all discussion, deliberations and decisions in respect of his own independence.

Guidelines 2.5 and 2.6: Composition, Size, Competency and Diversity of the Board

The NC reviews the size and composition of the Board and Board Committees, including the skills and core competencies of each Director to ensure an appropriate balance and diversity of skills and experience for effective decision-making. The Board, as a whole, consists of a good mix of individuals from the private sector with appropriate skills, expertise, industry knowledge, general commercial experience, and core competencies in accounting, financial, tax advisory and capital market background. The members of the Board, all of whom as a group, provides the Board with a good mix of core competencies, experience, expertise and gender diversity necessary to contribute, direct, manage and lead the Group effectively. The objective judgment of the Independent and Non-Executive Directors on corporate affairs and their collective experience and contributions are valued by the Company.

The Board is of the view that the current Board size, composition, competency and diversity is appropriate, taking into account the nature and scope of the Group's operations.

As half of the Board consists of Independent and Non-Executive Directors, objectivity on issues deliberated is assured and Management is able to benefit from their diverse external perspectives on issues brought before the Board. Objectivity and independence of the Board decisions are maintained through the professionalism of each Board member, who have demonstrated a high level of commitment in their roles as Directors of the Company.

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At the NC's recommendation, one female Independent Director was appointed as a Board member of the Company during the year under review. Notwithstanding that there is no formal Board diversity policy in place, the NC and the Board are cognizant of the recommendations as set out under Guideline 2.6 of the 2012 Code. In considering potential Board candidates for the refreshment of Board, the NC and the Board not only take into account gender diversity but also diversity in respect of skills, experience and expertise as recommended by the 2012 Code. In particular, core competencies and expertise of the potential candidates would be paramount considerations.

Guidelines 2.7 and 2.8: Role and Participation of Non-Executive Directors

The Independent and Non-Executive Directors constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of Management in achieving agreed goals and objectives of the Group's business, and monitor the reporting of performance. Management also has access to the Independent and Non-Executive Directors for guidance and informal discussions both within and outside the meetings of the Board and Board Committees.

During FY2018, the Independent and Non-Executive Directors met once without the presence of the Executive Directors and Management.

Principle 3: Chairman and Chief Executive Officer

Guidelines 3.1 and 3.2: Separate Role and Responsibilities of Chairman and CEO

There is a clear division of roles and responsibilities between the Chairman and the CEO of the Company to ensure an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the CEO are not related to each other.

As Chairman, Mr Masli Mulia is responsible for:

- (a) Steering strategic direction and business growth of the Group;
- (b) Ensuring that Board meetings are held when necessary and sets the agenda of the Board meetings in consultation with the other Directors and Management, including setting the pace for a constructive debate and an effective contribution from the Board members at the meetings;
- (c) Reviewing the Board papers before they are presented to the Board and ensures that the Board members are provided with complete, adequate and timely information;
- (d) Ensuring effective communication with shareholders; and
- (e) Promoting high standards of corporate governance.

The CEO, Mr Asmari Herry Prayitno, is responsible for:

- (a) The day-to-day operations of the Group's business which are carried out with the assistance of the other Executive Directors and key management personnel; and
- (b) Formulating business plans, directions and strategies of the Group's business. Strategic decisions are made in consultation with the Board.

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Guideline 3.3: Appointment of Lead Independent Director

Guideline 3.4: Independent Directors to Meet Periodically without other Directors

Mr Quah Ban Huat was appointed as the Company's Lead Independent Director on 27 February 2017. The Lead Independent Director is responsible for leading and coordinating the activities of the Independent and Non-Executive Directors and serve as a principal liaison on Board issues between the Independent and Non-Executive Directors and the Chairman of the Board. The Lead Independent Director is available to shareholders who have concerns for which contact through the normal channels of the Chairman, CEO or Executive Directors have failed to resolve or for which such contact is inappropriate.

The Lead Independent Director may call for meetings of Independent and Non-Executive Directors to meet or communicate amongst themselves, without the presence of the Executive Directors, as and when the need arises. During FY2018, the Independent Directors met once without the presence of the Executive Directors and Management.

Principle 4: Board Membership

Guideline 4.1: Composition of Nominating Committee ("NC")

The NC comprises the following 6 members, 5 of whom are Independent and Non-Executive Directors. The NC Chairman is independent and not associated in any way with the 10% shareholders of the Company.

Ng Chee Keong	Chairman
Chng Hee Kok	Member
Quah Ban Huat	Member
Nicholas Peter Ballas	Member
Masli Mulia	Member
Lee Lay Eng Juliana	Member

The NC is regulated by a set of written Terms of Reference and is responsible for making recommendations to the Board on all Board appointments and re-appointments through a formal and transparent process. In respect of re-nominations, the NC will consider the individual Director's contribution and performance and whether the Director has adequate time and attention to devote to the Company, in the case of Directors with multiple board representations.

Guideline 4.2: Authority and Duties of Nominating Committee

The key functions of the NC include:

- To review board succession plans for Directors, in particular, the Chairman and the CEO;
- To conduct a formal assessment on the effectiveness of the Board as a whole and to assess the contribution by each individual Director to the effectiveness of the Board, particularly when a Director serves on multiple Boards;
- To establish procedures for and make recommendations to the Board on the appointments of new Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board and re-appointments;
- To regularly review the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group;

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- To establish procedures for evaluation of the performance of the Board, its Board Committees and Directors, and propose objective performance criteria which shall be approved by the Board;
- To determine the independence of each Director, namely the Independent Directors;
- To ensure that all Board appointees undergo an appropriate induction programme; and
- To review and determine that each Director carries out his duties as a Director of the Company adequately, taking into consideration each Director's number of public listed company board representations and other principal commitments.

During FY2018, the NC had met three times and:

- Assessed and evaluated the effectiveness of the Board and the Board's performance as a whole;
- Reviewed the Board and Board Committees composition and assessed the independence of each Independent Director;
- Reviewed and recommended the appointments of Ms Juliana Lee as an Independent and Non-Executive Director and Captain Tan as an Executive Director, Commercial of the Company;
- Reviewed and recommended the re-designation of Mr Lim Kee Hee from "Executive Director, Commercial" to "Executive Director, Business Strategic & Development"; and
- Recommended the re-appointment of Directors retiring pursuant to SGX-ST Listing Rule 720(5) and the Company's Constitution.

Re-appointment of Directors

The NC reviews the re-appointment of each Board member in accordance with the Company's Constitution. Pursuant to Article 91 of the Company's Constitution, one-third of the Directors (except Managing or Joint Managing Director) shall retire from office by rotation at the Company's Annual General Meeting ("**AGM**"). There is no Managing or Joint Managing Director appointed in the Company, the CEO of the Company, Mr Asmari Herry Prayitno is subject to rotation pursuant to Article 91. Article 92 provides that the retiring Directors are eligible to offer themselves for re-appointment and Article 97 provides that all newly appointed Directors shall retire from office at the next AGM following their appointment.

In addition, the NC is cognizant that in accordance with SGX-ST Listing Rule 720(5), all Directors must submit themselves for re-nomination and re-appointment at least once every three years.

The Directors due for retirement pursuant to SGX-ST Listing Rule 720(5) and the Company's Constitution at the forthcoming AGM are as follows:

Name of Directors	Designation	Due for retirement pursuant to:
Masli Mulia	Executive Chairman	Article 91 and SGX-ST Listing Rule 720(5)
Chng Hee Kok	Independent and Non-Executive Director	Article 91 and SGX-ST Listing Rule 720(5)
Nicholas Peter Ballas	Independent and Non-Executive Director	Article 91 and SGX-ST Listing Rule 720(5)
Tan Meng Toon	Executive Director, Commercial	Article 97
Lee Lay Eng Juliana	Independent and Non-Executive Director	Article 97

There are no relationships including immediate family relationships between each of the retiring Directors, namely, Mr Chng, Mr Ballas, Captain Tan and Ms Juliana Lee and the other Directors, the Company or its 10% shareholders.

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Mr Masli Mulia is the President Director of PT Samudera Indonesia Tbk, a controlling shareholder of the Company. Mr Masli does not have any relationships including immediate family relationships between each of the retiring Directors named above and the other Directors or the Company.

The NC has reviewed and recommended the nomination of each retiring Director to the Board after taking into consideration factors such as the individual Director's contribution, performance, attendance at the Board and/or Board Committee meetings, and adequate time devoted to the affairs of the Group to discharge their duties as Directors of the Company.

The Board has accepted the NC's nomination of the retiring Directors who have given their consent for re-appointment at the forthcoming AGM of the Company.

Details of each Director's (i) date of first appointment, (ii) date of last re-appointment as Director of the Company and (iii) information as required in Appendix 7.4.1 pursuant to SGX-ST Listing Rule 720(6) are set out on pages 18 to 28 of this Annual Report.

Each member of the NC had abstained from all discussions, deliberations and decisions in respect of their own performance assessment or re-appointment.

Guideline 4.3: Determination of Directors' Independence Annually

The Board concurred with the NC's view that the 5 Independent and Non-Executive Directors, namely, Messrs Chng Hee Kok, Quah Ban Huat, Nicholas Peter Ballas, Ng Chee Keong and Lee Lay Eng Juliana are independent, taking into account the Guidelines 2.3 and 2.4 of the 2012 Code.

In addition, for the year commencing 1 January 2019, the Independent and Non-Executive Directors had confirmed their independence taking into account the circumstances set out in Provision 2.1 and Practice Guidance 2 of the 2018 Code and any other salient factors.

Guideline 4.4: Multiple Board Representations

All Directors are required to declare regularly and annually their Board representations in other public listed companies and their other principal commitments to the NC.

Details of each Director's present and past three years directorships or chairmanships in other public listed companies, and other principal commitments are set out on pages 18 to 28 of this Annual Report. During FY2018, none of the Directors held more than six directorships and/or chairmanships in other public listed companies concurrently.

When a Director has multiple board representations, the NC considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of public listed company board representations and other principal commitments.

Based on the individual Director's confirmation to the NC on his ability to carry out his duties as a Director of the Company and to address any competing time commitments that may arise, the NC believes that it would not be necessary to stipulate a maximum limit on the number of public listed company board representations of each Director.

Notwithstanding that there is no formal guideline in place to address the conflict of competing time commitments that are faced by Directors with multiple board representations, the NC and the Board is cognizant of the recommendations as set out under Guideline 4.4 of the 2012 Code. The NC would continue to review, on an on-going basis, and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.

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For the year under review, the NC is satisfied that the Directors have given adequate time and attention to the affairs of the Group to discharge their duties as Directors of the Company through their attendance at meetings of the Board and Board Committees, notwithstanding their multiple board representations and other principal commitments.

Guideline 4.5: Alternate Directors

The Board is of the view that alternate directors should only be appointed in extenuating circumstances. The Company currently does not have any alternate directors.

Guideline 4.6: Board Appointment Process

The NC recommends all appointments of Directors to the Board, after taking into account the following factors:

- (a) The Group's strategic and business plans, and operational requirements; and
- (b) The suitability of candidates for Board appointment, based on their skills, core competencies, experiences and expertise.

The Company has in place a process for selecting and appointing new Directors. Potential candidates who possess relevant experience and have the calibre to contribute to the Company are shortlisted for consideration. Curriculum vitae of the shortlisted candidates will be circulated to the NC for their review, taking into consideration the candidate's suitability, qualification, core competencies, experiences, expertise and knowledge. Thereafter, NC will conduct interview(s) with the potential candidates, before making its recommendation to the Board.

Guideline 4.7: Key Information regarding Directors

Information in respect of each Director's academic and professional qualifications, directorships and/or chairmanships for both present and those held over the preceding three years in other public listed companies and other principal commitments is set out in the "Board of Directors" section on pages 18 to 28 of the Annual Report. In addition, information on shareholdings in the Company and its related companies held by each Director is set out in the "Directors' Statement" section on pages 31 to 33 of the Annual Report (Financial).

Principle 5: Board Performance

Guidelines 5.1 to 5.3: Board and Board Committees Performance Evaluation Process

The NC has established evaluation procedures and performance criteria for the assessment of the Board's performance as a whole. The evaluation of the Board's performance is carried out on an annual basis, and some of the areas of assessment covered under the evaluation includes: Board composition, Board processes and information, internal control and risk management, Board accountability, CEO performance and succession planning and standard of conduct of the Board.

Each Director assesses the effectiveness of the Board as a whole by providing feedback to the NC. The performance measurements ensure that the mix of skills and experience of the Directors continue to meet the needs of the Group.

During FY2018, the NC had with the assistance of the Company Secretary conducted the assessment by preparing a performance evaluation questionnaire to be completed by each Director, which were then collated and the findings were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board. No external facilitator had been engaged by the Board for this assessment.

The NC is of the view that the Board and Board Committees operate effectively and that each individual Director has contributed to the effectiveness of the Board as a whole. The results of the NC's assessment for FY2018 has been communicated to and accepted by the Board.

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The Chairman, in consultation with the NC, will, if necessary, propose steps to be undertaken to strengthen the Board's leadership so as to improve the effectiveness of the Board's oversight of the Company.

Board Performance Criteria

Most of the Company's industry peers are not listed entities in Singapore, comparative financial information/ratios would therefore not be easily obtained for comparison and benchmarking purposes.

The NC and the Board, having considered Management's rationale, concurred that it was not feasible for the Company to disclose the following details as recommended under Guideline 5.2 of the 2012 Code:

- performance criteria, which allow for comparison with industry peers;
- how the Board has enhanced long-term shareholder value; and
- justification by the Board on the circumstances that deem the changes on the performance criteria to be necessary.

The NC would continue to review, on an on-going basis, and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.

Individual Director Evaluation

There is no formal individual evaluation carried out for each Director on an annual basis.

When nominating Directors who are retiring by rotation for re-appointment at the AGM, the NC reviews each retiring Director's contribution, performance, attendance and participation at the Board and/or Board Committee meetings, and adequate time devoted to the affairs of the Group to discharge their duties as Directors of the Company.

The NC and the Board is cognizant of the recommendations as set out under Guideline 5.3 of the 2012 Code and would continue to review, on an on-going basis, and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.

Principle 6: Access to Information

Guidelines 6.1 and 6.2: Complete, Adequate and Timely Information

To enable the Board in fulfilling its responsibilities and engage in full deliberation on the issues to be considered at each meeting, Management provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis. In addition, all relevant information on the Group's annual budgets, financial statements, material events and transactions complete with background and explanations are circulated to Directors as and when they arise. Any material variance between any projections/budgets and the actual results is disclosed and explained to the Board.

Guideline 6.3: Separate and Independent Access to the Company Secretary

Guideline 6.4: Appointment and Removal of the Company Secretary

The Directors have separate and independent access to the Company's key management personnel and the advice and services of the Company Secretary. The Company Secretary assists the Chairman and the Chairman of each Board Committee in preparing the agendas for the respective meetings in consultation with the Management. The Company Secretary (and/or her representatives) attends and prepares minutes of all meetings of the Board and Board Committees, including assisting the Board to ensure that proper procedures are observed and requirements of the Companies Act, Cap. 50. and the Listing Manual of the SGX-ST are complied. The appointment or removal of the Company Secretary is subject to the approval of the Board as a whole.

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Guideline 6.5: Independent Professional Advice

Where the Directors require independent professional advice in the course of discharging their duties, such advice would be provided at the Company's expense, subject to approval by the Board.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Guideline 7.1: Composition of Remuneration Committee ("RC")

The RC comprises the following 5 members, all of whom are Independent and Non-Executive Directors.

Chng Hee Kok	Chairman
Quah Ban Huat	Member
Nicholas Peter Ballas	Member
Ng Chee Keong	Member
Lee Lay Eng Juliana	Member

Guidelines 7.2 to 7.4: Authority and Duties of Remuneration Committee

The RC is regulated by a set of written Terms of Reference. Its key functions include:

- To review and recommend to the Board a framework of remuneration for each Director and key management personnel that are competitive and sufficient to attract, retain and motivate key management personnel of the required quality to run the Company successfully;
- To review and determine the specific remuneration packages and terms of employment for each Director and key management personnel, which cover all aspect of remuneration including Directors' fees, salaries, allowances, bonuses and benefits-in-kind;
- To determine the appropriateness of the remuneration of the Independent and Non-Executive Directors taking into consideration the level of their contribution; and
- To review and recommend to the Board the terms of renewal of the service contracts of Directors.

During FY2018, the RC had met twice and:

- (a) Reviewed and determined the remuneration packages and service contracts for the CEO, Executive Directors and key management personnel, to ensure that they are adequately but not excessively remunerated;
- (b) Reviewed and recommended revised remuneration package and service contracts for Mr Lim Kee Hee and Captain Tan in respect of their new roles as an "Executive Director, Business Strategic & Development" and "Executive Director, Commercial", respectively;
- (c) Reviewed and recommended additional Directors' fees for FY2018 (*being pro-rated Directors' fees payable to the new Independent Director, Ms Juliana Lee in respect of the 5-month period from her date of appointment, 1 August 2018 to 31 December 2018*), which will be tabled for the shareholders' approval at the Company's AGM on 29 April 2019; and

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- (d) Reviewed and recommended the Directors' fees for the financial year ending 31 December 2019, to be paid half-yearly in arrears, which will be tabled for the shareholders' approval at the Company's AGM on 29 April 2019.

The RC also considered, in consultation with the CEO, amongst other things, the performance of the Group's key management personnel, including their responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain the best available executive talent. The recommendations of the RC would be submitted to the Board for endorsement. The RC has full authority to engage any external professional to advise on matters relating to remunerations as and when the need arises.

No individual Director is involved in fixing his own remuneration. Independent and Non-Executive Directors are paid Directors' fees annually on a standard fee basis. Each member of the RC abstains from making any recommendation on or voting on any resolutions in respect of his own remuneration package, except for providing information and documents specifically requested by the RC.

The RC reviews the terms and conditions of service agreements of the Executive Directors before their execution. In the course of such review, the RC will consider the Group's obligations arising in the event of termination of Executive Directors and key management personnel, to ensure that the service agreements contain fair and reasonable termination clauses and are not overly generous so as to avoid rewarding poor performance.

Principle 8: Level and Mix of Remuneration

Guideline 8.1: Remuneration of Directors and Key Management Personnel

The service contracts for Executive Directors are for a fixed appointment period and do not contain onerous removal clauses.

The RC carries out an annual review to ensure that the remuneration of the CEO, Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group.

The Executive Directors do not receive Directors' fees. The remuneration of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component which is inclusive of bonuses and other benefits.

During FY2015 and FY2016, the RC engaged an external human resource consultant (the "HR Consultant") to conduct a comprehensive review of the Executive Directors, CEO and key management personnel's service contracts and remuneration packages; and to determine the appropriate thresholds and key performance indicators to assess the Executive Directors and CEO's performance and bonus entitlement in respect of each financial year, the findings of which were reported to the RC in FY2016 and FY2017 respectively.

The RC, having reviewed the findings from the HR Consultant, recommended that the variable component of the Executive Directors and CEO's remuneration should take into consideration factors such as the Group's achievement in overall profitability, projected revenue growth, operating cash flow as well as return on operational assets, in particular:

1. The achievement of net profit of the Group and the Company compared to its budget;
2. Operational cash flow achievement compared to its budget/outlook;
3. Revenue Growth achievement compared to its budget; and
4. Return on operational assets, achievement compared to its budget.

Save as disclose, there were no further updates or changes to the remuneration packages and service contracts for the Executive Directors (including CEO) subsequent to the RC's last review and approval in FY2017.

CORPORATE GOVERNANCE REPORT

Guideline 8.2: Long-Term Incentive Schemes

Currently, the Company does not have any share-based compensation scheme or long-term incentive schemes for the key management personnel, Executive Directors, and Independent and Non-Executive Directors.

Guideline 8.3: Remuneration of Non-Executive Directors

The Non-Executive Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as efforts and time spent, as well as responsibilities and obligations of the Directors. The Non-Executive Directors are not overly compensated and the amount of Directors' fees paid to Independent Non-Executive Directors does not compromise their independence. The Directors' fees for the Independent and Non-Executive Directors were last adjusted in FY2018.

The Directors' fees is reviewed annually and recommended by the RC for the Board's endorsement and approval by the shareholders at the AGM of the Company. To facilitate the payment of Directors' fees during the financial year in which they are incurred, the Company is seeking shareholders' approval for:

- (i) Directors' fees of S\$23,333.00 for the financial year ended 31 December 2018, being fees payable to Ms Juliana Lee, who was appointed as an Independent Non-Executive Director of the Company on 1 August 2018; and
- (ii) Directors' fees of S\$347,667.00 to be paid for the current financial year ending 31 December 2019 on a half yearly basis in arrears.

The Company has not adopted or implemented any share incentive schemes for its Directors (to encourage the Non-Executive Directors to hold shares in the Company to align with shareholders' interests). The Board is of the view that, for the time being, such scheme would not be necessary since the Independent Directors had always been mindful of and given considerations to shareholders' interests.

The RC and the Board is cognizant of the recommendations as set out under Guideline 8.3 of the 2012 Code and would continue to review, on an on-going basis, the need to implement and adopt such schemes as and when deemed feasible and appropriate for the Company.

Guideline 8.4: Contractual Provisions for Executive Directors

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Principle 9: Disclosure on Remuneration

Guidelines 9.1, 9.2 and 9.3: Remuneration of Directors, CEO and Top Five Key Management Personnel

The Board has not included a separate remuneration report to shareholders in the Annual Report to fully disclose each individual Directors' remuneration or the top five key management personnel (who are not Directors or the CEO) as the Board is of the view that key remuneration information would have already been sufficiently disclosed in this report and in the financial statements of the Company.

There are no termination, retirement and post-employment benefits that may be granted to Directors (including the CEO) and the top five key management personnel (who are not Directors or the CEO) of the Company and the Group.

CORPORATE GOVERNANCE REPORT

A breakdown showing the level and mix of the remuneration payable to each individual Director and top five key management personnel (who are not Directors or the CEO) for FY2018 is set out as follows:

Remuneration Band	Name of Key Management Personnel / Directors	Salary	Bonus	Benefits	Fees
Key Management Personnel					
S\$250,000 to below S\$500,000	Lee Thuan Aun, Thomas	61.6%	24.8%	13.6%	0%
Below S\$250,000	Chan Ngok Chuin	68.4%	15.0%	16.6%	0%
	Choo Eng Chye Royce	66.2%	19.2%	14.6%	0%
	Tan Meng Toon	60.7%	26.9%	12.4%	0%
	Trisnadi Sukur Muslim Mulia	46.0%	11.5%	42.5%	0%
Independent and Non-Executive Directors					
Below S\$250,000	Chng Hee Kok	0%	0%	0%	100%
	Nicholas Peter Ballas	0%	0%	0%	100%
	Ng Chee Keong	0%	0%	0%	100%
	Quah Ban Huat	0%	0%	0%	100%
	Lee Lay Eng Juliana	0%	0%	0%	100%
Executive Directors					
S\$250,000 to below S\$500,000	Masli Mulia	56.0%	41.6%	2.4%	0%
	Asmari Herry Prayitno	53.2%	38.6%	8.2%	0%
	Lim Kee Hee	56.2%	38.0%	5.8%	0%
	Hermawan Fridiana Herman	55.9%	34.0%	10.1%	0%
Below S\$250,000	Tan Meng Toon	69.5%	13.4%	17.1%	0%

Directors' Remuneration Disclosure

The RC and the Board, having considered Management's rationale, had collectively concurred that a Group-wide cross-section of the Directors' and key management personnel's remuneration and their names in bands of S\$250,000 provides sufficient overview and disclosure of their remuneration. The RC and the Board deem remuneration to be a highly sensitive and confidential matter and especially so for remuneration matters in a highly competitive human resource environment.

Hence this would be in the best interest of the Company for not disclosing the remuneration of the CEO and each individual Director to the nearest thousand.

The RC would continue to review, on an on-going basis, the requirements under Guideline 9.2 of the 2012 Code and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.

Top 5 Key Management Personnel

The total aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) of the Company for FY2018 is S\$1,073,160.

As explained in the earlier paragraphs, the RC and Board had collectively concurred with Management's rationale and in view of the confidentiality and commercial sensitivities attached to remuneration matters, the Company would not be providing a full disclosure of each of the top five key management personnel's remuneration as identified in the table above.

The RC would continue to review, on an on-going basis, the requirements under Guideline 9.3 of the 2012 Code and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.

CORPORATE GOVERNANCE REPORT

Guideline 9.4: Remuneration to Employees who are Immediate Family Members of a Director or the Chief Executive Officer for FY2018

Mr Trisnadi Sukur Muslim Mulia, an employee of the Company, is the son of Mr Masli Mulia, the Executive Chairman of the Company.

Mr Trisnadi Mulia was appointed as the Deputy Director, Commercial of the Company on 2 January 2018 and for FY2018, the aggregate remuneration paid to him was within the band of S\$200,000 to S\$250,000.

Guideline 9.5: Details of Employee Share Schemes

As explained in Guideline 8.2 above, no remuneration or compensation was paid or is to be paid in the form of share options, as the Company currently does not have any employee share schemes or long-term incentive schemes in place.

Guideline 9.6: Link between Remuneration and Performance

Remuneration received by Executive Directors and key management personnel comprises a basic salary component and a variable component. The variable component is the bonus payout determined based on the Group's performance and the performance of each Executive Director and key management personnel.

The performance of each Executive Director and the CEO is reviewed by the Chairman at the end of each financial year. A separate performance assessment is carried out for each Executive Director and the CEO, respectively, some of the areas of assessment includes amongst other criteria, the following:

- Job knowledge and Expertise
- Commercial Sense
- Leadership

As explained in the earlier paragraphs, the RC takes into consideration the following factors, amongst other criteria, when determining the variable component of the Executive Directors and the CEO's remuneration:

1. The achievement of net profit of the Group and the Company compared to its budget;
2. Operational cash flow achievement compared to its budget/outlook;
3. Revenue growth achievement compared to its budget; and
4. Return on operational assets, achievement compared to its budget.

During the year under review, the RC had reviewed and confirmed that the Executive Directors and the CEO had met the performance criteria as identified above.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Guidelines 10.1 and 10.2: Board Accountability

The Board seeks to keep stakeholders updated on the Group's financial performance, position and prospects through quarterly and annual financial reports as well as timely announcements on developments in the Group's businesses. Quarterly and full year financial results of the Company are reviewed by the Board before dissemination to shareholders via SGXNet. Quarterly results are released within 45 days of the reporting period while the full year results are released within 60 days of the financial year end via SGXNet. In presenting the financial reports, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance.

CORPORATE GOVERNANCE REPORT

The Company's Annual Report is available to shareholders on request and is also accessible on the Company's website (ssl.samudera.id).

In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to shareholders in its quarterly financial results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

For the year under review, the CEO and the Executive Director, Finance, have provided a written assurance to the Board on the integrity of the Group's financial statement. The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems in place, including financial, operational, compliance and information technology controls. This is based on internal controls maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the various Board Committees and the Board.

Guideline 10.3: Management Accountability

Management provides the Board with a continual flow of relevant information on the Group on a timely basis in order that the Board may effectively discharge its duties. Management keeps the Board regularly updated on the Group's business activities and financial performance by providing operational overviews on a regular basis as well as at the AC and Board meetings, which includes information such as:

- (a) The Group's actual performance against the approved budget and where appropriate, quarter-to-quarter and year-to-date comparatives;
- (b) Updates on the Group's business developments and the shipping industry, including key business indicators and factors that have significant impact on the Group's operational and financial performances; and
- (c) Significant trends and competitive conditions of the industry and known factors or events that may affect the Group whether on a short and/or long term basis.

Principle 11: Risk Management and Internal Controls

Guidelines 11.1 to 11.4: Board Review of the Adequacy and Effectiveness of Risk Management and Internal Controls and the Company's Level of Risk Tolerance and Risk Policies

The Board is responsible for the governance of risk and sets the direction for the Group in the way risks are managed in the Group's businesses. In addition, the Company's approach to risk management is set out in the "Risk Management Policies and Processes" section on pages 29 to 30 of this Annual Report.

The Board is committed to maintain an adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls), and risk management systems to safeguard the interests of the shareholders and the Group's assets. To achieve this, regular internal reviews are constantly being undertaken to ensure that the systems of internal controls and risk management systems maintained by the Group is sufficient to provide reasonable assurance that the Group's assets are safeguarded against loss from unauthorised use or dispositions, transactions are properly authorised and proper financial records are being maintained.

The risk management team of the Group (the "RM team") oversees and assesses the Group's risk management framework and policies, and reports directly to the AC on a quarterly basis. The AC would report all material updates to the Board. Hence the Board is of the view that it would not be necessary to establish a separate risk committee to oversee and monitor the Group's risk management framework and policies as recommended under Guideline 11.4 of the 2012 Code.

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The RM team had carried out an enterprise risk management exercise to ensure that the Group maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets and identified the Group's risk profile which summarises the material risks faced by the Group and the control-measures put in place to manage such risk. The Group has documented an overview of its key risks, the risk tolerance level, the key personnel responsible for each identified risk type and the internal control mechanisms in place, which includes operational, financial, information technology and compliance. During the year under review, the RM team had worked together with the respective risk owners to monitor and implement proposed risk mitigation plans to lower the level of risk for each areas identified in the Group's risk profile, which had been reviewed and approved by the AC.

The AC has reviewed the Group's financial controls and risk management policies and processes, and based on its assessment and reports of the external auditors, internal auditor and the RM team, the AC is assured that adequate and effective internal controls are in place.

As for the operational and compliance controls, the Group has periodically reviewed these control areas through the various heads of department, and has continuously made improvements with the assistance of the internal auditor and the RM team.

For FY2018, the Board has received assurance from the CEO and the Executive Director, Finance that:

- (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems in place are adequate and effective in addressing the needs of the Group in its current business environment, including financial, operational, compliance and information technology risks.

The systems of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as the Group strives to achieve its' business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on the internal control procedures established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and the risk management systems, are adequate and effective as at 31 December 2018.

Principle 12: Audit Committee

Guidelines 12.1 and 12.9: Composition of Audit Committee ("AC")

The AC comprises the following 5 members, all of whom are Independent and Non-Executive Directors.

Quah Ban Huat	Chairman
Chng Hee Kok	Member
Nicholas Peter Ballas	Member
Ng Chee Keong	Member
Lee Lay Eng Juliana	Member

None of the AC members is a former partner or director of the Company's existing auditing firm.

CORPORATE GOVERNANCE REPORT

Guidelines 12.2 to 12.4: Authority and Duties of Audit Committee

The Board is of the opinion that the AC members are appropriately qualified to discharge their responsibilities. Messrs Quah, Chng and Ballas have accounting or related financial management background, while Mr Ng's expertise is in terminal, marine and logistics and Ms Juliana Lee is specialised in tax advisory. All members are familiar with financial statements.

The AC is authorised by the Board to investigate any matters within its Terms of Reference. It has unrestricted access to information pertaining to the Group, to both internal and external auditors, and to all employees of the Group. Reasonable resources have been made available to the AC to enable it to discharge its duties properly. The AC has full discretion to invite any Executive Director or key management personnel or any other person to attend its meetings.

The key responsibilities of the AC include the following:

- To review the external and internal audit plans/audit reports, including the nature and scope of the audit before the audit commences, the significant financial reporting issues and judgments addressed in the management letter issued by the external auditors (if any) and Management's response to the letter to ensure the integrity of the Company's financial statements;
- To review the adequacy and effectiveness of the internal audit function;
- To review the internal auditors' evaluation of the adequacy and effectiveness of the Company's and the Group's system of internal controls in terms of financial, operational, compliance, information technology and risk management;
- To review the assistance and cooperation given by Management to the external auditors and internal auditors and to discuss problems and concerns, if any, arising from the interim and final audits in consultation with the external auditors;
- To review the quarterly and full-year results announcements and financial statements of the Company, the consolidated financial statements of the Group and any other announcements relating to the Company's financial performance, prior to submission to the Board for approval and release to the SGX-ST;
- To review interested person transactions in accordance with the requirements of the Listing Rules of the SGX-ST;
- To review all non-audit services provided by the external auditors to determine if the provision of such services would affect the independence and objective of the external auditors;
- To review and recommend the appointment or re-appointment of the external auditors, including their remuneration and terms of engagement for the ensuring year; and
- To review and take actions on the arrangements by which staff of the Group and any other persons may, in confidence raise concerns about possible improprieties in matters of financial reporting or other matters.

The AC has examined any other aspects of the Company's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations.

CORPORATE GOVERNANCE REPORT

Guideline 12.5: Meeting External Auditors and Internal Auditor without the presence of the Company's Management Annually

The AC meets with the external auditors and internal auditor at least once a year, without the presence of the Company's Management, to review any areas of audit concern. During FY2018, the AC, the external auditors and internal auditor had met once without the presence of Management.

Guideline 12.6: Review Independence of External Auditors

For the year under review, the AC has also reviewed the non-audit services provided by the external auditors and is of the opinion that the provision of such services does not affect their independence and objectivity. The total fees payable by the Group to the external auditors for audit and non-audit services are as disclosed:

External Auditor Fees for FY2018	S\$	% of Total
Total audit fees	272,600	88
Total non-audit fees	35,600	12
Total Fees payable	308,200	100

The AC is satisfied that the appointment of external auditors is in compliance with the requirements of SGX-ST Listing Rule 712 for FY2018.

In accordance with the requirements of Rule 716 of the SGX-ST Listing Manual, the AC and the Board, having reviewed the appointment of different auditors for the Company's subsidiaries during FY2018, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

Proposed Change of Auditors – Appointment of Ernst & Young LLP (“EY”) as external auditor in place of Deloitte & Touche LLP (“DT”)

The Company had received a letter of nomination on 1 March 2019 from its controlling shareholder, PT Samudera Indonesia Tbk, nominating the appointment of EY as the external auditors of the Company in place of DT, who will be retiring at the Company's AGM on 29 April 2019.

DT had served as the external auditors of the Company since 2010. As part of the Company's ongoing efforts to enhance corporate governance, the AC and the Board were of the view that it would be appropriate and timely to effect the change of external auditors with effect from the Company's AGM scheduled on 29 April 2019 and have recommended this proposed change of auditors for shareholders' approval at the forthcoming AGM of the Company.

Details on the proposed change of auditors are set out in the Letter to Shareholders dated 12 April 2019, to be despatched together with the notice of AGM and this Annual Report. The appointment of EY as auditors will take effect upon the approval of the Proposed Change of Auditors by the shareholders at the AGM.

Guideline 12.7: WhistleBlowing Policy

The AC had reviewed and adopted a revised WhistleBlowing Policy in FY2017 which now provides a more elaborate and well-defined channel for the employees of the Group and other external parties such as customers, vendors, banks and other stakeholders to report their concerns (if any) in respect of the following matters within the Group:

- Theft/Fraud/Unethical Behaviour
- Workplace Safety Breaches
- Bullying, Harassment & Discrimination
- Misconduct and Malpractice
- Breach of Laws, Regulations, Policy/Procedures

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- Acts which compromise the health and safety of customers and employees
- Abuse of Position or Conflicts of Interest
- Possible improprieties relating to accounting or auditing matters or internal controls or/and operational matters

Whistle-blowing concerns may be reported directly to the AC Chairman or the Head of Internal Audit via mail or email. The Group will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. The AC reviews the WhistleBlowing Policy periodically to ensure that arrangements are in place for independent investigation on such matters and for appropriate follow-up actions.

No whistle-blowing concerns were reported for FY2018.

Guideline 12.8: Activities of Audit Committee for FY2018

The AC met six times during FY2018.

The AC activities during the year, amongst other things, included (i) the review by the AC on the Group's risk events identified by the RM team, including progress updates on the risk mitigation plans/remedial actions implemented during the year; (ii) the Company's sustainability policies and practices during the year, including identification of the Company's material ESG factors and the proposed measurements and targets in relation thereto; (iii) the review by the AC on investment and/or divestment proposals from an accounting, capital requirements and financing perspective; and (iv) the review by the AC on the Group's compliance with its loan covenants, including the maturity deadlines for the Group's bank loans.

The Executive Directors, external auditors, internal auditor, a representative of the RM team and the key finance personnel were invited to attend these meetings.

The AC also meets regularly with Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions, including significant financial reporting issues.

The AC is kept abreast by the Management and the external auditors on changes to accounting standards, Listing Manual of the SGX-ST and other regulations which could have a direct impact on the Group's business and financial statements.

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The AC reviewed and discussed the following key audit matters impacting the financial statements with Management and the external auditor. These key audit matters have been addressed by the external auditors in their Independent Auditor's Report on page 34 and 38 of the Financial Report.

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Detainment of Vessel	The AC reviewed and discussed extensively with the management and the professional advisers on the progress on the release of the vessel and its financial implications including impairment assessment of the vessel. The AC discussed the auditor's assessment of the accounting and disclosures implications. The AC is satisfied with the assessment and the related disclosures in the financial statements.

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Key Audit Matters	How the AC reviewed these matters and what decisions were made
Impairment Assessment of Vessels	The AC reviewed management's impairment assessment of vessels, which included valuation by external specialists as well as management's value-in-use calculation. Detailed discussion with management was held taking into account industry trend. The AC also discussed and reviewed the findings of the external auditor, including their assessment on the appropriateness of the methodologies and the underlying key assumptions applied in both the valuation and value-in-use assessment prepared by the management. The AC was satisfied with the valuation and value-in-use assessment along with the methodologies used for the vessels owned by the Group as disclosed in the financial statements.
Revenue Recognition on an Over Time Basis (Freight Operations)	The AC considered and discussed extensively with management on the recognition of revenue from freight operations. The AC also considered the findings of the external auditors. On the whole, the AC was satisfied with the revenue recognition policy for freight operations.

Principle 13: Internal Audit

Guidelines 13.1 and 13.2: Internal Auditor's Line of Reporting and Access to Information

The Board recognises the importance of maintaining a sound system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets. The Company has appointed an in-house internal auditor to oversee the Group's internal audit function, who reports directly to the AC on the progress and adequacy of the internal audit function. The internal auditor has unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditor's primary line of reporting is to the AC Chairman. The appointment, evaluation and removal of internal auditor are solely subject to the approval of the AC.

Guidelines 13.3 and 13.4: Internal Audit Function and Internal Auditor's Qualification and Experience

The internal auditor plans its internal audit schedules in consultation with, but independent of, Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The AC reviews the activities of the internal auditor on a regular basis to ensure that the internal audit resources are adequate, in particular the qualification and experience of the internal auditor.

The AC is satisfied that the internal auditor is qualified and experienced personnel. The internal auditor has adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

During FY2018, the internal auditor has also reviewed and assessed the internal controls established and maintained by the Group to ensure that they are adequate, sufficient and effective and reported the findings to AC, recommending improvements and additional controls where appropriate. A copy of the report was also circulated to relevant departments for follow up actions.

Guidelines 13.5: Adequacy and Effectiveness of Internal Audit Function

The AC annually reviews the adequacy and effectiveness of the internal audit function to ensure that internal audits are conducted effectively and that the Management provides the necessary co-operation to enable the internal auditor to perform its function. The AC also reviews the internal auditor's reports and monitors the remedial actions implemented by Management to address internal control weaknesses identified.

Based on the reviews carried out, the AC was of the view that the internal audit function for FY2018 was independent, effective and adequately resourced.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholder Meetings

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. The Board is mindful of the obligation to provide timely and fair disclosure of information about the Group's business developments and financial performance which would have a material impact on the share price or value of the Company. The Board is accountable to the shareholders while Management is accountable to the Board.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at the general meetings of shareholders. Copies of the Annual Report, the Circular and the Notices for the AGM and/or Extraordinary General Meetings ("EGM"), where applicable, are sent to every shareholder of the Company, informing them of the rules and voting procedures that govern the general meetings. The notices of the general meetings are also advertised in the newspapers, released via SGXNet and made available on the Company's website at ssl.samudera.id.

The Company supports active shareholder participation at general meetings. The shareholders are encouraged to attend the general meetings to ensure high level of accountability and stay informed of the Group's strategies and visions. The Company's Constitution allows any shareholder, who is unable to attend the general meetings in person, to appoint not more than two proxies to attend and vote in his/her place at the general meetings via proxy forms submitted in advance (i.e. not less than forty-eight (48) hours before the time appointed for holding the general meeting). The proxy form is sent with the notices for the general meetings to all shareholders. The Company is not implementing absentia voting methods such as by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company does not practice selective disclosure. Material and price sensitive information is publicly released in a comprehensive, accurate and timely manner via SGXNet. Financial results and annual reports are announced and issued within the mandatory period and are available on the Company's website at ssl.samudera.id which provides, inter-alia, corporate announcements and the latest financial results as disclosed by the Company on SGXNet.

Other platforms used in the dissemination of relevant information include press releases, annual reports, shareholder circulars and general meetings. Presentations made at general meetings are announced via SGXNet and made available publicly on the Company's website.

The Company, beside in-house investor relations ("IR") personnel, also engages IR professionals to provide and facilitate communications with all stakeholders; shareholders, analysts and media, on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group's corporate developments and financial performance.

General meetings are principal forum for dialogue with shareholders. At these meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views or input and address shareholders' concerns at general meetings.

CORPORATE GOVERNANCE REPORT

To enable shareholders to contact the Company easily, investor relations access link is available at the Company's website.

Each distinct issue requiring shareholders' approval is proposed as a separate resolution at the general meetings. The Company welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at AGMs. During the general meetings, shareholders are given opportunities to speak and seek clarifications concerning the Company. The Chairman of the Board and the respective Board Committees, and the external auditors are present at every AGM and/or EGM to address any relevant questions that may be raised by the shareholders.

The Company records minutes of all general meetings and questions and comments from shareholders together with the responses of the Board and Management. These are available to shareholders at their request.

For greater transparency and fairness in the voting process, voting at shareholders' meetings were conducted by poll since 2013. This allows all shareholders present or represented at the general meetings to vote on a one-share-one-vote basis. The rules, including the voting process, are explained by the scrutineers. The voting results of all votes cast for or against each resolution (including the respective percentages) are disclosed during the general meetings and the same will be announced to the SGX-ST after the conclusion of the general meetings.

The Company will endeavour to maintain a dividend payout ratio of about 20%. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results or operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

DEALINGS IN SECURITIES

The Company has adopted an internal Code of Best Practices on dealings in securities (the "Code of Best Practices"), which has been disseminated and distributed to all officers and employees, to provide guidance to the officers, including Directors, of both the Company and its subsidiaries with regard to dealings in the Company's securities.

The Code of Best Practices prohibits the officers of the Group from dealing in the Company's securities during the period commencing two weeks before the announcements of each of the Company's quarterly financial results and one month before the announcement of the Company's full year financial results and ending on the date of announcement of such results on the SGX-ST, or when they are in possession of the unpublished price sensitive information of the Group. In addition, the Directors and officers of the Group are discouraged from dealing in the Company's securities on short-term considerations.

The Company has complied with the Code of Best Practices.

MATERIAL CONTRACTS

The Group had subsisting service agreements with the holding company and related companies relating to shipping agency services, ship management services, vessel charter hire, stevedoring and container depot storage and repair at the end of the financial year.

Save as disclosed in the Directors' statement and financial statements, there were no material contracts entered into by the Company or any of its subsidiaries, involving the interest of the CEO, any Director or the controlling shareholder subsisting at the end of FY2018.

INTERESTED PERSON TRANSACTIONS

The Group has established internal control procedures to ensure the transactions with interested persons are properly reviewed and approved by the AC and conducted at arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The AC has reviewed the Interested Person Transactions ("IPTs") for FY2018 and are of the view that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders. The aggregate values of all IPTs conducted during the financial year are as follows:

Interested person	Aggregate value of all transactions excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing		Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing	
	Manual		Manual	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
EXPENSES				
<u>Immediate holding company</u>				
<u>PT Samudera Indonesia Tbk</u>				
Agency commissions ⁽¹⁾	-	-	1,489	2,362
Office rental	-	-	71	85
Vessel charter hire	-	-	2,747	2,565
<u>Related company</u>				
<u>PT Samudera Agencies Indonesia</u>				
Agency commission ⁽¹⁾	-	-	1,093	-
<u>PT Samudera Indonesia Ship Management</u>				
Ship management fees	-	-	715	939
<u>PT Perusahaan Pelayaran Nusantara Panurjwan</u>				
Vessel charter hire	-	-	2,586	1,372
Slot space purchase	55	78	-	-
<u>PT Praweda Sarana Informatika</u>				
Software development and system maintenance	420	344	-	-
<u>PT Yasa Wahana Tirta Samudera</u>				
Vessels docking	-	834	-	-
<u>PT Samudera Sarana Logistik</u>				
Container depot storage / repair	-	-	156	332
<u>PT Tangguh Samudera Jaya</u>				
Stevedorage charges	-	-	5,874	4,855
<u>PT Samudera Energi Tangguh</u>				
Vessel charter hire	-	-	-	27

INTERESTED PERSON TRANSACTIONS

Interested person	Aggregate value of all transactions excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual		Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
SALES				
<u>Related company</u>				
<u>PT Perusahaan Pelayaran Nusantara Panurjwan</u>				
Vessel charter hire	749	1,492	-	-
<u>PT Samudera Energi Tangguh</u>				
Sale of vessel	861	-	-	-
Vessel charter hire	2,276	-	-	-
<u>PT Cumawis Indonesia</u>				
Vessel charter hire	763	-	-	-
	5,124	2,748	14,731	12,537

⁽¹⁾ No agency commission is payable for revenue collected or payments made on behalf of Samudera Shipping Line Ltd and the transaction has been accorded as a nil value.

The Group had subsisting service agreements with the holding company and related companies relating to shipping agency services, ship management services, vessel charter hire and container depot storage and repair at the end of the financial year.

RISK MANAGEMENT POLICIES AND PROCESSES

The risk management policies and processes are set by the Board. These are regularly reviewed and updated.

The Group has setup a risk management team to oversee and assess the Group's risk management framework and policies, to ensure that the Group maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

The Group identifies, analyses and evaluates risks that affect the operations of the Group's business and realization of projects. This includes considering factors that trigger and give rise to such risks as well as its potential impact to the organization. Achieving these objectives will allow the Group to enhance shareholder value by focusing on the key risks, finding an appropriate balance between cost and risk control as well as a more effective capital allocation.

An overview of the key risks are identified in the following areas:

- Strategic
- Investment
- Operation
- Information Technology
- Compliance
- Financial

STRATEGIC

1. A periodic strategy evaluation exercise is conducted with the view to build and enhance its long-term strategic direction and plans. The plan will be aligned with the broader Vision, Mission and Values of the Samudera Indonesia Group, the major shareholder of the Group. The main elements of the strategy will be to expand and enhance our network and connectivity, and to provide high-quality transportation services and logistics to our valued customers.
2. The Group is committed on providing the best quality service for its customers. Therefore, strong emphasis in organisational structure is geared toward continuous improvement in customer satisfaction as well as customer retention.
3. The Group adopts a portfolio approach in terms of its business lines. It participates in three business segments: container shipping, bulk and tanker shipping, and logistics and others, each having its own unique business cycles, characteristics, risk profiles and profitability patterns.

INVESTMENT

1. Written approval from Board is necessary prior to implementation of any new investment. The approval process involves a rigorous review of various aspects of the investment proposal.
2. As good corporate governance practices, the Group adopts a prudent approach in managing the investments and, at the same time, maximizing available resources. In particular special attention is paid in managing the level of gearing on a consolidated basis. Although it covenants a gearing ratio of not higher than 2:1 (being the ratio of interest bearing debt over net worth) to its lenders, it consistently maintains a gearing level, which is lower than its covenants.
3. For external borrowings, it ensures that it works with a bank or a financial institution that is financially sound and understands the Group's business and its risk characteristics. The Group believes that by choosing its lenders properly, it can expect a continuing support from the financing community at attractive terms to support the Group's strategic plan.

RISK MANAGEMENT POLICIES AND PROCESSES

OPERATION

1. The Group relies on proper organizational structures and internal controls to ensure a smooth running of operations in relation to Group's goals and the industry environments and various geographical areas that it operates in. Periodical review is conducted by the Board to review and evaluate the effectiveness of the controls and appropriateness of the structure.
2. Being in the service industry, it places high emphasis on its quality of human resources through placement and empowerment of the right people and appropriate management control tools.
3. The Group takes necessary insurance covers for example Hull & Machinery, Protection & Indemnity, kidnap and ransom, Time Charterers' Liability and War Risk cover as and when necessary.
4. When entering into an entirely new market, the Group usually seeks assistance from suitable consultant(s) or agency who are knowledgeable about local market condition.

INFORMATION TECHNOLOGY

The Group opines that information technology is one of the crucial tools to achieve business growth, better productivity and a greater competitive edge. Investment within this area mainly focuses on technology that will improve quality of service, productivity and security.

The Group has established policies in place to manage risks associated with information technology, covering various aspects including business continuity planning, user access management and change management. The Group has also implemented a robust security framework to ensure there are appropriate preventive, detective and recovery measures to minimize information technology and network security risks to its network and data systems.

COMPLIANCE

1. To achieve optimum fleet maintenance, the Group engages various ship management companies to manage its fleet. The ship management company, being a specialized company in that industry, ensures that the Group's vessels are in compliance with various regulations e.g. IMO regulations including ISM Code, Classification Society's rules, Oil Major Terminal vetting inspections, CDI inspections etc.
2. To ensure compliance to legal and regulatory matter, the Group engaged a third-party professional advisory firm for corporate secretarial services to keep the Group apprised of matters necessary to comply with statutory requirements and listing rules. For advisory on specific matter, the Group may appoint professional advisor or legal firm.

FINANCIAL

Please refer to Notes to financial statements.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2018.

In the opinion of the directors, the consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company as set out on pages 39 to 145 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Masli Mulia
Asmari Herry Prayitno
Hermawan Fridiana Herman
Tan Meng Toon (Appointed on August 1, 2018)
Lim Kee Hee
Chng Hee Kok
Nicholas Peter Ballas
Quah Ban Huat
Ng Chee Keong
Lee Lay Eng Juliana (Appointed on August 1, 2018)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act (the "Act") except as follows:

Name of directors and companies in which interests are held	Direct interest		Deemed interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Immediate holding company				
<u>PT Samudera Indonesia Tbk</u>				
Ordinary shares of Indonesian rupiah ("IDR") 25 each (2017 : IDR25 each)				
Masli Mulia	13,170,000	13,170,000	-	-
Asmari Herry Prayitno	10,000	10,000	-	-
The Company				
<u>Samudera Shipping Line Ltd</u>				
Ordinary shares				
Asmari Herry Prayitno	60,000	60,000	-	-

The directors' interest in the shares of the Company and its related corporations at January 21, 2019 were the same at December 31, 2018.

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, there were no options granted to take up unissued shares of the Company or any corporation in the Group.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE

The Audit Committee (“AC”) of the Company comprises five members, all of whom are Independent and Non-Executive Directors. The Chairman of the AC is Mr Quah Ban Huat and the other members are Mr Chng Hee Kok, Mr Nicholas Peter Ballas, Mr Ng Chee Keong and Ms Lee Lay Eng Juliana.

The AC performs the functions specified in Section 201B of the Act, the SGX-ST Listing Manual and the Singapore Code of Corporate Governance.

The AC has held six meetings during the financial year. In performing its functions, the AC met with the Company’s external auditors and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company’s internal accounting control system. The AC also reviewed the following:

- Assistance provided by the Company’s officers to the internal and external auditors;
- Quarterly and full-year results announcements and annual financial statements of the Group and Company prior to their submission to the directors of the Company for adoption; and
- Interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

6 AUDITORS

The retiring auditors, Deloitte & Touche LLP, will not be seeking re-appointment. At the forthcoming Annual General Meeting, Ernst & Young LLP has expressed their willingness to accept appointment as auditors.

ON BEHALF OF THE DIRECTORS

Hermawan Fridiana Herman

Lim Kee Hee

March 28, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAMUDERA SHIPPING LINE LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Samudera Shipping Line Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 39 to 145.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAMUDERA SHIPPING LINE LTD

Key Audit Matters	Our audit performed and responses thereon
Detainment of vessel (Refer to Note 12 to the consolidated financial statements) In November 2018, one of the Group's dry-bulk vessels was detained in Honduras due to the delayed delivery of the cargo. The Group is working with its lawyers, insurance representative and the Honduran authority on the release of the vessel. The vessel remains detained as at the date of the auditor's report. The detainment of the vessel has resulted in the loss of income by the Group and there are indicators that the vessel may be impaired. Significant judgement is required by the management to determine the recoverable amount of the vessel and whether the Group is able to make a claim under the insurance policy. Management is also required to assess if there are any legal or constructive obligations by the Group as at the end of the reporting period relating to settlement losses and other related expenses.	Our audit procedures involved the review of management's assessment of the accounting implications arising from the detainment of the vessel which included: • We held discussions with and obtained confirmations from the Group's external legal counsel and insurance representative to corroborate the facts of the incident, the probability of recovering the vessel and potential liabilities of the Group. • We obtained an understanding of management's estimation of the recoverable amount of the vessel and the basis of the recoverable amount. We also reviewed the terms and conditions of the insurance policy. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.
Impairment assessment of vessels (Refer to Notes 3 and 12 to the consolidated financial statements) The Group has substantial investments in vessels (approximately 36% of the total assets). Based on management's assessment, the Group did not recognise any impairment losses (Note 12) in the current financial year. There are indicators that the vessels may be impaired due to the fact that the fair values less cost to sell of certain vessels are lower than the net book values. In addition, one of the Group's dry-bulk vessels was detained and the details of this matter have been set out separately as a key audit matter on page 35. Management determined the recoverable amount of certain regional container vessels and chemical tankers using value-in-use basis and certain regional container vessels, dry bulk carriers and Indonesian flag container vessels using fair value less costs to sell. Significant judgement by management is required in both approaches to determine the recoverable amount of the respective vessels. The valuation of the vessels is underpinned by a number of key assumptions used in the market comparable approach that reflects recent transaction prices for similar vessels, which takes into account the age and condition of the vessels.	Our audit procedures included challenging management on the suitability of the impairment model and reasonableness of the assumptions. We evaluated the appropriateness of management's controls over the impairment assessment process, including indicators of impairment, determination of cash generating units for the purpose of estimating the recoverable amounts, and noticed no significant exceptions. In regard to the value-in-use assessment, we performed the following: • We challenged the key assumptions applied (including those relating to daily charter rates/earnings, revenue growth rate) by comparing them against available market data; • We engaged our internal specialists to assess the reasonableness of the discount rate used by management; • We performed sensitivity analysis in regard to the discount rate and charter/freight rates as these are the two significant key assumptions in the impairment model; and • We performed an assessment of the reliability of management's forecast through a review of actual performance against previous forecast.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAMUDERA SHIPPING LINE LTD

Key Audit Matters	Our audit performed and responses thereon
Impairment assessment of vessels <i>(Refer to Notes 3 and 12 to the consolidated financial statements)</i> In addition, the determination of value-in-use is based on management's view of variables such as future charter or freight rate, average utilisation rate, approval of future capital and operating expenditure and discount rate of 7.25%.	In regard to valuation performed by independent valuers, we held discussions with them to have an understanding on the following: • Reasons for any significant change in the valuations from the previous financial year; • Approach adopted in the valuation; • Key assumptions adopted by the valuers in the valuation; and • Objectivity, competency and independence of the valuers. Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.
Revenue recognition on an over time basis (freight operations) <i>(Refer to Notes 26 and 38 to the consolidated financial statements)</i> We have identified that cut off in relation to revenue from freight operations (freight operations revenue contributed approximately 87% of total Group revenue) require the exercise of judgement and have a degree of complexity (relating to the determination of voyage progress as at year-end). The accounting policy for revenue recognition is set out in Note 2 to the financial statements and the different revenue streams for the Group have been disclosed in Note 26 to the financial statements.	Our audit procedures in relation to management's quantification of freight revenue in relation to those vessel voyages which were in progress at year end included: • Understanding and evaluating the key controls over the recognition of freight revenue, including the determination of when performance obligations are satisfied and the timing of revenue recognition; • Agreeing the departure dates and arrival dates of vessel voyages in progress at year end in the operation system to the sailing schedules, on a sample basis; • Agreeing the total freight revenue by vessel voyages in the operation system to the accounting records; and • Recomputing the estimated freight revenue of vessel voyages which were in progress as at year end with reference to the departure dates and arrival dates on a sample basis. We also assessed sales transactions taking place before and after year-end to check that revenue was recognised in the correct period. Based on our procedures, we noted that the estimation of freight revenue for vessel voyages in progress at year end was supportable by available evidence and recognised appropriately. We further assessed the adequacy of the revenue and segment disclosures contained in Notes 26 and 38 respectively.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAMUDERA SHIPPING LINE LTD

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAMUDERA SHIPPING LINE LTD

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Shariq Barmaky.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 28, 2019

STATEMENTS OF FINANCIAL POSITION

December 31, 2018

		Group				Company	
	Note	December 31, 2018 US\$'000	December 31, 2017 US\$'000 (Restated)	January 1, 2017 US\$'000 (Restated)	December 31, 2018 US\$'000	December 31, 2017 US\$'000 (Restated)	January 1, 2017 US\$'000 (Restated)
ASSETS							
Current assets							
Cash and bank balances	5	28,802	49,635	54,096	12,392	20,653	33,509
Trade receivables – third parties	6	70,930	58,659	44,376	60,788	51,636	37,652
Prepaid operating expenses		9,797	9,176	7,082	7,417	6,515	4,468
Other receivables and deposits	7	3,148	2,091	1,007	341	114	78
Due from immediate holding company (non-trade)	35	2,087	2,087	2,087	-	-	-
Due from immediate holding company (trade)	6	6,346	5,344	2,370	6,341	5,344	2,333
Due from subsidiaries (trade)	6	-	-	-	2,298	4,455	3,108
Due from subsidiaries (non-trade)	8	-	-	-	4,136	3,822	3,052
Due from related companies (trade)	6	8,786	3,658	2,818	5,123	255	114
Due from joint venture (non-trade)		-	292	-	-	-	-
Due from non-controlling interest of subsidiary (trade)	6	493	-	-	-	-	-
Inventories	9	2,008	2,407	2,606	1,433	1,401	1,261
		132,397	133,349	116,442	100,269	94,195	85,575
Assets classified as held for sale	10	-	6,439	3,333	-	-	-
Total current assets		132,397	139,788	119,775	100,269	94,195	85,575
Non-current assets							
Investment properties	11	606	631	657	606	631	657
Property, plant and equipment	12	144,631	152,718	175,647	90,065	93,464	96,889
Intangible assets	13	93	33	-	93	33	-
Subsidiaries	14	-	-	-	73,204	73,243	72,490
Associate and joint venture	15	12,018	9,577	8,810	10,099	10,099	10,099
Investment in preference shares		-	507	198	-	-	-
Investment in equity		-	58	53	-	-	-
Deferred tax assets		85	49	58	-	-	-
Due from subsidiary (non-trade)	8	-	-	-	876	896	-
Total non-current assets		157,433	163,573	185,423	174,943	178,366	180,135
Total assets		289,830	303,361	305,198	275,212	272,561	265,710

STATEMENTS OF FINANCIAL POSITION

December 31, 2018

		Group			Company		
	Note	December 31, 2018 US\$'000	December 31, 2017 US\$'000 (Restated)	January 1, 2017 US\$'000 (Restated)	December 31, 2018 US\$'000	December 31, 2017 US\$'000 (Restated)	January 1, 2017 US\$'000 (Restated)
LIABILITIES AND EQUITY							
Current liabilities							
Bank term loans	16	8,861	16,871	20,910	6,023	8,106	11,488
Trade payables	17	25,653	23,862	20,987	21,747	21,506	15,121
Other payables and liabilities	18	24,512	25,359	19,455	14,665	15,736	12,486
Due to subsidiary (trade)	35	-	-	-	57	63	84
Due to subsidiary (non-trade)	35	-	-	-	3	-	1
Due to immediate holding company (trade)	35	-	63	178	-	-	-
Due to related companies (trade)	35	273	353	558	54	145	195
Due to joint venture (trade)		-	56	-	-	-	-
Due to non-controlling interest of subsidiaries	21	1,028	616	-	-	-	-
Finance leases	19	18	4	27	14	-	23
Income tax payable		1,223	1,343	1,537	369	336	648
Total current liabilities		61,568	68,527	63,652	42,932	45,892	40,046
Non-current liabilities							
Bank term loans	16	34,182	46,274	63,762	18,092	16,870	25,638
Finance leases	19	82	6	9	80	-	-
Retirement benefit obligations	20	26	76	149	-	-	-
Deferred tax liabilities		40	47	-	-	-	-
Due to non-controlling interest of subsidiaries	21	577	590	-	-	-	-
Total non-current liabilities		34,907	46,993	63,920	18,172	16,870	25,638
Capital, reserves and non-controlling interests							
Share capital	22	68,761	68,761	68,761	68,761	68,761	68,761
Treasury shares	23	(174)	(174)	(174)	(174)	(174)	(174)
Retained earnings		121,041	115,804	107,187	145,521	141,212	131,439
Other reserves	24	(409)	(1,534)	(2,872)	-	-	-
Foreign currency translation reserve	25	(143)	231	-	-	-	-
Equity attributable to owners of the Company		189,076	183,088	172,902	214,108	209,799	200,026
Non-controlling interests		4,279	4,753	4,724	-	-	-
Total equity		193,355	187,841	177,626	214,108	209,799	200,026
Total liabilities and equity		289,830	303,361	305,198	275,212	272,561	265,710

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2018

	Note	Group 2018 US\$'000	2017 US\$'000 (Restated)
Revenue	26	422,340	384,606
Cost of sales		(400,730)	(362,319)
Gross profit		21,610	22,287
Other operating income	27	2,043	2,346
Marketing expenses		(8,714)	(7,733)
Administrative expenses		(5,845)	(5,665)
Other operating expenses	28	(543)	(128)
Profit from operations		8,551	11,107
Finance income	29	701	581
Finance costs	30	(1,809)	(1,677)
Operating profit		7,443	10,011
Share of results of associate and joint venture	15	750	702
Profit before tax		8,193	10,713
Income tax expense	31	(452)	(314)
Profit for the year	32	7,741	10,399
Attributable to:			
Owners of the Company		8,271	10,539
Non-controlling interests		(530)	(140)
		7,741	10,399
Earnings per share (US cents)			
Basic and diluted	33	1.54	1.96

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2018

	Group	
	2018 US\$'000	2017 US\$'000 (Restated)
Profit for the year	7,741	10,399
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Remeasurement of defined benefit obligation (Note 20)	50	161
	50	161
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of associate (Note 24)	1,075	1,177
Exchange differences on translation of foreign operations	(318)	297
	757	1,474
Other comprehensive income for the year, net of tax	807	1,635
Total comprehensive income for the year	8,548	12,034
Total comprehensive income attributable to:		
Owners of the Company	9,022	12,108
Non-controlling interests	(474)	(74)
	8,548	12,034

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2018

	Share capital US\$'000	Treasury shares US\$'000	Other reserves US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Equity attributable to owners of the Company US\$'000	Non- controlling interests US\$'000	Total US\$'000
Group								
At January 1, 2017 (previously reported)	68,761	(174)	(2,872)	(12,631)	187,035	240,119	4,724	244,843
Effect of adopting of SFRS(I) 1	-	-	-	12,631	(79,978)	(67,347)	-	(67,347)
Effect of adopting of SFRS(I) 9	-	-	-	-	130	130	-	130
At January 1, 2017 (restated)	68,761	(174)	(2,872)	-	107,187	172,902	4,724	177,626
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	10,539	10,539	(140)	10,399
Other comprehensive income for the year	-	-	1,338	231	-	1,569	66	1,635
Total	-	-	1,338	231	10,539	12,108	(74)	12,034
Transactions with owners, recognised directly in equity:								
Additional investment in subsidiary by NCI	-	-	-	-	-	-	335	335
Dividends paid by subsidiary to NCI	-	-	-	-	-	-	(232)	(232)
Dividends paid (Note 34)	-	-	-	-	(1,922)	(1,922)	-	(1,922)
Total	-	-	-	-	(1,922)	(1,922)	103	(1,819)
At December 31, 2017	68,761	(174)	(1,534)	231	115,804	183,088	4,753	187,841
At January 1, 2018 (previously reported)	68,761	(174)	(1,534)	(12,400)	191,051	245,704	4,753	250,457
Effect of adopting of SFRS(I) 1	-	-	-	12,631	(75,364)	(62,733)	-	(62,733)
Effect of adopting of SFRS(I) 9	-	-	-	-	117	117	-	117
At January 1, 2018 (restated)	68,761	(174)	(1,534)	231	115,804	183,088	4,753	187,841
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	8,271	8,271	(530)	7,741
Other comprehensive income for the year	-	-	1,125	(374)	-	751	56	807
Total	-	-	1,125	(374)	8,271	9,022	(474)	8,548
Transactions with owners, recognised directly in equity:								
Dividends paid (Note 34)	-	-	-	-	(3,034)	(3,034)	-	(3,034)
Total	-	-	-	-	(3,034)	(3,034)	-	(3,034)
At December 31, 2018	68,761	(174)	(409)	(143)	121,041	189,076	4,279	193,355

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2018

	Share capital US\$'000	Treasury shares US\$'000	Retained earnings US\$'000	Total US\$'000
Company				
At January 1, 2017 (previously reported)	68,761	(174)	157,148	225,735
Effect of adopting of SFRS(I) 1	-	-	(25,839)	(25,839)
Effect of adopting of SFRS(I) 9	-	-	130	130
At January 1, 2017 (restated)	68,761	(174)	131,439	200,026
Profit for the year, representing total comprehensive income for the year	-	-	11,695	11,695
Total	-	-	11,695	11,695
Transactions with owners, recognised directly in equity:				
Dividends paid (Note 34)	-	-	(1,922)	(1,922)
Total	-	-	(1,922)	(1,922)
At December 31, 2017	68,761	(174)	141,212	209,799
At January 1, 2018 (previously reported)	68,761	(174)	164,517	233,104
Effect of adopting of SFRS(I) 1	-	-	(23,422)	(23,422)
Effect of adopting of SFRS(I) 9	-	-	117	117
At January 1, 2018 (restated)	68,761	(174)	141,212	209,799
Profit for the year, representing total comprehensive income for the year	-	-	7,343	7,343
Total	-	-	7,343	7,343
Transactions with owners, recognised directly in equity:				
Dividends paid (Note 34)	-	-	(3,034)	(3,034)
Total	-	-	(3,034)	(3,034)
At December 31, 2018	68,761	(174)	145,521	214,108

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2018

	Group	
	2018 US\$'000	2017 US\$'000 (Restated)
Operating activities		
Profit before tax	8,193	10,713
Adjustments for:		
Depreciation of property, plant and equipment	11,372	12,943
Amortisation of intangible assets	37	3
Depreciation of investment properties	25	26
Gain on disposal of property, plant and equipment	(140)	(79)
Gain on disposal of assets held for sale (vessels)	(544)	(965)
Net gain on disposal of investments at fair value through profit or loss – investment securities	(27)	(32)
Finance costs	1,809	1,677
Finance income	(701)	(581)
Allowance for impairment loss on receivables	1,251	1,039
Share of results of associate and joint venture	(750)	(702)
Impairment of investment in preference shares and equity	523	-
Net foreign exchange (gain) loss	(169)	999
Operating cash flows before movements in working capital	20,879	25,041
Trade receivables	(12,598)	(15,282)
Other receivables and deposits	(1,057)	(1,084)
Prepaid operating expenses	(621)	(2,121)
Due from immediate holding company	(1,015)	(3,013)
Due from related companies	(6,006)	(841)
Due from joint venture	(33)	-
Due from non-controlling interest of subsidiary	(493)	-
Inventories	399	199
Trade payables	1,791	2,875
Other payables and liabilities	(847)	5,959
Due to related companies	(80)	(205)
Due to joint venture	(56)	56
Due to immediate holding company	(63)	(115)
Cash generated from operations	200	11,469
Interest paid	(1,809)	(1,677)
Income tax paid	(547)	(583)
Net cash (used in) from operating activities	(2,156)	9,209

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2018

	Group	
	2018	2017
	US\$'000	US\$'000 (Restated)
Investing activities		
Interest income received	701	581
Proceeds from disposal of property, plant and equipment	928	80
Proceeds from disposal of current assets held for sale	6,982	13,851
Proceeds from disposal of investments at fair value through profit or loss – investment securities	881	1,040
Purchase of property, plant and equipment [Note 12(e)]	(4,076)	(5,748)
Purchase of intangible assets	(97)	(36)
Purchase of investment securities	(854)	(1,009)
Dividends received from an associate	-	1,488
Due from joint venture	(274)	(666)
Investment in preference shares	-	(293)
Net cash from investing activities	4,191	9,288
Financing activities		
Repayment of finance leases	(6)	(28)
Proceeds from bank term loans	30,209	-
Repayment of bank term loans	(50,075)	(22,548)
Dividends paid	(3,034)	(1,922)
Increase in pledged deposits	3,689	389
Dividends paid to non-controlling shareholder	-	(232)
Additional investment in a subsidiary by a non-controlling interest	-	335
Loans from non-controlling interest of subsidiaries	412	1,206
Net cash used in financing activities	(18,805)	(22,800)
Net decrease in cash and cash equivalents	(16,770)	(4,303)
Cash and cash equivalents at beginning of the year	37,893	41,965
Effects of exchange rate changes on the balance of cash held in foreign currencies	(374)	231
Cash and cash equivalents at end of the year (Note 5)	20,749	37,893

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

1 GENERAL

The Company (Registration Number: 199308462C) is incorporated in Singapore with its principal place of business and registered office at 6 Raffles Quay, #25-01, Singapore 048580. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in United States dollars ("USD").

The principal activities of the Company are the owning and operating of ocean-going ships and the provision of containerised feeder shipping services.

The principal activities of its subsidiaries, associate and joint venture are disclosed in Notes 14 and 15 respectively.

The Group operates in South East Asia, the Far East, the Indian Sub-continent and the Middle East.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2018 were authorised for issue by the Board of Directors on March 28, 2019.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended December 31, 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 39.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payments*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 BASIS OF ACCOUNTING (CONT'D)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved where the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses such control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 BASIS OF CONSOLIDATION (CONT'D)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in of the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries, associate and joint venture are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.3 BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group, and equity interests issued by the Group, and any contingent consideration arrangement in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 BUSINESS COMBINATIONS (CONT'D)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.4.1 Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 FINANCIAL INSTRUMENTS (CONT'D)

2.4.1 Financial assets (cont'd)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 FINANCIAL INSTRUMENTS (CONT'D)

2.4.1 Financial assets (cont'd)

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the line items. Fair value is determined in the manner described in Note 4(b)(vii).

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 FINANCIAL INSTRUMENTS (CONT'D)

2.4.1 Financial assets (cont'd)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the closing rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost and FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 FINANCIAL INSTRUMENTS (CONT'D)

2.4.1 Financial assets (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Significant deterioration in external market indicators of credit risk;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 FINANCIAL INSTRUMENTS (CONT'D)

2.4.1 Financial assets (cont'd)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as significant financial difficulty of the debtor or a breach of contract, such as default or past due event.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 FINANCIAL INSTRUMENTS (CONT'D)

2.4.1 Financial assets (cont'd)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped based on the nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2.4.2 Financial liabilities and equity instruments

Classification as debt or equity

Debts and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 FINANCIAL INSTRUMENTS (CONT'D)

2.4.2 Financial liabilities and equity instruments (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Fair value is determined in the manner described in Note 4(b)(vii).

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the closing rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.4.3 Derivative financial instrument

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 FINANCIAL INSTRUMENTS (CONT'D)

2.4.4 Hedge accounting

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 FINANCIAL INSTRUMENTS (CONT'D)

2.4.5 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available as of the date of the reporting rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.5 LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.6 INVENTORIES

Inventories, comprising bunker stocks, oil and spare parts on board of vessels for consumption purposes are stated at lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Allowance is made of deteriorated, damaged, obsolete and slow-moving inventories.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 PREPAID OPERATING EXPENSES

Prepaid operating expenses, comprising prepaid charter-hire and other expenses, are initially recognised as prepayments when payments are made. Prepaid charter hire expenses are subsequently charged to profit or loss on a straight-line basis over the charter-hire period.

2.8 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using straight-line method, on the following bases:

Vessels	-	15 to 25 years
Vessel improvements	-	2.5 to 5 years
Deferred charges	-	2.5 to 5 years
Motor vehicles	-	5 years
Equipment	-	3 to 7 years
Furniture and fittings	-	5 years
Renovation	-	3 years
Freehold properties	-	15 to 50 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next drydocking are identified and the estimate of the cost to be incurred is determined. The cost of these components is to be depreciated over a period to the next estimated drydocking date.

Deferred charges represent drydocking expenditure incurred for major overhauls of vessels, which is deferred when incurred and depreciated over a period from the current drydocking date to the next estimate drydocking date. When significant drydocking expenditures recur prior to the expiry of the depreciation period, the remaining carrying value of the previous drydocking is expensed in the month of the subsequent drydocking.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2.10 INVESTMENT PROPERTY

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over 15 years which is its estimated useful life, using straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on disposal of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is disposed.

2.11 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible asset not yet available for use are tested for impairment annually, and whenever there is an indication that asset maybe impaired.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 ASSOCIATE AND JOINT VENTURE

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof is classified as held for sale, in which case it is accounted for under SFRS(I) 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment in associate or joint venture (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture and to be recognised in the statement of profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 ASSOCIATE AND JOINT VENTURE (CONT'D)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

2.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 REVENUE RECOGNITION

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Rendering of services

Revenue and operating costs on freight operations are recognised as income and expenses respectively, by reference to the voyage progress as at end of the reporting period. This has been assessed by management to be an appropriate measure of progress towards complete satisfaction of these performance obligations over time under SFRS(I) 15. Unearned revenue received is recognised as contract liabilities, recognised over the period in which the freight services are performed representing the entity's right to consideration for the services performed as at the end of the reporting period. Certain freight operation contracts include a separate performance obligation surrounding the provision of stevedoring service. Such revenue is recognised as the performance obligation to move the customer's specific cargo to and from the vessel is satisfied over time.

Revenue from rendering sea freight forwarding services is recognised at a point in time based on the completion of shipment.

Charter hire revenue comprise time and voyage charter. The performance obligations within a time-charter contract include the lease of the vessel to the charterer and the maintenance of the vessel. Time charter revenue is recognised as such services are rendered over the duration of the time charter agreements and is stated net of taxes and commission paid.

Voyage charter revenue is recognised evenly over the duration of each voyage as the performance obligation is satisfied. The transaction price is in the form of fixed fee at contract inception.

Pool revenue is recognised as the performance obligation is satisfied over time in accordance with the pooling agreement.

Ship management and operation services revenue are recognised over time upon services rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised in profit or loss when the Group's rights to receive the dividends have been established.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.16 RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out as at each reporting date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in other reserves and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "administrative expenses". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

2.17 EMPLOYEE LEAVE ENTITLEMENT

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, associate and joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 SALES TAX

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.20 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and equity of the Company are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (CONT'D)

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates jointly-controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

2.21 CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS

Cash and cash equivalents in the statement of cash flows comprise cash on hand, cash at banks, call and fixed deposits less pledged deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.22 SEGMENT REPORTING

For management purposes, the Group is organised into operating segments based on their services and geographical regions which are managed by respective segment managers responsible for the performance of the respective segment under their charge. The segment or department managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(a) *Critical judgements in applying the entity's accounting policies (cont'd)*

(i) Detainment of vessel

Note 12 describes that one of the Group's dry-bulk vessels was detained in Honduras due to the delayed delivery of the cargo, which has resulted in the loss of income by the Group. Significant judgement is required by the management to determine the recoverable amount of the vessel, which is derived based on the fair value less cost of disposal; and the estimated liabilities incurred by the Group as at the end of the reporting period, whether due to legal or constructive obligations.

(ii) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. The Group recognises liabilities for expected tax issues based on assessment of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's income tax payable, deferred tax assets and deferred tax liabilities at the end of the reporting period were US\$1,223,000 (December 31, 2017 : US\$1,343,000, January 1, 2017 : US\$1,537,000) US\$85,000 (December 31, 2017 : US\$49,000, January 1, 2017 : US\$58,000) and US\$40,000 (December 31, 2017 : US\$47,000, January 1, 2017: US\$Nil) respectively.

(iii) Operating lease commitments – as lessor

The Group has entered into charter hire leases on its owned vessels. The Group has determined that it retains all the control and ownership of these vessels which are leased out on operating leases. The Group has recognised these vessels, their deferred charges and vessel improvements as its property, plant and equipment.

The carrying amounts of these vessels, their deferred charges and vessel improvements under property, plant and equipment are disclosed in Note 12.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(a) *Critical judgements in applying the entity's accounting policies (cont'd)*

(iv) Control over Samudera Traffic Co. Ltd

Note 14 describes that Samudera Traffic Co. Ltd is a subsidiary of the Group although the Group only has a 49% (December 31, 2017 and January 1, 2017 : 49%) ownership interest in Samudera Traffic Co. Ltd. Based on the contractual arrangements between the Group and the other investor, the Group is entitled to a 60% (December 31, 2017 and January 1, 2017 : 60%) share of the net profits of the subsidiary. The shares held by the Group also carry two votes per share, which resulted in the voting power held by the Group to 65.8% (December 31, 2017 and January 1, 2017 : 65.8%). Therefore, the directors of the Company concluded that the Group has the practical ability to direct the relevant activities of Samudera Traffic Co. Ltd unilaterally and hence the Group has control over Samudera Traffic Co. Ltd.

(v) Control over Samudera Cargo Services LLC

Note 14 describes that Samudera Cargo Services LLC is a subsidiary of the Group although the Group only has a 49% (December 31, 2017 and January 1, 2017 : 49%) ownership interest in Samudera Cargo Services LLC. Based on the contractual arrangements between the Group and the other investor, the Group is entitled to an 80% (December 31, 2017 and January 1, 2017 : 80%) share of the net profits of the subsidiary. The Group had appointed a director, who is the Group's representative, that has a power to direct the relevant activities of Samudera Cargo Services LLC. Therefore, the directors of the Company concluded that the Group has the practical ability to direct the relevant activities of Samudera Cargo Services LLC unilaterally and hence the Group has control over Samudera Cargo Services LLC.

(vi) Control over Prime Maritime DWC LLC

Note 14 describes that Prime Maritime DWC LLC is a subsidiary of the Group with the Group having a 51% (December 31, 2017 : 51%, January 1, 2017 : Nil) ownership interest in Prime Maritime DWC LLC. Based on the contractual arrangements between the Group and the other investor, the Group is also entitled to appoint a director, who is the Group's representative, as chairman of the subsidiary's board of directors and has the casting vote power over the relevant activities of Prime Maritime DWC LLC. Therefore, the directors of the Company concluded that the Group has the practical ability to direct the relevant activities of Prime Maritime DWC LLC unilaterally and hence the Group has control over Prime Maritime DWC LLC.

(vii) Control over Shal Hawk Silkargo Sdn Bhd

Note 14 describes that Shal Hawk Silkargo Sdn Bhd is a subsidiary of the Group with the Group having a 51% (December 31, 2017 : 51%, January 1, 2017 : Nil) ownership interest in Shal Hawk Silkargo Sdn Bhd. Based on the contractual arrangements between the Group and the other investor, the Group is also entitled to appoint a director, who is the Group's representative, as chairman of the subsidiary's board of directors and has the casting vote power over the relevant activities of Shal Hawk Silkargo Sdn Bhd. Therefore, the directors of the Company concluded that the Group has the practical ability to direct the relevant activities of Shal Hawk Silkargo Sdn Bhd unilaterally and hence the Group has control over Shal Hawk Silkargo Sdn Bhd.

(viii) Investment in Samudera Bharat Feeder Pvt Ltd

Note 15 describes the Group's investment in Samudera Bharat Feeder Pvt Ltd, which is a joint venture between the Group and a third party. Based on the contractual arrangements with the other investor, no resolution shall have deemed to be pass unless unanimous consent is obtained, through affirmative votes of 1 director from each party. Therefore, the directors of the Company concluded that there is joint control between the Group and the other investor.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

- (i) Investments in subsidiaries, associate and joint venture
Management exercises their judgement in estimating recoverable amounts of its investment in subsidiaries, associate and joint venture within the Group.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, management needs to estimate the future cash flows expected from the cash generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of the investments in subsidiaries, associate and joint venture are disclosed in Notes 14 and 15 respectively.

- (ii) Vessel useful life and impairment
The cost of vessels and vessel improvements of the Group and the Company is depreciated on a straight-line basis over the useful life of the vessels. Management estimates the useful life of these vessels and vessel improvements to be within 15 to 25 years and 2.5 to 5 years respectively. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

Management also reviews the vessels for impairment whenever there is an indication that the carrying amount of the vessel may not be recoverable. Management measures the recoverability of an asset by comparing its carrying amount against its recoverable amount. Recoverable amount is the higher of the fair value less cost of disposal and value in use, which is the future cash flows that the vessel is expected to generate and the expected running cost thereof over its remaining useful life with a cash inflow in the final year equal to the expected residual value of the vessels. The future cash flows is discounted to their present value using a pre-tax discount rate that reflects the time value of money. If the vessel is considered to be impaired, impairment loss is recognised to an amount equal to the excess of the carrying value of the asset over its recoverable amount.

The carrying amounts and details of the Group's and Company's vessels, deferred charges, vessel improvements and impairment at the end of the reporting period are disclosed in Note 12.

- (iii) Residual values of vessels
The Group reviews the residual values of vessels periodically to ensure that the amount is consistent with the future economic benefits embodied in these vessels at the point of disposal. Significant judgement is required in determining the residual values of its vessels.

In determining the residual values of its vessels, the Group considers the net proceeds that would be obtained from the disposal of the assets in the resale or scrap markets, fluctuations in scrap steel prices and industry practice.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key sources of estimation uncertainty (cont'd)

(iv) Estimation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Notes 6 and 7 respectively.

(v) Revenue recognition on an over time basis (freight operations)

Revenue on freight operations are recognised by reference to the voyage progress as at end of the reporting period. This has been assessed by management to be an appropriate measure of progress towards complete satisfaction of these performance obligations over time. This requires the exercise of judgement and have a degree of complexity when determining the progress of the voyage as at year-end.

The amount of revenue earned from freight operations recognised during the year is disclosed in Note 26.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	December 31, 2018 US\$'000	Group December 31, 2017 US\$'000 (Restated)	January 1, 2017 US\$'000 (Restated)	December 31, 2018 US\$'000	Company December 31, 2017 US\$'000 (Restated)	January 1, 2017 US\$'000 (Restated)
Financial assets						
Financial assets at amortised cost	120,592	121,766	106,754	92,295	87,175	79,846
Financial assets at FVTPL	-	507	198	-	-	-
Financial assets at FVTOCI	-	58	53	-	-	-
Financial liabilities						
Financial liabilities at amortised cost	93,792	111,746	124,585	59,407	60,165	63,757

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives*

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, bunker price risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including Singapore dollar ("SGD") and Indonesian rupiah ("IDR") and therefore is exposed to foreign exchange risk.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances approximately amount to US\$15,969,000 (December 31, 2017 : US\$17,666,000, January 1, 2017 : US\$ 10,916,000) and US\$1,741,000 (December 31, 2017 : US\$873,000, January 1, 2017 : US\$ 2,315,000) for the Group and the Company respectively.

The Company is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Thailand, India and United Arab Emirates.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(i) Foreign exchange risk management (cont'd)

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of foreign currencies are converted, as soon as possible, to SGD or USD.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group					
	Liabilities		January 1, 2017 US\$'000	Assets		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000		December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
SGD	24,892	25,992	24,909	16,662	18,505	17,886
IDR	4,008	4,130	5,382	15,699	14,240	7,140
Others	93	289	446	1,262	2,434	2,734

	Company					
	Liabilities		January 1, 2017 US\$'000	Assets		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000		December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
SGD	24,809	25,903	23,981	16,604	18,489	17,794
IDR	1,854	2,305	578	17	1	-
Others	93	94	247	1,255	2,425	2,718

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 10% (2017 : 10%) increase and decrease in the exchange rate of SGD and IDR against USD. It is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in SGD and IDR and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis of monetary items denominated in currencies other than SGD and IDR is not significant.

	Group		Company	
	Strengthen (weaken) in exchange %	Effect on profit or loss US\$'000	Strengthen (weaken) in exchange %	Effect on profit or loss US\$'000
2018				
Singapore dollar	10 (10)	(823) 823	10 (10)	(821) 821
Indonesian rupiah	10 (10)	1,169 (1,169)	10 (10)	(184) 184
2017				
Singapore dollar	10 (10)	(749) 749	10 (10)	(741) 741
Indonesian rupiah	10 (10)	1,011 (1,011)	10 (10)	(230) 230

(ii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and fixed deposits.

The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Surplus funds are placed with reputable banks and financial institutions which generate interest income for the Group.

Information relating to the Group's and the Company's financial instrument balances which are interest bearing are disclosed in Notes 5, 8, 16, 19 and 21.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management (cont'd)

Interest rate sensitivity

The following table demonstrates the sensitivity to a 25 basis points (2017 : 25 basis points) increase and decrease in the SGD and USD interest rates, with all other variables held constant, of the Group's and the Company's profit or loss (through the net impact of interest expense on floating loans and borrowings and interest income on fixed deposits). It is the sensitivity rate used when reporting interest rate risks internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Group		Company	
	Increase (decrease) in basis points	Effect on Profit or loss US\$'000	Increase (decrease) in basis points	Effect on profit or loss US\$'000
2018				
Singapore dollar	25 (25)	(21) 21	25 (25)	(21) 21
United States dollar	25 (25)	(53) 53	25 (25)	(14) 14
2017				
Singapore dollar	25 (25)	(25) 25	25 (25)	(25) 25
United States dollar	25 (25)	(52) 52	25 (25)	4 (4)

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2018, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iii) Overview of the Group's exposure to credit risk (cont'd)

In order to minimise credit risk, the Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's and Company's financial assets and other items, as well as maximum exposure to credit risk:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
Group						
<u>December 31, 2018</u>						
Trade receivables	6	(i)	Lifetime ECL	75,732	(4,802)	70,930
Other receivables and deposit	7	Performing	12 month	3,148	–	3,148
Due from immediate holding company (non-trade)	35	Performing	12 month	2,087	–	2,087
Due from immediate holding company (trade)	6	(i)	Lifetime ECL	6,428	(82)	6,346
Due from related companies (trade)	6	(i)	Lifetime ECL	9,665	(879)	8,786
Due from non-controlling interest of subsidiary (trade)	6	Performing	12 month	493	–	493
Due from joint venture (trade)		(i)	Lifetime ECL	33	(33)	–
				97,586	(5,796)	91,790

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iii) Overview of the Group's exposure to credit risk (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
Group						
<u>December 31, 2017</u>						
Trade receivables	6	(i)	Lifetime ECL	63,185	(4,526)	58,659
Other receivables and deposit	7	Performing	12 month	2,091	–	2,091
Due from immediate holding company (non-trade)	35	Performing	12 month	2,087	–	2,087
Due from immediate holding company (trade)	6	(i)	Lifetime ECL	5,414	(70)	5,344
Due from related companies (trade)	6	(i)	Lifetime ECL	3,660	(2)	3,658
Due from joint venture (non-trade)		Performing	12 month	292	–	292
				<u>76,729</u>	<u>(4,598)</u>	<u>72,131</u>
<u>January 1, 2017</u>						
Trade receivables	6	(i)	Lifetime ECL	48,038	(3,662)	44,376
Other receivables and deposit	7	Performing	12 month	1,007	–	1,007
Due from immediate holding company (non-trade)	35	Performing	12 month	2,087	–	2,087
Due from immediate holding company (trade)	6	(i)	Lifetime ECL	2,401	(31)	2,370
Due from related companies (trade)	6	(i)	Lifetime ECL	2,819	(1)	2,818
				<u>56,352</u>	<u>(3,694)</u>	<u>52,658</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iii) Overview of the Group's exposure to credit risk (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
Company						
<u>December 31, 2018</u>						
Trade receivables	6	(i)	Lifetime ECL	65,388	(4,600)	60,788
Other receivables and deposit Due from immediate holding company (trade)	7	Performing	12 month	341	-	341
Due from subsidiaries (trade)	6	(i)	Lifetime ECL	6,423	(82)	6,341
Due from subsidiaries (non-trade)	6	(i)	Lifetime ECL	2,401	(103)	2,298
Due from related companies (trade)	8	Performing	12 month	6,125	(1,113)	5,012
	6	(i)	Lifetime ECL	5,390	(267)	5,123
				86,068	(6,165)	79,903
<u>December 31, 2017</u>						
Trade receivables	6	(i)	Lifetime ECL	56,071	(4,435)	51,636
Other receivables and deposit Due from immediate holding company (trade)	7	Performing	12 month	114	-	114
Due from subsidiaries (trade)	6	(i)	Lifetime ECL	5,414	(70)	5,344
Due from subsidiaries (non-trade)	6	(i)	Lifetime ECL	4,455	-	4,455
Due from related companies (trade)	8	Performing	12 month	4,718	-	4,718
	6	(i)	Lifetime ECL	257	(2)	255
				71,029	(4,507)	66,522

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iii) Overview of the Group's exposure to credit risk (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
Company						
<u>January 1, 2017</u>						
Trade receivables	6	(i)	Lifetime ECL	41,231	(3,579)	37,652
Other receivables and deposit	7	Performing	12 month	78	–	78
Due from immediate holding company	6	(i)	Lifetime ECL	2,364	(31)	2,333
Due from subsidiaries (trade)	6	(i)	Lifetime ECL	3,108	–	3,108
Due from subsidiaries (non-trade)	8	Performing	12 month	3,052	–	3,052
Due from related companies (trade)	6	(i)	Lifetime ECL	115	(1)	114
				49,948	(3,611)	46,337

(i) For trade receivables, the Group and Company has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group and Company determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 6 includes further details on the loss allowance for these receivables.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iv) Credit risk management

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company may request bankers' guarantee from its customers if it is necessary. In addition, debtor balances are monitored on an ongoing basis.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the customer profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the end of the reporting period is as follows:

	December 31, 2018		Group December 31, 2017		January 1, 2017	
	US\$'000	% of total	US\$'000 (Restated)	% of total	US\$'000 (Restated)	% of total
By customers:						
Main line operators	45,431	64.0	36,747	62.6	27,057	61.0
Agents	3,898	5.5	2,930	5.0	2,913	6.6
Others	21,601	30.5	18,982	32.4	14,406	32.4
	70,930	100.0	58,659	100.0	44,376	100.0

	December 31, 2018		Company December 31, 2017		January 1, 2017	
	US\$'000	% of total	US\$'000 (Restated)	% of total	US\$'000 (Restated)	% of total
By customers:						
Main line operators	40,702	67.0	32,025	62.0	24,545	65.2
Agents	4,856	8.0	3,873	7.5	3,191	8.5
Others	15,230	25.0	15,738	30.5	9,916	26.3
	60,788	100.0	51,636	100.0	37,652	100.0

At the end of the reporting period, approximately 40.7% (December 31, 2017 : 37.4%, January 1, 2017 : 33.4%) of the Group's and Company's trade receivables were due from 5 (December 31, 2017 : 5 , January 1, 2017 : 5) major customers who are main line operators located in Singapore.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(v) Bunker price risk management

The Group's earnings are affected by changes in bunker prices. The Group manages this risk by monitoring the bunker prices and entering into forward contracts to hedge against fluctuations in bunker price if considered appropriate.

As at December 31, 2018, December 31, 2017 and January 1, 2017, the Group has no outstanding bunker price hedging contracts.

(vi) Liquidity risk management

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuation of cash flows.

Liquidity and interest risk analyses

Non-derivative financial instruments

The following tables detail the remaining contractual maturity for non-derivative financial instruments. The tables have been drawn up based on the discounted cash flows of financial liabilities that include both interest and principal cash flows based on the earliest date on which the Group and Company can be required to pay and on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial assets and liabilities on the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(vi) Liquidity risk management (cont'd)

		Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
GROUP							
December 31, 2018							
Financial assets							
Non-interest bearing:							
Trade and other							
receivables and deposits			74,078	-	-	-	74,078
Due from related companies			17,219	-	-	-	17,219
Due from non-controlling interest of subsidiary			493	-	-	-	493
Variable interest rate instruments:							
Cash and bank balances	0.40-7.30		28,888	-	-	(86)	28,802
Total financial assets			120,678	-	-	(86)	120,592
Financial liabilities							
Non-interest bearing:							
Trade payables			25,653	-	-	-	25,653
Other payables and liabilities			23,118	-	-	-	23,118
Due to related companies			273	-	-	-	273
Fixed interest rate instruments:							
Finance leases	2.62		21	66	30	(17)	100
Due to non-controlling interest of subsidiaries	1.32		1,028	577	-	-	1,605
Variable interest rate instruments:							
Bank term loans	4.35		10,589	31,381	6,747	(5,674)	43,043
Total financial liabilities			60,682	32,024	6,777	(5,691)	93,792

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(vi) Liquidity risk management (cont'd)

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
GROUP						
December 31, 2017 (Restated)						
Financial assets						
Non-interest bearing:						
Trade and other receivables and deposits		60,750	-	-	-	60,750
Due from related companies		11,381	-	-	-	11,381
Variable interest rate instruments:						
Cash and bank balances	0.25-6.75	49,750	-	-	(115)	49,635
Total financial assets		121,881	-	-	(115)	121,766
Financial liabilities						
Non-interest bearing:						
Trade payables		23,862	-	-	-	23,862
Other payables and liabilities		23,051	-	-	-	23,051
Due to related companies		472	-	-	-	472
Fixed interest rate instruments:						
Finance leases	4.97	4	7	-	(1)	10
Due to non-controlling interest of subsidiaries	1.26	616	590	-	-	1,206
Variable interest rate instruments:						
Bank term loans	2.43	18,198	45,733	2,733	(3,519)	63,145
Total financial liabilities		66,203	46,330	2,733	(3,520)	111,746

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(vi) Liquidity risk management (cont'd)

		Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
GROUP							
January 1, 2017 (Restated)							
Financial assets							
Non-interest bearing:							
Trade and other receivables and deposits			45,383	-	-	-	45,383
Due from related companies			7,275	-	-	-	7,275
Variable interest rate instruments:							
Cash and bank balances	0.25-7.25		54,164	-	-	(68)	54,096
Total financial assets			106,822	-	-	(68)	106,754
Financial liabilities							
Non-interest bearing:							
Trade payables			20,987	-	-	-	20,987
Other payables and liabilities			18,154	-	-	-	18,154
Due to related companies			736	-	-	-	736
Fixed interest rate instruments:							
Finance leases	3.87-5.12		30	10	-	(4)	36
Variable interest rate instruments:							
Bank term loans	2.05		22,425	50,376	16,550	(4,679)	84,672
Total financial liabilities			62,332	50,386	16,550	(4,683)	124,585

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(vi) Liquidity risk management (cont'd)

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
COMPANY						
December 31, 2018						
Financial assets						
Non-interest bearing:						
Trade and other receivables and deposits		61,129	-	-	-	61,129
Due from related companies		17,898	-	-	-	17,898
Variable interest rate instruments:						
Due from subsidiary	1.00	-	876	-	-	876
Cash and bank balances	0.40-2.55	12,415	-	-	(23)	12,392
Total financial assets		91,442	876	-	(23)	92,295
Financial liabilities						
Non-interest bearing:						
Trade payables		21,747	-	-	-	21,747
Other payables and liabilities		13,337	-	-	-	13,337
Due to related companies		114	-	-	-	114
Variable interest rate instruments:						
Finance leases	2.48	16	65	29	(16)	94
Bank term loans	3.83	6,843	19,088	229	(2,045)	24,115
Total financial liabilities		42,057	19,153	258	(2,061)	59,407

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(vi) Liquidity risk management (cont'd)

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
COMPANY						
December 31, 2017 (Restated)						
Financial assets						
Non-interest bearing:						
Trade and other receivables and deposits		51,750	-	-	-	51,750
Due from related companies		11,630	-	-	-	11,630
Variable interest rate instruments:						
Due from subsidiary	1.66	2,246	896	-	-	3,142
Cash and bank balances	0.25-1.24	20,684	-	-	(31)	20,653
Total financial assets		86,310	896	-	(31)	87,175
Financial liabilities						
Non-interest bearing:						
Trade payables		21,506	-	-	-	21,506
Other payables and liabilities		13,475	-	-	-	13,475
Due to related companies		208	-	-	-	208
Variable interest rate instruments:						
Bank term loans	2.62	8,658	17,649	-	(1,331)	24,976
Total financial liabilities		43,847	17,649	-	(1,331)	60,165

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(vi) Liquidity risk management (cont'd)

	Effective interest rate % p.a.	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
COMPANY						
January 1, 2017 (Restated)						
Financial assets						
Non-interest bearing:						
Trade and other receivables and deposits		37,730	-	-	-	37,730
Due from related companies		6,990	-	-	-	6,990
Variable interest rate instruments:						
Due from subsidiary	1.49	1,617	-	-	-	1,617
Cash and bank balances	0.25-1.00	33,534	-	-	(25)	33,509
Total financial assets		79,871	-	-	(25)	79,846
Financial liabilities						
Non-interest bearing:						
Trade payables		15,121	-	-	-	15,121
Other payables and liabilities		11,207	-	-	-	11,207
Due to related companies		280	-	-	-	280
Fixed interest rate instruments:						
Finance leases	3.87	26	-	-	(3)	23
Variable interest rate instruments:						
Bank term loans	2.27	12,225	20,045	7,155	(2,299)	37,126
Total financial liabilities		38,859	20,045	7,155	(2,302)	63,757

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(vii) Fair value of financial assets and financial liabilities

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – Inputs for the asset and liability that are not based on observable market data (unobservable inputs)

Management considers that the carrying amount of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values, whose measurements are categorised as level 2 in the Group's and the Company's fair value hierarchy, except for financial assets mentioned below.

The following table presents the financial assets of the Group measured at fair value.

	Level 3 US\$'000
Group	
At December 31, 2018	
Financial assets at fair value through profit or loss	–
At December 31, 2017 (Restated)	
Financial assets at fair value through profit or loss	507
At January 1, 2017 (Restated)	
Financial assets at fair value through profit or loss	198

The following table presents the reconciliation of financial assets of the Group measured at fair value based on significant unobservable inputs (Level 3):

	2018 US\$'000	2017 US\$'000
At January 1	507	198
Addition	–	309
Write off	(507)	–
At December 31	–	507

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) *Financial risk management policies and objectives (cont'd)*

(vii) Fair value of financial assets and financial liabilities

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at (US\$'000)			Valuation techniques	Unobservable input
	December 31, 2018	December 31, 2017	January 1, 2017		

Financial assets at fair value through profit or loss

-	507	198	Note	Note
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Note:

The fair value is determined by management using a discounted cash flow model and takes into consideration the long term revenue growth rates and management's experience and knowledge of market conditions of the specific industry.

(c) *Capital management policies and objectives*

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The capital structure of the Group consists of borrowings and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2018, December 31, 2017 and January 1, 2017.

The Group is required to maintain certain financial ratios within a given range to comply with loan covenants imposed by its lenders. The Group monitors the financial covenants on bank borrowings to ensure there is no breach of covenants.

5 CASH AND BANK BALANCES

	Group			Company		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Call and fixed deposits	18,054	36,910	42,008	6,992	15,105	26,427
Cash at bank and on hand	10,748	12,725	12,088	5,400	5,548	7,082
	28,802	49,635	54,096	12,392	20,653	33,509

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

5 CASH AND BANK BALANCES (CONT'D)

Cash and cash equivalents in the consolidated statement of cash flows comprise:

	Group			Company		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Cash and bank balances (as above)	28,802	49,635	54,096	12,392	20,653	33,509
Less: Pledged deposits (Note A)	(8,053)	(11,742)	(12,131)	(1,042)	(940)	(1,502)
Cash and cash equivalents	20,749	37,893	41,965	11,350	19,713	32,007

Note A:

The Group's and Company's fixed deposits totaling US\$1,066,000 (December 31, 2017 : US\$1,030,000, January 1, 2017 : US\$ 1,570,000) and US\$961,000 (December 31, 2017 : US\$926,000, January 1, 2017 : US\$ 1,493,000) respectively have been pledged to certain banks to secure bankers' guarantee facilities of US\$3,909,000 (December 31, 2017 : US\$3,743,000, January 1, 2017 : US\$ 3,227,000) and US\$3,158,000 (December 31, 2017 : US\$2,997,000, January 1, 2017 : US\$ 2,548,000) given to suppliers of goods and services in the ordinary course of business.

Included in the cash and bank of the Group and Company are amounts of US\$6,987,000 (December 31, 2017 : US\$10,712,000, January 1, 2017 : US\$ 10,561,000) and US\$81,000 (December 31, 2017 : US\$14,000, January 1, 2017 : US\$ 9,000) respectively pledged to certain banks to secure loans and other banking facility of the Group amounting to US\$5,683,000 (December 31, 2017 : US\$35,106,000, January 1, 2017 : US\$ 41,607,000).

6 TRADE RECEIVABLES

	Group			Company		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000 (Restated)	January 1, 2017 US\$'000 (Restated)	December 31, 2018 US\$'000	December 31, 2017 US\$'000 (Restated)	January 1, 2017 US\$'000 (Restated)
Trade receivables-third parties	75,732	63,185	48,038	65,388	56,071	41,231
Due from immediate holding company	6,428	5,414	2,401	6,423	5,414	2,364
Due from subsidiaries	-	-	-	2,401	4,455	3,108
Due from related companies	9,665	3,660	2,819	5,390	257	115
Due from non-controlling interest of subsidiaries	493	-	-	-	-	-
Due from joint venture	33	-	-	-	-	-
	92,351	72,259	53,258	79,602	66,197	46,818
Less: Loss allowance	(5,796)	(4,598)	(3,694)	(5,052)	(4,507)	(3,611)
	86,555	67,661	49,564	74,550	61,690	43,207

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

6 TRADE RECEIVABLES (CONT'D)

The average credit period given to customers are 30 to 60 days (December 31, 2017 : 30 to 60 days, January 1, 2017 : 30 to 60 days). No interest is charged on the outstanding trade receivables.

Expected credit losses

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

The movement in allowance for expected credit losses of trade receivables and related party balances computed based on lifetime ECL are as follows:-

	Lifetime ECL-not credit impaired US\$'000	Lifetime ECL – credit-impaired US\$'000	Total US\$'000
Group			
Balance as at January 1, 2017	756	2,938	3,694
Amounts written off	-	(138)	(138)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	896	143	1,039
Foreign exchange gains or losses	-	3	3
Balance as at December 31, 2017	1,652	2,946	4,598
Amounts written off	-	(48)	(48)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	738	513	1,251
Foreign exchange gains or losses	-	(5)	(5)
Balance as at December 31, 2018	2,390	3,406	5,796

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

6 TRADE RECEIVABLES (CONT'D)

	Lifetime ECL-not credit impaired US\$'000	Lifetime ECL – credit-impaired US\$'000	Total US\$'000
Company			
Balance as at January 1, 2017	756	2,855	3,611
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	896	–	896
Balance as at December 31, 2017	1,652	2,855	4,507
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	93	452	545
Balance as at December 31, 2018	1,745	3,307	5,052

7 OTHER RECEIVABLES AND DEPOSITS

	Group			Company		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Other receivables	396	108	99	253	16	16
Deposits	1,277	1,357	745	59	49	49
Loans to employees	156	62	92	29	–	13
Insurance claims receivable	1,319	564	71	–	49	–
	3,148	2,091	1,007	341	114	78

The insurance claim receivable represents the best estimate of losses or damages incurred on various accidents which are recoverable from insurance companies.

For purpose of impairment assessment, other receivables and deposits are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

8 DUE FROM SUBSIDIARIES (NON-TRADE)

	December 31, 2018 US\$'000	Company December 31, 2017 US\$'000	January 1, 2017 US\$'000
Due from subsidiaries	6,125	4,718	3,052
Less: Loss allowance	(1,113)	-	-
	5,012	4,718	3,052
Less: Current portion	(4,136)	(3,822)	(3,052)
Non-current portion	876	896	-

The non-trade balances due from subsidiaries are unsecured and interest-free except for:

- An amount of US\$Nil (December 31, 2017 : US\$1,603,000, January 1, 2017 : US\$1,617,000) which was interest-bearing at 0.5% above London Interbank Offered Rate ("LIBOR") per annum (December 31, 2017 and January 1, 2017 : 0.5% above London Interbank Offered Rate ("LIBOR") per annum).
- An amount of US\$1,060,000 (December 31, 2017 : US\$643,000, January 1, 2017 : US\$Nil) which was interest-bearing at 1.5% per annum. The loss allowance has been provided during the year.
- An amount of US\$876,000 (December 31, 2017 : US\$896,000, January 1, 2017 : US\$Nil) which was interest-bearing at 1.0% per annum which is repayable 3 years from the loan.

For the purpose of impairment assessment, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL), as the timing of payment is controlled by the Company taking into account cash flow management within the Group and there has been no significant increase in risk of default on the balances since initial recognition.

In determining the ECL, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default as well as the loss upon default.

Movement in loss allowance

	Company 2018 US\$'000	2017 US\$'000
Balance at beginning of the year	-	-
Increase in loss allowance during the year	1,113	-
Balance at end of the year	1,113	-

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

9 INVENTORIES

	Group			Company		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Lubricant oil	539	572	643	250	189	198
Bunker	1,469	1,835	1,963	1,183	1,212	1,063
	2,008	2,407	2,606	1,433	1,401	1,261

10 ASSETS CLASSIFIED AS HELD FOR SALE

The vessels which are expected to be sold within twelve months have been classified as assets held for sale and presented separately in the statement of financial position. The revenue generated are included in the Group's Bulk and Tanker (December 31, 2017 : Group's Bulk and Tanker and Container Shipping, January 1, 2017: Group's Container Shipping) activities for segment reporting purposes (Note 38).

	Group		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Balance at beginning of the year	6,439	3,333	2,762
Reclassified from property, plant and equipment (Note 12)	-	15,893	2,365
Disposal during the year (Note A)	(6,439)	(12,787)	(1,381)
Impairment loss	-	-	(413)
Balance at end of the year	-	6,439	3,333

Note A:

During the year ended December 31, 2018, the Group had disposed of MV Sinar Emas owned by PT Samudera Shipping Services ("PT SSS") to a third party (2017: Sinar Jambi, Sinar Jogja, Sinar Padang, Sinar Panjang to third parties and Sinar Jimbaran to a joint venture company).

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

11 INVESTMENT PROPERTIES

	Group and Company	
	2018	2017
	US\$'000	US\$'000
<u>Cost</u>		
At January 1 and December 31	897	897
<u>Accumulated depreciation</u>		
Balance at January 1	266	240
Depreciation for the year	25	26
Balance at December 31	291	266
<u>Carrying amount</u>		
At December 31, 2018		606
At December 31, 2017		631
At January 1, 2017		657

The Group and the Company have adopted the cost model under SFRS(I) 1-40 for its investment properties.

The fair values of the Group's and the Company's investment properties at December 31, 2018, December 31, 2017 and January 1, 2017 have been determined on the basis of valuations carried out at the end of the respective reporting period by independent appraisers having an appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In valuing the investment properties, the appraisers have taken into consideration the prevailing market conditions and have made adjustments for differences where necessary before arriving at the most appropriate market value for the investment properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group and the Company classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at December 31, 2018, the fair value measurement of the Group's and the Company's investment properties, amounting to US\$1,540,000 (December 31, 2017 : US\$1,440,000, January 1, 2017 : US\$1,331,000) are classified within Level 3 of the fair value hierarchy. There were no transfers between different levels during the year.

The following information is relevant, in regards to the investment properties:

Valuation techniques	Significant unobservable inputs	Sensitivity
Market Comparable Approach	Recent transaction prices of the residential property in the vicinity, taking into account the length of tenure, floor area and condition of the units.	A decrease in the market conditions would result in a decrease in fair value and vice versa.

The property rental income from the Group's and the Company's investment properties, freehold residential properties located in Singapore, all of which are leased out under operating leases, amounted to US\$32,000 (2017 : US\$38,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to US\$13,000 (2017 : US\$13,000).

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

12 PROPERTY, PLANT AND EQUIPMENT

Group	Vessels US\$'000	Vessel improvements US\$'000	Deferred charges US\$'000
<u>Cost</u>			
At January 1, 2017 (restated)	207,302	2,280	15,129
Additions	-	-	3,614
Disposals	(904)	-	(717)
Written off	-	-	(537)
Reclass to assets held for sale (Note 10)	(42,486)	(435)	(3,621)
Write off of fully depreciated deferred charges component	-	-	(3,355)
Translation difference	-	-	-
At December 31, 2017 (restated)	163,912	1,845	10,513
Additions	-	-	2,743
Disposals	(3,513)	(77)	(1,197)
Written off	-	-	-
Write off of fully depreciated deferred charges component	-	-	(1,864)
Translation difference	-	-	-
At December 31, 2018	160,399	1,768	10,195
<u>Accumulated depreciation</u>			
At January 1, 2017 (restated)	74,208	2,178	9,188
Depreciation for the year (restated)	7,919	102	4,431
Disposals	(904)	-	(717)
Written off	-	-	(537)
Reclass to assets held for sale (Note 10)	(27,631)	(435)	(2,583)
Write off of fully depreciated deferred charges component	-	-	(3,355)
Translation difference	-	-	-
At December 31, 2017 (restated)	53,592	1,845	6,427
Depreciation for the year	6,968	-	3,852
Disposals	(3,225)	(77)	(697)
Written off	-	-	-
Write off of fully depreciated deferred charges component	-	-	(1,864)
Translation difference	-	-	-
At December 31, 2018	57,335	1,768	7,718
<u>Carrying amount</u>			
At December 31, 2018	103,064	-	2,477
At December 31, 2017 (restated)	110,320	-	4,086
At January 1, 2017 (restated)	133,094	102	5,941

Motor vehicles US\$'000	Equipment US\$'000	Furniture and fittings US\$'000	Renovation US\$'000	Freehold land US\$'000	Freehold properties US\$'000	Warehouse under construction US\$'000	Total US\$'000
791	6,547	955	763	29,169	7,159	-	270,095
1	213	18	-	-	-	1,902	5,748
(12)	(8)	(1)	-	-	-	-	(1,642)
-	-	-	-	-	-	-	(537)
-	-	-	-	-	-	-	(46,542)
-	-	-	-	-	-	-	(3,355)
12	86	15	10	-	151	-	274
792	6,838	987	773	29,169	7,310	1,902	224,041
164	200	25	3	-	930	108	4,173
(240)	(2)	-	-	-	-	-	(5,029)
-	(46)	-	-	-	-	-	(46)
-	-	-	-	-	-	-	(1,864)
(12)	(39)	(18)	(1)	-	(118)	27	(161)
704	6,951	994	775	29,169	8,122	2,037	221,114
676	6,306	667	743	-	482	-	94,448
37	128	107	7	-	212	-	12,943
(12)	(8)	(1)	-	-	-	-	(1,642)
-	-	-	-	-	-	-	(537)
-	-	-	-	-	-	-	(30,649)
-	-	-	-	-	-	-	(3,355)
6	79	11	8	-	11	-	115
707	6,505	784	758	-	705	-	71,323
27	188	110	6	-	221	-	11,372
(240)	(2)	-	-	-	-	-	(4,241)
-	(46)	-	-	-	-	-	(46)
-	-	-	-	-	-	-	(1,864)
(6)	(31)	(12)	1	-	(13)	-	(61)
488	6,614	882	765	-	913	-	76,483
216	337	112	10	29,169	7,209	2,037	144,631
85	333	203	15	29,169	6,605	1,902	152,718
115	241	288	20	29,169	6,677	-	175,647

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Vessels US\$'000	Vessel improvements US\$'000
<u>Cost</u>		
At January 1, 2017 (restated)	85,054	1,284
Additions	-	-
Write off of fully depreciated deferred charges component	-	-
At December 31, 2017 (restated)	85,054	1,284
Additions	-	-
Disposals	-	-
Written off	-	-
Write off of fully depreciated deferred charges component	-	-
At December 31, 2018	85,054	1,284
<u>Accumulated depreciation</u>		
At January 1, 2017 (restated)	22,209	1,183
Depreciation for the year (restated)	3,883	101
Write off of fully depreciated deferred charges component	-	-
At December 31, 2017 (restated)	26,092	1,284
Depreciation for the year	3,884	-
Disposals	-	-
Written off	-	-
Write off of fully depreciated deferred charges component	-	-
At December 31, 2018	29,976	1,284
<u>Carrying amount</u>		
At December 31, 2018	55,078	-
At December 31, 2017 (restated)	58,962	-
At January 1, 2017 (restated)	62,845	101

Deferred charges US\$'000	Motor vehicles US\$'000	Equipment US\$'000	Furniture and fittings US\$'000	Renovation US\$'000	Freehold land US\$'000	Freehold properties US\$'000	Total US\$'000
4,119	365	4,926	190	667	28,431	4,525	129,561
1,899	-	157	-	-	-	-	2,056
(2,255)	-	-	-	-	-	-	(2,255)
3,763	365	5,083	190	667	28,431	4,525	129,362
2,110	164	137	1	-	-	-	2,412
-	(153)	-	-	-	-	-	(153)
-	-	(46)	-	-	-	-	(46)
(1,864)	-	-	-	-	-	-	(1,864)
4,009	376	5,174	191	667	28,431	4,525	129,711
3,007	365	4,818	183	667	-	240	32,672
1,292	-	73	2	-	-	130	5,481
(2,255)	-	-	-	-	-	-	(2,255)
2,044	365	4,891	185	667	-	370	35,898
1,664	8	123	2	-	-	130	5,811
-	(153)	-	-	-	-	-	(153)
-	-	(46)	-	-	-	-	(46)
(1,864)	-	-	-	-	-	-	(1,864)
1,844	220	4,968	187	667	-	500	39,646
2,165	156	206	4	-	28,431	4,025	90,065
1,719	-	192	5	-	28,431	4,155	93,464
1,112	-	108	7	-	28,431	4,285	96,889

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) During the year, the Group carried out a review of the recoverable amount of its vessels, in consideration that there remain indicators that the vessels may be impaired despite the improving shipping industry. No impairment loss has been recognised in respect of this review.

Value-in-use

The recoverable amount of certain regional container vessels and chemical tankers were determined based on value-in-use calculations. Cash flow projections used in these calculations are based on financial budgeted approved by management based on the remaining useful life of the vessels.

Management determined the budgeted cash flows based on past performance and their expectations of market development. Cash inflows are based on existing charter contracts and management's estimate of the average charter rates over the recent observable shipping industry cycle. A period of more than 5 years for cash flow projections is prepared as management is able to reasonably estimate the cash flows over the periods using observable market trends. A Weighted Average Cost of Capital ("WACC") of 7.25% (December 31, 2017 and January 1, 2017 : 6.70%) was used to discount the cash flows. The cost of the equity component of the WACC was derived using the capital asset pricing model.

Fair value less costs of disposal

The recoverable amounts of certain regional container vessels, dry bulk carriers and Indonesian flag container vessels were determined based on fair value less costs of disposal, which were determined based on the market comparable approach that reflects recent transaction prices for similar vessels, with similar age and specifications. In valuing the vessels, the appraisers have taken into consideration the prevailing market conditions and have made adjustments for differences where necessary before arriving at the most appropriate market value for the vessels.

The fair value measurement of the vessels as at December 31, 2018, December 31, 2017 and January 1, 2017 were performed by independent valuer not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the vessel in the relevant sectors.

Detainment of vessel

In November 2018, one of the Group's dry-bulk carriers, Sinar Kapuas, was detained in the Port of San Lorenzo, Honduras for claims derived from the delayed delivery of the cargo.

The effort to release the vessel from arrest is underway. The claims amount has been compromised at US\$600,000 that was also the sum that the local court set as bail.

The financial impact to the Group's performance includes loss of charter income and other operational costs of the vessel incurred during the detainment, the amount of which can only be ascertained after the vessel is released. All insurance policies remain valid. The policy underwriters and appointed lawyers continue to support the Group to seek release of the vessel and minimise the financial exposure arising from the claims and the Group is confident of the release. Given the above, the Group does not anticipate any vessel impairment at the date of this financial report.

- (b) The carrying amount of motor vehicles of the Group under finance leases amounted to US\$161,000 (December 31, 2017 : US\$10,000, January 1, 2017 : US\$ 18,000) respectively.
- (c) The Group's and the Company's vessels, freehold land and freehold properties with carrying amount of US\$129,594,000 and US\$83,409,000 (December 31, 2017 : US\$136,688,000 and US\$86,028,000, January 1, 2017 : US\$ 163,969,000 and US\$ 89,177,000) respectively have also been placed under legal mortgage to secure the Company's and subsidiaries' bank term loans (Note 16).

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (d) The following shows the carrying amount of the vessels of the Group being chartered out on time charter basis to third parties under operating leases:

	December 31, 2018 US\$'000	Group December 31, 2017 US\$'000 (Restated)	January 1, 2017 US\$'000 (Restated)
Cost	80,665	80,665	127,863
Accumulated depreciation	(32,367)	(27,529)	(53,772)
Carrying amount	48,298	53,136	74,091

The depreciation charge for vessels chartered out on time charter basis under operating leases in the year is US\$4,838,000 (2017 : US\$6,818,000).

The charter hire income for the year amounted to US\$14,353,000(2017 : US\$19,764,000).

- (e) During the financial year, the Group acquired property, plant and equipment with aggregate cost of US\$4,173,000 (2017 : US\$5,748,000) of which US\$97,000 was acquired by means of finance lease. Cash payment of US\$4,076,000 (2017 : US\$5,748,000) was made to purchase property, plant and equipment of the Group.

13 INTANGIBLE ASSETS

Group and Company

	Computer software US\$'000
Cost:	
At January 1, 2017	-
Additions	36
At December 31, 2017	36
Additions	97
At December 31, 2018	133
Amortisation:	
At January 1, 2017	-
Amortisation for the year	3
At December 31, 2017	3
Amortisation for the year	37
At December 31, 2018	40
Carrying amount:	
At December 31, 2018	93
At December 31, 2017	33
At January 1, 2017	-

The intangible assets included above have finite useful lives, over which the assets are amortised. The amortisation period for computer software incurred is three years.

The amortisation expense has been included in the line item "marketing and administrative expenses" in profit or loss.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

14 SUBSIDIARIES

	December 31, 2018 US\$'000	Company December 31, 2017 US\$'000	January 1, 2017 US\$'000
Unquoted equity shares at cost	73,243	72,835	73,240
Addition during the year	3	408	-
Liquidation of subsidiary	-	-	(405)
Less: Allowance for impairment loss	(42)	-	(345)
	73,204	73,243	72,490

Movement in allowance for impairment loss:

	Company 2018 US\$'000	2017 US\$'000
Balance at beginning of the year	-	(345)
Impairment loss during the year	(42)	-
Write-back of impairment loss	-	345
Balance at end of the year	(42)	-

At end of reporting period, the Company carried out a review of the recoverable amount of its investments in subsidiaries and impairment loss amounting to US\$42,000 was recognised in profit or loss in respect of the investment in subsidiaries to reduce the carry value of the investment to its recoverable amount. During the year ended December 31, 2017, a reversal of impairment loss of US\$345,000 was recognised in profit or loss, which took into account the operating and financial performance of the subsidiaries.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

14 SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest			Cost of investment held by the Company		
			December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Foremost Maritime Pte Ltd ("Foremost") ⁽¹⁾	Owning and chartering of vessels	Singapore	100	100	100	72,021	72,021	72,021
SILkargo Logistics (Singapore) Pte Ltd ("SILkargo") ⁽¹⁾	Sea freight forwarding, shipping agency and container freight station services	Singapore	100	100	100	712	712	345
Samudera Logistics DWC LLC ("SL DWC")	Sea freight forwarding and shipping agency	United Arab Emirates	40	40	40	109	109	109
Prime Maritime DWC LLC ("PM DWC") ⁽³⁾	Owning and Operating of ocean-going vessel	United Arab Emirates	51	51	–	42	42	–
Samudera Property Limited ("SPL")	Owning of office property	United Arab Emirates	100	–	–	3	–	–

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

14 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Country of incorporation	Proportion of ownership interest			Cost of investment held by the Company		
			December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Samudera Intermodal Sdn Bhd ("SISB")	Shipping agency	Malaysia	65	65	65	217	217	217
Samudera Shipping Line (India) Pvt Ltd	Shipping agency	India	100	100	100	28	28	28
Samudera Traffic Co. Ltd ("STC") ⁽³⁾	Shipping agency	Thailand	49	49	49	114	114	114
<u>Held by subsidiaries</u>								
PT. Samudera Shipping Services ("PT SSS") ⁽²⁾	Owning and chartering of vessels	Indonesia	95	95	95	-	-	-
Samudera Logistics DWC LLC ("SL DWC")	Sea freight forwarding and shipping agency	United Arab Emirates	60	60	60	-	-	-
Shal Hawk Silkargo ⁽³⁾ Sdn Bhd ("SHS")	Warehousing activity	Malaysia	51	51	-	-	-	-
Samudera Cargo Services LLC ("SCS") ⁽³⁾	Sea freight forwarding, shipping agency and custom broker	United Arab Emirates	49	49	49	-	-	-
						<u>73,246</u>	<u>73,243</u>	<u>72,834</u>

⁽¹⁾ Audited by Deloitte & Touche LLP, Singapore

⁽²⁾ Audited by overseas practice of Deloitte Touche Tohmatsu Limited

⁽³⁾ STC, SCS, PM DWC and SHS are accounted for as subsidiaries and the results are consolidated in the Group's financial statements as the Group has effective control over these subsidiaries. For details, refer to Notes 3(a)(iv) to 3(a)(vii).

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

14 SUBSIDIARIES (CONT'D)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries		
		December 31, 2018	December 31, 2017	January 1, 2017
Owning and chartering of vessels	Singapore	1	1	1
Sea freight forwarding, shipping agency and container freight station services	Singapore	1	1	1
Sea freight forwarding and shipping agency	United Arab Emirates	1	1	1
Owning of office property	United Arab Emirates	1	-	-
Shipping agency	India	1	1	1
		5	4	4

Principal activity	Place of incorporation and operation	Number of non-wholly-owned subsidiaries		
		December 31, 2018	December 31, 2017	January 1, 2017
Sea freight forwarding, shipping agency and custom broker	United Arab Emirates	1	1	1
Owning and operating of ocean-going vessel	United Arab Emirates	1	1	-
Shipping agency	Malaysia	1	1	1
Shipping agency	Thailand	1	1	1
Warehousing activity	Malaysia	1	1	-
Owning and chartering of vessels	Indonesia	1	1	1
		6	6	4

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

14 SUBSIDIARIES (CONT'D)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests			Profit (Loss) allocated to non-controlling interest			Accumulated non-controlling interests		
		Dec 31, 2018	Dec 31, 2017	Jan 1, 2017	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017	Dec 31, 2018	Dec 31, 2017	Jan 1, 2017
		%	%	%	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
PT. Samudera Shipping Services	Indonesia	5	5	5	82	178	(59)	4,491	4,406	4,211
Individually immaterial subsidiaries with non-controlling interests					(612)	(318)	183	(212)	347	513
Total					(530)	(140)	124	4,279	4,753	4,724

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Name of subsidiary	PT Samudera Shipping Services		
	December 31, 2018	December 31, 2017	January 1, 2017
	US\$'000	US\$'000	US\$'000
Current assets	67,048	63,609	46,653
Non-current assets	29,206	33,395	53,517
Current liabilities	(6,410)	(8,446)	(13,065)
Non-current liabilities	(26)	(441)	(2,708)
Net assets	89,818	88,117	84,397
Equity attributable to owners of the subsidiary	85,327	83,711	80,186
Non-controlling interests	4,491	4,406	4,211
Total equity	89,818	88,117	84,397

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

14 SUBSIDIARIES (CONT'D)

Name of subsidiary	PT Samudera Shipping Services	
	2018 US\$'000	2017 US\$'000
Total revenue	18,660	25,498
Total expenses	(17,010)	(21,939)
Profit for the year	1,650	3,559
Attributable to:		
Owners of the subsidiary	1,568	3,381
Non-controlling interests	82	178
Other comprehensive income for the year	50	161
Attributable to:		
Owners of the subsidiary	48	153
Non-controlling interests	2	8
Total comprehensive profit for the year	1,700	3,720
Attributable to:		
Owners of the subsidiary	1,615	3,534
Non-controlling interests	85	186
Net cash inflow from operating activities	1,630	6,354
Net cash inflow from investing activities	1,570	3,470
Net cash outflow from financing activities	(2,195)	(2,861)
Net cash inflow	1,005	6,963

15 ASSOCIATE AND JOINT VENTURE

Associate	Group			Company		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000 (Restated)	January 1, 2017 US\$'000 (Restated)	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Unquoted equity shares, at cost	11,358	11,358	11,358	12,117	12,117	12,117
Dividends received	-	(1,488)	(1,341)	-	-	-
Share of post-acquisition profits	1,866	1,988	2,062	-	-	-
Share of hedging reserve	(1,206)	(2,281)	(3,458)	-	-	-
Less: Allowance for impairment loss	-	-	-	(2,018)	(2,018)	(2,018)
	12,018	9,577	8,621	10,099	10,099	10,099

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

15 ASSOCIATE AND JOINT VENTURE (CONT'D)

Joint venture	Group		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Unquoted equity shares, at cost	198	198	198
Share of post-acquisition losses	(1,190)	(574)	(9)
Excess of losses applied to amount due from joint venture	939	373	-
Translation difference	53	3	-
	-	-	189

Details of the associate and joint venture are as follows:

Name	Principal activities	Country of incorporation	Proportion of ownership interest		
			December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
<u>Associate</u>					
LNG East-West Shipping Company (Singapore) Pte. Limited ⁽¹⁾	Owning, managing and chartering of vessels and ship brokering	Singapore	25	25	25
<u>Joint Venture</u>					
Samudera Bharat Feeder Pvt Ltd	Owning and operating of vessel	India	49	49	49

(1) Audited by Ernst & Young LLP, Singapore

Summarised financial information in respect of the Group's material associate, not adjusted for the proportion of interest held by the Group is set out below:

Associate	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Current assets	22,351	21,185	21,266
Non-current assets ⁽¹⁾	134,866	135,437	140,830
Total assets	157,217	156,622	162,096
Current liabilities	7,976	9,021	9,583
Non-current liabilities	112,154	120,277	129,012
Total liabilities	120,130	129,298	138,595
Net assets	37,087	27,324	23,501

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

15 ASSOCIATE AND JOINT VENTURE (CONT'D)

Associate	2018 US\$'000	2017 US\$'000
Revenue	22,507	22,510
Profit for the year	5,462	5,068
Other comprehensive income for the year	4,301	4,706
Total comprehensive income for the year	9,763	9,774

Reconciliation of the above financial information to the carrying amount of the interest in the Group's associate recognised in the consolidated financial statements:

	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Net assets	37,087	27,324	23,501
Proportion of the Group's ownership interest	25%	25%	25%
Share of net assets	9,272	6,831	5,875
Goodwill (included in cost of investment of associate)	2,724	2,724	2,724
Other costs (included in cost of investment of associate)	22	22	22
Carrying amount of the Group's interest in associate	12,018	9,577	8,621

Aggregate information of joint venture that are not individually material:

Joint venture	2018 US\$'000	2017 US\$'000
The Group's share of the loss for the year	(616)	(565)
The Group's share of other comprehensive income	-	-
The Group's share of total comprehensive income	(616)	(565)
Aggregate carrying amount of the Group's interests	-	-

- (1) Non-current assets comprise mainly of an Liquefied Natural Gas ("LNG") vessel for which the useful life has been determined to be 35 years (2017 : 35 years).

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

16 BANK TERM LOANS

	Group			Company		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
<u>Current – secured at amortised cost</u>						
Amounts due not later than one year	8,861	16,871	20,910	6,023	8,106	11,488
<u>Non-current – secured at amortised cost</u>						
Amounts due:						
Later than one year but						
Not later than five years	27,804	43,585	47,807	17,868	16,870	18,970
Later than five years	6,378	2,689	15,955	224	–	6,668
	34,182	46,274	63,762	18,092	16,870	25,638
Total	43,043	63,145	84,672	24,115	24,976	37,126

The details of bank term loans are as follows:

a) The Company

	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
(i) SGD21,590,000 repayable in 119 monthly instalments commencing September 2006 with a certain remaining amount to be paid at the end of the term with an option to extend for a further 10 years. Interest is payable at 0.95% above Swap Offer Rate per annum. The loan was extended for 5 years in July 2017.	5,950	6,882	7,131
(ii) SGD2,053,000 repayable in 120 monthly instalments commencing October 2007. Interest is payable at 0.95% above Swap Offer Rate per annum.	–	–	106
(iii) SGD10,000,000 repayable in 59 equal monthly instalments commencing April 2012 with a certain remaining amount to be paid at the end of the term. Interest is payable at 1.80% above Swap Offer Rate per annum. The loan was extended till March 2022 in June 2018 with interest payable at 1.5% above Swap Offer Rate per annum.	4,363	5,009	5,121

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

16 BANK TERM LOANS (CONT'D)

a) The Company (cont'd)

	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
(iv) USD23,120,000 repayable in 40 quarterly instalments commencing May 2008 with a certain remaining amount to be paid at the end of the term. Interest is payable at 1.22% above LIBOR per annum. The remaining amount of USD3,535,000 due in May 2018 has been extended for 3 years and repayable in 13 quarterly instalments commencing May 2018, with interest payable at 2.0% above LIBOR per annum. The loan was fully paid during the year.	-	4,014	6,734
(v) USD33,600,000 repayable in 48 quarterly instalments commencing June 2008. Interest is payable at 1.35% above LIBOR per annum.	1,725	4,521	7,313
(vi) USD28,400,000 repayable in 48 quarterly instalments commencing October 2008. Interest is payable at 1.35% above LIBOR per annum.	1,936	4,297	6,656
(vii) USD9,703,000 repayable in 83 equal monthly instalments commencing April 2011 and a final instalment for the remaining amount at the end of the term. Interest is payable at 2.20% above LIBOR per annum.	-	253	1,650
(viii) USD12,160,000 repayable in 27 equal quarterly instalments commencing September 2011 and a final instalment for the remaining amount at the end of the term. Interest is payable at 1.90% above LIBOR per annum.	-	-	2,415
(ix) USD2,000,000 repayable in 16 equal quarterly instalments commencing September 2018. Interest is payable at 2.20% above LIBOR per annum.	1,734	-	-
(x) USD5,683,000 payable in September 2021. Interest is payable at 1.20% above LIBOR per annum	5,683	-	-
(xi) USD3,000,000 repayable in 24 quarterly instalments commencing September 2018. Interest is payable at 2.20% above LIBOR per annum.	2,724	-	-
	24,115	24,976	37,126

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

16 BANK TERM LOANS (CONT'D)

b) Subsidiaries

	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
(i) USD7,136,000 repayable in 83 equal monthly instalments commencing in March 2012 with the remaining amount to be paid at the end of the term. Interest is payable at 2.30% above LIBOR.	169	1,189	2,209
(ii) USD8,225,000 repayable in 83 equal monthly instalments commencing in March 2012 with the remaining amount to be paid at the end of the term. Interest is payable at 2.30% above LIBOR.	196	1,371	2,546
(iii) USD78,012,000 repayable in 48 equal quarterly instalments commencing July 2011. Interest is payable at 0.55% above LIBOR per annum. The loan was fully paid during the year.	-	35,106	41,607
(iv) IDR41,884,125,000 repayable in 24 consecutive quarterly instalments commencing January 2012. Interest is payable at 10.00% per annum.	-	-	311
(v) IDR23,854,163,000 repayable in 23 consecutive quarterly instalments commencing January 2012. Interest is payable at 10.00% per annum.	-	-	355
(vi) Thai Baht ("THB") 20,000,000 repayable in 96 monthly instalments commencing May 2017. Interest is payable at Minimum Loan Rate ("MLR") less 1% per annum.	437	503	518
(vii) USD19,500,000 repayable in 27 quarterly instalments commencing September 2018 with a certain remaining amount to be paid at the end of the term. Interest is payable at 2.20% above LIBOR per annum.	18,126	-	-
	18,928	38,169	47,546
Total	43,043	63,145	84,672

The bank term loans are secured as follows:

1. Bank term loans (a)(i) to (a)(iii) and (b)(vi)

- legal mortgage over freehold land and freehold properties of the Company and a subsidiary (Notes 12);
- assignment of insurance; and
- assignment of income or proceeds of sale if any.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

16 BANK TERM LOANS (CONT'D)

2. Bank term loans (a)(iv) and (a)(viii)
 - corporate guarantee⁽¹⁾ from a subsidiary;
 - legal mortgages over certain vessels of the Group (Note 12);
 - assignment of income from charter hire contracts; and
 - assignment of insurance of the vessels
3. Bank term loans (a)(v) and (a)(vi)
 - legal mortgages over certain vessels of the Company (Note 12);
 - assignment of income from charter hire contracts; and
 - assignment of insurance of the vessels.
4. Bank term loan (a)(vii), (a)(ix), (a)(xi) and (b)(vii)
 - legal mortgage over certain vessels of the Group (Note 12);
 - assignment of income from charter hire contracts; and
 - assignment of insurance of the vessels.
5. Bank term loan (a)(x)
 - Pledges over certain bank accounts of a subsidiary (Note 5)
6. Bank term loans (b)(i) to (b)(ii)
 - corporate guarantee⁽¹⁾ from the Company;
 - legal mortgages over certain vessels of the subsidiary (Note 12);
 - assignment of income from charter hire contracts; and
 - assignment of insurance of the vessels.
7. Bank term loan (b)(iii)
 - corporate guarantee⁽¹⁾ from the Company and a subsidiary;
 - legal mortgages over certain vessels of the Company and a subsidiary (Note 12);
 - pledges over certain bank accounts of a subsidiary (Note 5);
 - assignment of income from charter hire contracts; and
 - assignment of insurance of the vessels.
8. Bank term loans (b)(iv) and (b)(v)
 - legal mortgages over certain vessels of a subsidiary (Note 12); and
 - assignment of insurance of the vessels.

⁽¹⁾ The fair value of the corporate guarantee is assessed by management to be insignificant.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

16 BANK TERM LOANS (CONT'D)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

The cash flows represent the repayment of bank term loans and finance leases in the statement of cash flows.

	January 1, 2018 US\$'000	Financing cash flows US\$'000	New Finance Lease US\$'000	Foreign exchange movement US\$'000	December 31, 2018 US\$'000
Group					
Bank term loans (Note 16)	63,145	(19,866)	–	(236)	43,043
Finance leases (Note 19)	10	(6)	97	(1)	100
Loans from NCI of subsidiaries (Note 21)	1,206	412	–	(13)	1,605
Total	64,361	(19,460)	97	(250)	44,748

	January 1, 2017 US\$'000	Financing cash flows US\$'000	New Finance Lease US\$'000	Foreign exchange movement US\$'000	December 31, 2017 US\$'000
Group					
Bank term loans (Note 16)	84,672	(22,548)	–	1,021	63,145
Finance leases (Note 19)	36	(28)	–	2	10
Loans from NCI of subsidiaries (Note 21)	–	1,206	–	–	1,206
Total	84,708	(21,370)	–	1,023	64,361

17 TRADE PAYABLES

The average credit period granted by suppliers ranged from 30 to 60 days (December 31, 2017 : 30 to 60 days , January 1, 2017 : 30 to 60 days). No interest is charged on the outstanding balances.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

18 OTHER PAYABLES AND LIABILITIES

	Group			Company		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Accrued operating expenses	21,261	20,649	17,128	12,659	12,852	11,095
Other payables	1,857	2,402	1,026	678	623	112
Contract liabilities	1,394	2,308	1,301	1,328	2,261	1,279
	24,512	25,359	19,455	14,665	15,736	12,486

19 FINANCE LEASES

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Amounts payable under finance leases:						
Within one year	21	4	30	18	4	27
In the second to fifth years inclusive	96	7	10	82	6	9
	117	11	40	100	10	36
Less: Future finance charges	(17)	(1)	(4)	N/A	N/A	N/A
Present value of lease obligations	100	10	36	100	10	36
Less: Amount due for settlement within 12 months (shown under current liabilities)				(18)	(4)	(27)
Amount due for settlement after 12 months				82	6	9

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

19 FINANCE LEASES (CONT'D)

	Company					
	Minimum lease payments			Present value of minimum lease payments		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amounts payable under finance leases:						
Within one year	16	-	26	14	-	23
In the second to fifth years inclusive	94	N/A	N/A	80	N/A	N/A
	110	-	26	94	-	23
Less: Future finance charges	(16)	N/A	(3)	N/A	N/A	N/A
Present value of lease obligations	94	-	23	94	-	23
Less: Amount due for settlement within 12 months (shown under current liabilities)				(14)	-	(23)
Amount due for settlement after 12 months				80	-	-

It is the Group's and the Company's policy to lease certain of its property, plant and equipment under finance leases. The average lease term is 5 to 7 years. For the year ended December 31, 2018, the borrowing rate ranged from 2.5% to 5.0% (December 31, 2017 : 3.9% to 5.1% , January 1, 2017 : 3.9% to 5.1%) per annum. Interest rates are fixed at the contract date, and thus expose the Group and the Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's and the Company's obligations under finance leases are secured by the lessors' title to the leased assets.

20 RETIREMENT BENEFIT OBLIGATIONS

Defined contribution plans

Singapore (the Company and its subsidiaries)

The employees of the Company and its subsidiaries that are located in Singapore are members of a state-managed retirement benefit plan, the Central Provident Fund Board, operated by the Government of Singapore. The Company and its subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Defined benefit plan

Indonesia (PT SSS)

PT SSS provides a defined benefit pension plan, covering substantially all their permanent employees, which is funded through monthly contributions to a separately administered fund in Indonesia. The benefits under such pension plan have been adjusted to cover minimum benefit under Labor Law No.13/2003 of Indonesia. The additional benefits under the Law are unfunded. In addition, PT SSS also provides their employees with other unfunded long-term benefit in the form of vacation leave based on the number of years of service.

The pension plan is managed by Dana Pensiun Samudera Indonesia ("DPSI"), a related party. The deed of establishment of which was approved by the Minister of Finance of the Republic of Indonesia in his decision letter reference: KEP-042/KM.12/2006 dated July 28, 2006.

The plan in Indonesia typically exposes PT SSS to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and deposits. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's assets.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out by an independent actuary as at December 31, 2018, December 31, 2017 and January 1, 2017. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at		
	December 31, 2018	December 31, 2017	January 1, 2017
Mortality rate	IMT 3 ⁽¹⁾	IMT 3 ⁽¹⁾	IMT 3 ⁽¹⁾
Normal pension age	55 years	55 years	55 years
Salary incremental rate	7.0% per annum	7.0% per annum	7.0% per annum
Discount rate	8.3% per annum	6.5% per annum	8.0% per annum
Expected return on investment rate	10.0% per annum	10.0% per annum	10.0% per annum
Resignation rate	10.0% up to age 25 and reducing linearly to 0% at age 55	10.0% up to age 25 and reducing linearly to 0% at age 55	10.0% up to age 25 and reducing linearly to 0% at age 55

⁽¹⁾ The mortality rate was derived from observation of Indonesian life insurance policyholders (IMT III) released in 2011 and load 10% to allow for morbidity or disability.

Amounts recognised in the statement of profit or loss in respect of these defined benefit plans are as follows:

	Group	
	2018 US\$'000	2017 US\$'000
Current service cost	11	165
Interest cost	26	49
Interest income	(20)	(54)
Past service cost	(30)	-
Remeasurement on the net defined benefit liability	(13)	160

The charge for the year is included in the administrative expenses in profit or loss.

Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

	Group	
	2018 US\$'000	2017 US\$'000
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding interest income)	32	(7)
Actuarial gains arising from changes in financial assumptions	(46)	66
Actuarial losses arising from changes in experience adjustments	(36)	(220)
Components of defined benefit costs recognised in other comprehensive income	(50)	(161)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The amount recognised in the statement of financial position in respect of the Group's defined benefit retirement benefit plan is as follow:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	US\$'000	US\$'000	US\$'000
Present value of unfunded obligations	315	638	793
Fair value of plan assets	(289)	(562)	(644)
Net liability recognised	26	76	149

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2018	2017
	US\$'000	US\$'000
Opening defined benefit obligation	638	793
Retirement benefit obligations adjustment	(235)	17
Current service cost	16	165
Past service cost	(30)	-
Interest cost	26	49
Remeasurement (losses) gains:		
From changes in financial assumptions	(48)	66
From experience adjustments	(41)	(220)
Benefit paid	(18)	(225)
Exchange difference	7	(7)
Closing defined benefit obligation	315	638

Changes in the fair value of the plan assets are as follows:

	Group	
	2018	2017
	US\$'000	US\$'000
Opening fair value of plan assets	562	644
Assets adjustment	(221)	(82)
Interest income	20	54
Remeasurement loss:		
Return on plan assets (excluding interest income)	(32)	7
Contributions by plan participants	5	6
Benefit paid	(12)	(64)
Exchange difference	(33)	(3)
Closing fair value of plan assets	289	562

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

20 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The fair value of plan assets at the end of the reporting period is analysed as follows:

	December 31, 2018 US\$'000	Group December 31, 2017 US\$'000	January 1, 2017 US\$'000
Deposit	45	113	157
Equity instruments	51	118	113
Debt instruments	143	145	153
Other assets	50	186	221
Total	289	562	644

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

The Group had assessed that any reasonably possible change to the key assumptions applied is not likely to cause the retirement benefit obligations to increase or decrease significantly. Accordingly, no sensitivity analysis is performed.

PT SSS funds the cost of the entitlements expected to be earned on a yearly basis. Employees pay a fixed 4% of pensionable salary. The residual contribution (including back service payments) is paid by PT SSS. Apart from paying the costs of the entitlements, PT SSS is not liable to pay additional contributions in case the fund does not hold sufficient assets.

The average duration of the benefit obligation at December 31, 2018 is 8 years (December 31, 2017 : 8 years, January 1, 2017 : 8 years).

21 DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

These balances are unsecured and include the following terms:

- An amount of US\$1,028,000 (December 31, 2017 : US\$616,000, January 1, 2017 : US\$NIL) which is interest-bearing at 1.5% per annum and expected to be settled within 12 months from the end of the reporting period.
- An amount of US\$577,000 (December 31, 2017 : US\$590,000, January 1, 2017 : US\$NIL) which is interest-bearing at 1.0% per annum and expected to be settled within 3 years from the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

22 SHARE CAPITAL

	Group and Company 2018 and 2017	
	No. of shares	US\$'000
<i>Issued and paid up:</i>		
At the beginning and end of the year	539,131,199	68,761

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

23 TREASURY SHARES

	Group and Company 2018 and 2017	
	No. of shares	US\$'000
<i>Issued and paid up:</i>		
At the beginning and end of the year	(1,093,000)	(174)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

24 OTHER RESERVES

	December 31, 2018 US\$'000	Group December 31, 2017 US\$'000	January 1, 2017 US\$'000
Statutory reserve (a)	15	15	15
Hedging reserve (b)	(1,206)	(2,281)	(3,458)
Employee benefits obligation reserve (c)	782	732	571
	(409)	(1,534)	(2,872)
(a) <i>Statutory reserve</i>			

A subsidiary in Thailand is required to set aside a statutory reserve equal to the least 5% of its net profit each time the subsidiary pays out a dividend, until such reserve reaches 10% of the subsidiary's registered share capital. The statutory reserve cannot be used to offset any deficit and dividend payment.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

24 OTHER RESERVES (CONT'D)

(b) *Hedging reserve*

The hedging reserve represent the Group's interest portion of the fairvalue changes on derivative financial instruments held by the associate which is designated as hedging instruments in cash flow hedges that is determined to be an effective hedge by the associate.

	Group			Company		
	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000	December 31, 2018 US\$'000	December 31, 2017 US\$'000	January 1, 2017 US\$'000
Balance at beginning of the year	(2,281)	(3,458)	(4,579)	-	-	-
Share of net change in associate's hedging reserve	1,075	1,177	1,121	-	-	-
Balance at end of the year	(1,206)	(2,281)	(3,458)	-	-	-

(c) *Employee benefits obligation reserve*

The employee benefits obligation reserve represents the effects of the remeasurement of defined benefit obligation (Note 20).

25 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

26 REVENUE

The Group derives its revenue from shipping activities. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 38).

A disaggregation of the Group's revenue for the year, is as follows:

	Group	
	2018 US\$'000	2017 US\$'000 (Restated)
Freight operations	369,055	334,840
Charter hire (time and voyage charter)	16,931	20,464
Pool revenue	3,508	2,213
Ship management and operation services	6,436	5,778
Sea freight forwarding services	6,860	3,732
Other services	19,550	17,579
	422,340	384,606

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

26 REVENUE (CONT'D)

	Group	
	2018	2017
	US\$'000	US\$'000 (Restated)
Timing of revenue recognition		
Over time		
Freight operations	369,055	334,840
Charter hire (time and voyage charter)	16,931	20,464
Pool revenue	3,508	2,213
Ship management and operation services	6,436	5,778
Other services	19,550	17,579
	<u>415,480</u>	<u>380,874</u>
Point in time		
Sea freight forwarding services	6,860	3,732
	<u>422,340</u>	<u>384,606</u>

27 OTHER OPERATING INCOME

	Group	
	2018	2017
	US\$'000	US\$'000
Gain on disposal of property, plant and equipment, net	140	79
Gain on disposal of assets held for sale (vessels)	544	965
Rental income	330	349
Net foreign exchange gains	447	219
Gain on disposal of investment at fair value through profit or loss – investment securities	27	32
Insurance and other claims	–	482
Refund of insurance premium	337	–
Others	218	220
	<u>2,043</u>	<u>2,346</u>

28 OTHER OPERATING EXPENSES

	Group	
	2018	2017
	US\$'000	US\$'000
Impairment of investment in preference shares and equity	523	–
Others	20	128
	<u>543</u>	<u>128</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

29 FINANCE INCOME

	Group	
	2018	2017
	US\$'000	US\$'000
Interest income from call deposits and bank balances	701	581

30 FINANCE COSTS

	Group	
	2018	2017
	US\$'000	US\$'000
Interest on bank term loans	1,800	1,674
Interest on obligation under finance leases	1	3
Interest on loan due to non-controlling interest of subsidiary	8	-
	1,809	1,677

31 INCOME TAX EXPENSE

Income tax recognised in profit or loss:

	Group	
	2018	2017
	US\$'000	US\$'000
Current income tax:		
Current year	535	705
Overprovision in respect of prior years	(40)	(410)
Deferred tax:		
Current year	(43)	19
	452	314

Domestic income tax is calculated at 17% (2017 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Company has been granted an extension of the status of the Approved International Shipping Enterprise ("AIS") with effect from September 15, 2014 for a period of 10 years. The AIS incentive exempts certain income derived by the Company from Singapore Income Tax, subject to compliance with the relevant conditions under the scheme and those income not qualifying for incentive will be taxable at the existing corporate income tax rate.

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31 INCOME TAX EXPENSE (CONT'D)

The income of Foremost Maritime Pte Ltd, a subsidiary, which arises from shipping activities, is exempted from income tax in accordance with section 13A of the Singapore Income Tax Act, Cap. 134.

Income arising from other activities do not enjoy the above-mentioned income tax incentives and exemption. The income of the other companies in the Group are subject to the relevant income tax laws and regulations in the respective countries in which they operate.

The tax charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2018	2017
	US\$'000	US\$'000
		(Restated)
Profit before tax	8,193	10,713
Income tax expense calculated at 17% (2017 : 17%)	1,393	1,821
Effect of income that is not taxable in determining taxable profit	(1,293)	(2,000)
Effect of different tax rates for foreign subsidiaries and associate	65	(331)
Effect of tax losses disallowed	327	835
Overprovision in respect of prior years	(40)	(410)
Others	-	399
	452	314

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US\$35.1 million (2017 : US\$32.5 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

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32 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2018 US\$'000	2017 US\$'000 (Restated)
Operating lease expenses (included in cost of sales)	60,810	48,565
Directors' fees	187	151
Audit fee:		
Auditors of the Company	162	158
Member firms of the auditors of the Company	40	41
Other auditors	39	34
Non-audit fee:		
Auditors of the Company	26	43
Other auditors	13	18
Depreciation of property, plant and equipment	11,372	12,943
Amortisation of intangible assets	37	3
Depreciation of investment property	25	26
Allowance for impairment loss on receivables	1,251	1,039
<u>Employee benefits:</u>		
Wages, salaries and benefits	10,738	10,427
Central Provident Fund and other pension costs	906	1,241
	<u>11,644</u>	<u>11,668</u>

33 EARNINGS PER SHARE

The earnings per share for respective years has been computed based on the profit attributable to owners of the Company of US\$8,271,000 (2017 : US\$10,539,000) and the weighted average number of shares in issue during the financial year is 538,038,199 (2017 : 538,038,199).

	Group	
	2018	2017 (Restated)
Basic and diluted earnings per share (cents)	1.54	1.96

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

34 DIVIDENDS

	Group and Company	
	2018	2017
	US\$'000	US\$'000
Declared and paid during the year:		
<i>Dividends on ordinary shares:</i>		
Final dividend paid: 0.75 Singapore cents per ordinary share (tax exempt) in respect of previous financial year (2017 : 0.50 Singapore cents per ordinary share (tax exempt) in respect of previous financial year)	3,034	1,922
Proposed and not recognised as a liability as at the end of the reporting period:		
<i>Dividends on ordinary shares subject to shareholders' approval at the Annual General Meeting:</i>		
Final one-tier tax exempt dividend for financial year ended December 31, 2018 of 0.75 Singapore cents per share, total dividend payable amounting to SGD4,035,000 (Final one-tier tax exempt dividend for financial year ended December 31, 2017 of 0.75 Singapore cents per share, total dividend payable amounting to SGD4,035,000)	2,945	3,011

35 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of PT Samudera Indonesia Tbk, incorporated in Indonesia, which is a public limited company listed on the Jakarta Stock Exchange. The ultimate holding company is PT Samudera Indonesia Tangguh, also incorporated in Indonesia. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and expected to be settled within 12 months from the end of the reporting period unless otherwise stated.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

35 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (CONT'D)

During the year, Group entities entered into the following transactions with related companies that are not members of the Group:

	Group	
	2018	2017
	US\$'000	US\$'000
Expenses		
<u>Immediate holding company:</u>		
Vessel charter hire	2,747	2,565
Agency commissions	1,489	2,362
Office rental	71	85
<u>Related companies:</u>		
Agency commissions	1,093	-
Ship management fees	715	939
Vessel charter hire	2,586	1,399
Container depot storage/repair	156	332
Slot space purchase	55	78
Stevedorage	5,874	4,855
System development and maintenance	420	344
Vessels docking	-	834
Income		
<u>Related companies:</u>		
Sale of vessels	861	102
Vessel charter hire	3,788	1,492

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

36 OTHER RELATED PARTY TRANSACTIONS

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

During the year, Group entities entered into the following transactions with related parties:

	Group	
	2018 US\$'000	2017 US\$'000
Expenses		
Fees paid to a director of the immediate holding company	147	143
Compensation of directors and key management personnel		
Short-term employee benefits	2,729	2,812
Pension contributions	459	103
Total	3,188	2,915
Comprise:		
Directors of the Company	1,425	1,475
Key management personnel	1,763	1,440
	3,188	2,915

37 OPERATING LEASE ARRANGEMENTS

(a) Non-cancellable operating lease commitments – Group as lessee

The Group has various operating lease agreements for rental of office, containers and charter hire of vessels. Most leases contain renewable options. Lease terms do not contain escalation clauses or contingent rentals and do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group	
	2018 US\$'000	2017 US\$'000
Minimum lease payments under operating leases recognised as an expense in the year	60,728	48,565

NOTES TO FINANCIAL STATEMENTS

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37 OPERATING LEASE ARRANGEMENTS (CONT'D)

(a) *Non-cancellable operating lease commitments – Group as lessee (cont'd)*

At the end of the reporting period, the Group has outstanding commitments under operating leases which fall due as follows:

	December 31, 2018 US\$'000	Group December 31, 2017 US\$'000	January 1, 2017 US\$'000
Within one year	29,580	27,453	21,858
In the second to fifth years	34,953	12,694	7,855
More than five years	30,375	–	–
	94,908	40,147	29,713

Operating lease commitments in respect of the Group's charter hire of vessels are calculated based on the charter hire rates applicable as at the end of the financial year. These lease contracts contain provisions for renegotiation of the charter hire rates on a 3 monthly, 6 monthly or annual basis.

(b) *Operating lease commitments – Group as lessor*

The Group has various operating lease agreements with third parties relating to the rental of office, residential premises and charter hire of vessels. These non-cancellable leases have remaining non-cancellable lease terms of between one and three years. Some leases include a clause to enable the charterer to extend the charter hire contract at the charterer's option for a specified period.

At the end of the reporting period, the Group has contracted with lessees for the following future minimum lease payments:

	December 31, 2018 US\$'000	Group December 31, 2017 US\$'000	January 1, 2017 US\$'000
Within one year	2,766	4,147	5,851
In the second to third years inclusive	242	74	277
	3,008	4,221	6,128

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

38 SEGMENT INFORMATION

For management purposes, the Group is organised on a world-wide basis into three main operating divisions, namely:

- Container Shipping
Providing feeder services for the transportation of containerised cargo between Singapore as a “hub” port and other outgoing “spoke” ports in Asia, as well as inter-region and intra-region container shipping services to end users.
- Bulk and Tanker
Providing transportation of special dry bulk, liquid and gas cargo in the international as well as Indonesian domestic market.
- Logistics and Others (formerly categorised as Agency and Logistics)
Include forwarding, agency and other services.

The Group’s risks and rates of return are affected predominantly by differences in the services rendered.

Management monitors the operating results of its operating divisions separately for the purpose of making decisions about resource allocation and performance assessment.

	Container Shipping US\$'000	Bulk and Tanker US\$'000	Logistics and Others US\$'000	Eliminations US\$'000	Group US\$'000
<u>December 31, 2018</u>					
Revenue					
- External customers	390,936	22,130	9,274	-	422,340
- Inter-segment	66	18	2,408	(2,492)	-
	<u>391,002</u>	<u>22,148</u>	<u>11,682</u>	<u>(2,492)</u>	<u>422,340</u>
Segment results	4,999	1,934	928	690	8,551
Finance income	202	1,355	94	(950)	701
Finance costs	(881)	(1,827)	(45)	944	(1,809)
Share of results of associate and joint venture	(615)	1,365	-	-	750
Profit before tax	<u>3,705</u>	<u>2,827</u>	<u>977</u>	<u>684</u>	<u>8,193</u>
Income tax expense					(452)
Profit after tax					<u>7,741</u>
Segment assets	204,500	67,572	17,673	-	289,745
Unallocated assets					85
					<u>289,830</u>
Segment liabilities	(64,835)	(24,960)	(5,417)	-	(95,212)
Unallocated liabilities					(1,263)
					<u>(96,475)</u>
Capital expenditure	2,508	633	1,127	-	4,268
Depreciation of property, plant and equipment	6,235	4,966	171	-	11,372
Amortisation of intangible assets	37	-	-	-	37
Depreciation of investment properties	25	-	-	-	25
Allowance for impairment loss on receivables	<u>2,250</u>	<u>85</u>	<u>132</u>	<u>(1,216)</u>	<u>1,251</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

38 SEGMENT INFORMATION (CONT'D)

	Container Shipping US\$'000	Bulk and Tanker US\$'000	Logistics and Others US\$'000	Eliminations US\$'000	Group US\$'000
<u>December 31, 2017 (Restated)</u>					
Revenue					
- External customers	351,591	26,933	6,082	-	384,606
- Inter-segment	79	18	2,330	(2,427)	-
	351,670	26,951	8,412	(2,427)	384,606
Segment results	10,004	2,619	1,522	(3,038)	11,107
Finance income	231	756	114	(520)	581
Finance costs	(901)	(1,269)	(27)	520	(1,677)
Share of results of associate and joint venture	(565)	1,267	-	-	702
Profit before tax	8,769	3,373	1,609	(3,038)	10,713
Income tax expense					(314)
Profit after tax					10,399
Segment assets	204,280	78,804	20,228	-	303,312
Unallocated assets					49
					303,361
Segment liabilities	(64,319)	(42,268)	(7,543)	-	(114,130)
Unallocated liabilities					(1,390)
					(115,520)
Capital expenditure	3,280	532	1,972	-	5,784
Depreciation of property, plant and equipment	6,254	6,581	149	(41)	12,943
Amortisation of intangible assets	3	-	-	-	3
Depreciation of investment properties	26	-	-	-	26
Allowance for impairment loss on receivables	897	142	-	-	1,039
	Container Shipping US\$'000	Bulk and Tanker US\$'000	Logistics and Others US\$'000	Eliminations US\$'000	Group US\$'000
<u>January 1, 2017 (Restated)</u>					
Segment assets	198,737	92,907	13,496	-	305,140
Unallocated assets					58
					305,198
Segment liabilities	(66,432)	(55,222)	(4,381)	-	(126,035)
Unallocated liabilities					(1,537)
					(127,572)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

38 SEGMENT INFORMATION (CONT'D)

GEOGRAPHICAL INFORMATION

The revenue of Container Shipping and Logistics and Others segments (see (i) below) based on geographical location is as follows:

	Revenue	
	2018	2017
	US\$'000	US\$'000
		(Restated)
Indonesia	111,026	97,758
South East Asia (excluding Indonesia)	183,667	170,782
Middle East and Indian Sub-continent	83,482	71,293
Far East	7,555	5,530
Others	14,480	12,310
Total revenue for Container Shipping and Logistics and Others	400,210	357,673

- (i) Revenue is allocated to each geographical segment based on the destination of the service routes. The directors believe it could be inaccurate to analyse assets and capital expenditure by geographical segment because these cannot be meaningfully allocated to the different routes as the vessels do not operate on fixed routes.

For Bulk and Tanker, charterers of the Group's vessels have the discretion to operate within a wide trading area and are not constrained by a specific sea-route. As such, no geographical segment information is presented.

The Group does not have any single customer in 2018 and 2017 that contribute greater than 10% of the total revenue of the Group.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise income tax.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

39. ADOPTION OF NEW AND REVISED STANDARDS

The Group and the Company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) (“SFRS(I)”) for the first time for financial year ended December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended December 31, 2018, an addition opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group’s and the Company’s previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15 which are effective at the same time, and the election of certain transition options available under SFRS(I) 1.

Management has elected the following transition exemption:

- The Group and Company has applied the option to measure certain property, plant and equipment at the date of transition to SFRS(I) at its fair value and use that fair value as its deemed cost at that date.
- The Group has applied the option to reset the cumulative translation differences for all foreign operations to zero at the date of transition to SFRS(I). The gain or loss on a subsequent disposal of any foreign operation shall exclude the translation differences that arose before January 1, 2017 and shall include later translation differences.
- As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of December 31, 2017 is not disclosed using the transition provisions of SFRS(I) 15.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

39. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Management has not elected the transition exemption under SFRS(I) 9 and full retrospective application and disclosures have been made.

Reconciliations of equity and total comprehensive income

The effects of transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 are presented and explained below.

Group

(A) Impact on the Statement of Financial Position as at January 1, 2017 (date of transition to SFRS(I))

	As previously reported under FRS US\$'000	Application of SFRS(I) 1 US\$'000	Note	Initial application of SFRS(I) 9 US\$'000	Note	Initial application of SFRS(I) 15 US\$'000	Note	As adjusted under SFRS(I) US\$'000
Current assets								
Cash and bank balances	54,096	-		-		-		54,096
Trade receivables	44,214	-		162	(c)	-		44,376
Prepaid operating expenses	7,082	-		-		-		7,082
Other receivable and deposits	1,007	-		-		-		1,007
Due from immediate holding company (non-trade)	2,087	-		-		-		2,087
Due from immediate holding company (trade)	2,401	-		(31)	(c)	-		2,370
Due from related companies (trade)	2,819	-		(1)	(c)	-		2,818
Inventories	2,606	-		-		-		2,606
	116,312	-		130		-		116,442
Assets classified as held for sale	3,333	-		-		-		3,333
	119,645	-		130		-		119,775
Non-current assets								
Investment property	657	-		-		-		657
Property, plant and equipment	242,994	(67,347)	(a)	-		-		175,647
Intangible assets	-	-		-		-		-
Subsidiaries	-	-		-		-		-
Associate and joint venture	8,810	-		-		-		8,810
Investment in preference shares	198	-		-		-		198
Investment in equity	53	-		-		-		53
Deferred tax assets	58	-		-		-		58
	252,770	(67,347)		-		-		185,423
Total assets	372,415	(67,347)		130		-		305,198

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

39. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Group (cont'd)

(A) Impact on the Statement of Financial Position as at January 1, 2017 (date of transition to SFRS(I)) (cont'd)

	As previously reported under FRS US\$'000	Application of SFRS(I) 1 US\$'000	Note	Initial application of SFRS(I) 9 US\$'000	Note	Initial application of SFRS(I) 15 US\$'000	Note	As adjusted under SFRS(I) US\$'000
Current liabilities								
Bank term loans	20,910	-		-		-		20,910
Trade payables	20,987	-		-		-		20,987
Other payables and liabilities	19,455	-		-		-		19,455
Due to immediate holding company (trade)	178	-		-		-		178
Due to related companies (trade)	558	-		-		-		558
Finance leases	27	-		-		-		27
Income tax payable	1,537	-		-		-		1,537
	63,652	-		-		-		63,652
Non-current liabilities								
Bank term loans	63,762	-		-		-		63,762
Finance leases	9	-		-		-		9
Retirement benefit obligations	149	-		-		-		149
	63,920	-		-		-		63,920
Capital, reserves and non-controlling interests								
Share capital	68,761	-		-		-		68,761
Treasury shares	(174)	-		-		-		(174)
Retained earnings	187,035	(79,978)	(a)	130	(c)	-		107,187
Other reserves	(2,872)	-		-		-		(2,872)
Foreign currency translation reserve	(12,631)	12,631	(b)	-		-		-
	240,119	(67,347)		130		-		172,902
Non-controlling interests	4,724	-		-		-		4,724
	244,843	(67,347)		130		-		177,626
Total liabilities and equity	372,415	(67,347)		130		-		305,198

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

39. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Group (cont'd)

(B) Impact on the Statement of Financial Position as at December 31, 2017 (end of last period reported under FRS)

	As previously reported under FRS US\$'000	Application of SFRS(I) 1 US\$'000	Note	Initial application of SFRS(I) 9 US\$'000	Note	Initial application of SFRS(I) 15 US\$'000	Note	As adjusted under SFRS(I) US\$'000
Current assets								
Cash and bank balances	49,635	-		-		-		49,635
Trade receivables	58,470	-		189	(c)	-		58,659
Prepaid operating expenses	9,176	-		-		-		9,176
Other receivable and deposits	2,091	-		-		-		2,091
Due from immediate holding company (non-trade)	2,087	-		-		-		2,087
Due from immediate holding company (trade)	5,414	-		(70)	(c)	-		5,344
Due from related companies (trade)	3,660	-		(2)	(c)	-		3,658
Due from Joint venture (non-trade)	292	-		-		-		292
Inventories	2,407	-		-		-		2,407
	133,232	-		117		-		133,349
Assets classified as held for sale	6,439	-		-		-		6,439
	139,671	-		117		-		139,788
Non-current assets								
Investment property	631	-		-		-		631
Property, plant and equipment	215,451	(62,733)	(a)	-		-		152,718
Intangible assets	33	-		-		-		33
Subsidiaries	-	-		-		-		-
Associate and joint venture	9,577	-		-		-		9,577
Investment in preference shares	507	-		-		-		507
Investment in equity	58	-		-		-		58
Deferred tax assets	49	-		-		-		49
	226,306	(62,733)		-		-		163,573
Total assets	365,977	(62,733)		117		-		303,361

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

39. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Group (cont'd)

(B) Impact on the Statement of Financial Position as at December 31, 2017 (end of last period reported under FRS) (cont'd)

	As previously reported under FRS US\$'000	Application of SFRS(I) 1 US\$'000	Note	Initial application of SFRS(I) 9 US\$'000	Note	Initial application of SFRS(I) 15 US\$'000	Note	As adjusted under SFRS(I) US\$'000
Current liabilities								
Bank term loans	16,871	-		-		-		16,871
Trade payables	23,862	-		-		-		23,862
Other payables and liabilities	25,359	-		-		-		25,359
Due to immediate holding company (trade)	63	-		-		-		63
Due to related companies (trade)	353	-		-		-		353
Due to joint venture (trade)	56	-		-		-		56
Due to non-controlling interest of subsidiaries	616	-		-		-		616
Finance lease	4	-		-		-		4
Income tax payable	1,343	-		-		-		1,343
	68,527	-		-		-		68,527
Non-current liabilities								
Bank term loans	46,274	-		-		-		46,274
Finance leases	6	-		-		-		6
Retirement benefit obligations	76	-		-		-		76
Deferred tax liabilities	47	-		-		-		47
Due to non-controlling interest of subsidiaries	590	-		-		-		590
	46,993	-		-		-		46,993
Capital, reserves and non-controlling interests								
Share capital	68,761	-		-		-		68,761
Treasury shares	(174)	-		-		-		(174)
Retained earnings	191,051	(75,364)	(a)	117	(c)	-		115,804
Other reserves	(1,534)	-		-		-		(1,534)
Foreign currency translation reserve	(12,400)	12,631	(b)	-		-		231
	245,704	(62,733)		117		-		183,088
Non-controlling interests	4,753	-		-		-		4,753
	250,457	(62,733)		117		-		187,841
Total liabilities and equity	365,977	(62,733)		117		-		303,361

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

39. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Company

(A) Impact on the Statement of Financial Position as at January 1, 2017 (date of transition to SFRS(I))

	As previously reported under FRS US\$'000	Application of SFRS(I) 1 US\$'000	Note	Initial application of SFRS(I) 9 US\$'000	Note	Initial application of SFRS(I) 15 US\$'000	Note	As adjusted under SFRS(I) US\$'000
Current assets								
Cash and bank balances	33,509	-		-		-		33,509
Trade receivables	37,490	-		162	(c)	-		37,652
Prepaid operating expenses	4,468	-		-		-		4,468
Other receivable and deposits	78	-		-		-		78
Due from immediate holding company (trade)	2,364	-		(31)	(c)	-		2,333
Due from subsidiaries (trade)	3,108	-		-		-		3,108
Due from subsidiaries (non-trade)	3,052	-		-		-		3,052
Due from related companies (trade)	115	-		(1)	(c)	-		114
Inventories	1,261	-		-		-		1,261
	85,445	-		130		-		85,575
Non-current assets								
Investment property	657	-		-		-		657
Property, plant and equipment	122,728	(25,839)	(a)	-		-		96,889
Subsidiaries	72,490	-		-		-		72,490
Associate and joint venture	10,099	-		-		-		10,099
	205,974	(25,839)		-		-		180,135
Total assets	291,419	(25,839)		130		-		265,710
Current liabilities								
Bank term loans	11,488	-		-		-		11,488
Trade payables	15,121	-		-		-		15,121
Other payables and liabilities	12,486	-		-		-		12,486
Due to subsidiary (trade)	84	-		-		-		84
Due to subsidiary (non-trade)	1	-		-		-		1
Due to related companies (trade)	195	-		-		-		195
Finance leases	23	-		-		-		23
Income tax payable	648	-		-		-		648
	40,046	-		-		-		40,046
Non-current liabilities								
Bank term loans	25,638	-		-		-		25,638
	25,638	-		-		-		25,638
Capital, reserves and non-controlling interests								
Share capital	68,761	-		-		-		68,761
Treasury shares	(174)	-		-		-		(174)
Retained earnings	157,148	(25,839)	(a)	130	(c)	-		131,439
	225,735	(25,839)		130		-		200,026
Non-controlling interests	-	-		-		-		-
	255,735	(25,839)		130		-		200,026
Total liability and equity	291,419	(25,839)		130		-		265,710

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

39. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Company (cont'd)

(B) Impact on the Statement of Financial Position as at December 31, 2017 (end of last period reported under FRS)

	As previously reported under FRS US\$'000	Application of SFRS(I) 1 US\$'000	Note	Initial application of SFRS(I) 9 US\$'000	Note	Initial application of SFRS(I) 15 US\$'000	Note	As adjusted under SFRS(I) US\$'000
Current assets								
Cash and bank balances	20,653	-		-		-		20,653
Trade receivables	51,447	-		189	(c)	-		51,636
Prepaid operating expenses	6,515	-		-		-		6,515
Other receivable and deposits	114	-		-		-		114
Due from immediate holding company (trade)	5,414	-		(70)	(c)	-		5,344
Due from subsidiaries (trade)	4,455	-		-		-		4,455
Due from subsidiaries (non-trade)	3,822	-		-		-		3,822
Due from related companies (trade)	257	-		(2)	(c)	-		255
Inventories	1,401	-		-		-		1,401
	94,078	-		117		-		94,195
Non-current assets								
Investment property	631	-		-		-		631
Property, plant and equipment	116,886	(23,422)	(a)	-		-		93,464
Intangible assets	33	-		-		-		33
Subsidiaries	73,243	-		-		-		73,243
Associate and joint venture	10,099	-		-		-		10,099
Due from subsidiary (non-trade)	896	-		-		-		896
	201,788	(23,422)		-		-		178,366
Total assets	295,866	(23,422)		117		-		272,561
Current liabilities								
Bank term loans	8,106	-		-		-		8,106
Trade payables	21,506	-		-		-		21,506
Other payables and liabilities	15,736	-		-		-		15,736
Due to subsidiary (trade)	63	-		-		-		63
Due to related companies (trade)	145	-		-		-		145
Income tax payable	336	-		-		-		336
	45,892	-		-		-		45,892
Non-current liabilities								
Bank term loans	16,870	-		-		-		16,870
	16,870	-		-		-		16,870
Capital, reserves and non-controlling interests								
Share capital	68,761	-		-		-		68,761
Treasury shares	(174)	-		-		-		(174)
Retained earnings	164,517	(23,422)	(a)	117	(c)	-		141,212
	233,104	(23,422)		117		-		209,799
Non-controlling interests	-	-		-		-		-
	233,104	(23,422)		117		-		209,799
Total liabilities and equity	295,866	(23,422)		117		-		272,561

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

39. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Company (cont'd)

(C) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2017
(last financial year reported under FRS)

	As previously reported under FRS US\$'000	Application of SFRS(I) 1 US\$'000	Note	Initial application of SFRS(I) 9 US\$'000	Note	Initial application of SFRS(I) 15 US\$'000	Note	As adjusted under SFRS(I) US\$'000
Revenue	283,701	-		-		100,905	(d)	384,606
Cost of sales	(266,033)	4,619	(a)	-		(100,905)	(d)	(362,319)
Gross profit	17,668	4,619		-		-		22,287
Other operating income	2,346	-		-		-		2,346
Marketing expenses	(7,733)	-		-		-		(7,733)
Administrative expenses	(5,647)	(5)	(a)	(13)	(c)	-		(5,665)
Other operating expenses	(128)	-		-		-		(128)
Profit from operations	6,506	4,614		(13)		-		11,107
Finance income	581	-		-		-		581
Finance costs	(1,677)	-		-		-		(1,677)
Operating profit	5,410	4,614		(13)		-		10,011
Share of results of associate and joint venture	702	-		-		-		702
Profit before tax	6,112	4,614		(13)		-		10,713
Income tax expense	(314)	-		-		-		(314)
Profit after tax	5,798	4,614		(13)		-		10,399
Profit for the year	5,798	4,614		(13)		-		10,399
Remeasurement of defined benefit obligation	161	-		-		-		161
	161	-		-		-		161
Share of other comprehensive income of associate	1,177	-		-		-		1,177
Exchange differences on translation of foreign operations	297	-		-		-		297
	1,474	-		-		-		1,474
Other comprehensive income	1,635	-		-		-		1,635
Total comprehensive income for the year	7,433	4,614		(13)		-		12,034
Total comprehensive income for the year								
Owners of the Company	7,507	4,614		(13)		-		12,108
Non-controlling interest	(74)	-		-		-		(74)
	7,433	4,614		(13)		-		12,034

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

39. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Reconciliations of equity and total comprehensive income (cont'd)

- (C) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2017 (last financial year reported under FRS) (cont'd)

Notes to the reconciliations:

SFRS(I) 1

- (a) The Group and Company have applied the option to measure certain property, plant and equipment at the date of transition to SFRS(I) at their fair values and use that fair values as their deemed cost at that date.
- (b) The Group has applied the option to reset the cumulative translation differences for all foreign operations to zero at the date of transition to SFRS(I). The gain or loss on a subsequent disposal of any foreign operation shall exclude the translation differences that arose before January 1, 2017 and shall include later translation differences.

SFRS(I) 9

- (c) The application of the SFRS(I) 9 impairment requirements has resulted in changes in loss allowance recognised.

SFRS(I) 15

- (d) Under SFRS(I) 15, stevedoring costs recovered from customers are recognised as revenue as these are separate performance obligations in the contracts.
- (D) Impact on the Statement of Cash Flows for the year ended December 31, 2017 (last financial year reported under FRS).

The transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 have not had a material impact on the statement of cash flows.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

40. STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

SFRS(I) 16 Leases

Effective for annual periods beginning on or after January 1, 2019

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management expects the adoption of the above SFRS(I) to have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, in particular on certain operating lease arrangements to be recorded in the statements of financial position. The Group's operating lease arrangements are disclosed in Note 37.

A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases under SFRS(I) 16.

Management is currently assessing and has yet to complete the work on the possible impact of implementing SFRS(I) 16. It is therefore impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application. Management does not plan to early adopt the above new SFRS(I) 16.

SHAREHOLDINGS STATISTICS

As at 18 March 2019

No. of Issued Shares	:	539,131,199
No. of Issued Shares (excluding Treasury Shares)	:	538,038,199
No. and percentage of Treasury Shares Held	:	1,093,000 (0.20%)*
No. and percentage of Subsidiary Holding**	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share (no vote for treasury shares)

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	9	0.21	183	0.00
100 – 1,000	137	3.13	71,659	0.01
1,001 – 10,000	2,487	56.90	10,799,771	2.01
10,001 – 1,000,000	1,710	39.12	78,175,675	14.53
1,000,001 and above	28	0.64	448,990,911	83.45
	4,371	100.00	538,038,199	100.00

PERCENTAGE OF SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 18 March 2019, approximately 34.11% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%*
1	PT. SAMUDERA INDONESIA TBK	351,180,000	65.27
2	DBS NOMINEES (PRIVATE) LIMITED	17,056,400	3.17
3	ANG AH BENG	16,242,600	3.02
4	DB NOMINEES (SINGAPORE) PTE LTD	14,350,000	2.67
5	CITIBANK NOMINEES SINGAPORE PTE LTD	4,617,000	0.86
6	NG HWEE KOON	4,295,800	0.80
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,758,900	0.70
8	RAFFLES NOMINEES (PTE.) LIMITED	3,321,900	0.62
9	TEO CHENG TUAN DONALD	3,000,000	0.56
10	ANG HAO YAO (HONG HAOYAO)	2,811,300	0.52
11	LOW WAI MING	2,613,300	0.49
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,580,700	0.48
13	PHILLIP SECURITIES PTE LTD	2,496,800	0.46
14	NBU INTERNATIONAL LIMITED	2,220,000	0.41
15	HEXACON CONSTRUCTION PTE LTD	1,960,000	0.36
16	PEH KOK KAH	1,773,100	0.33
17	YEO SENG CHONG	1,550,000	0.29
18	POH BOH SIM	1,472,000	0.27
19	LIM HOCK BENG	1,400,000	0.26
20	LAW YEAN MUAY	1,289,000	0.24
		439,988,800	81.78

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 18 March 2019 of 538,038,199 shares (which excludes 1,093,000 shares which are held as treasury shares representing approximately 0.2% of the total number of issued shares excluding treasury shares).

** "Subsidiary Holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

SHAREHOLDINGS STATISTICS

As at 18 March 2019

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	% ^(note 1)	Deemed Interest	% ^(note 1)
PT Samudera Indonesia Tbk	351,180,000	65.27	–	–
PT Samudera Indonesia Tangguh ^(note 2)	–	–	351,180,000	65.27
PT Ngrumat Bondo Utomo ^(note 3)	–	–	351,180,000	65.27

Note:

1. The percentage of shareholdings is calculated based on the Company's total number of 538,038,199 issued shares as at 18 March 2019 (i.e. excluding 1,093,000 treasury shares) and there is no subsidiary holdings at at 18 March 2019.
2. PT Samudera Indonesia Tangguh's deemed interest arises from its direct interest of 57.98% in PT Samudera Indonesia Tbk.
3. PT Ngrumat Bondo Utomo's deemed interest arises from its direct interest of 14.21% and 27.40% in PT Samudera Indonesia Tbk and PT Samudera Indonesia Tangguh respectively.

NOTICE OF ANNUAL GENERAL MEETING

SAMUDERA SHIPPING LINE LTD

(Company Registration No. 199308462C)

(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Samudera Shipping Line Ltd (the “**Company**”) will be held at M Hotel Singapore, Anson III, Level 2, 81 Anson Road, Singapore 079908, on Monday, 29 April 2019, at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final one-tier tax exempt dividend of 0.75 Singapore cents per ordinary share for the financial year ended 31 December 2018. *(2017: a first and final one-tier tax exempt dividend of 0.75 Singapore cents per ordinary share)* **(Resolution 2)**
3. To re-appoint the following Directors of the Company retiring by rotation pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and Article 91 of the Constitution of the Company:

Mr Masli Mulia	[See Explanatory Note (i)]	(Resolution 3)
Mr Chng Hee Kok	[See Explanatory Note (i)]	(Resolution 4)
Mr Nicholas Peter Ballas	[See Explanatory Note (i)]	(Resolution 5)
4. To re-appoint the following Directors of the Company retiring pursuant to Article 97 of the Constitution of the Company:

Mr Tan Meng Toon	[See Explanatory Note (i)]	(Resolution 6)
Ms Lee Lay Eng Juliana	[See Explanatory Note (i)]	(Resolution 7)
5. To review and recommend the payment of Directors’ fees of S\$23,333 for the financial year ended 31 December 2018 *(being pro-rated Directors’ fees payable to Independent Director, Ms Lee Lay Eng Juliana, who was appointed on 1 August 2018)*. **(Resolution 8)**
6. To approve the payment of Directors’ fees of S\$347,667 for the financial year ending 31 December 2019 to be paid half yearly in arrears. *(FY2018: S\$229,000)* **(Resolution 9)**
7. To appoint Messrs Ernst & Young LLP as the Auditors of the Company, in place of the retiring auditors, Messrs Deloitte & Touche LLP, and to authorise the Directors of the Company to fix their remuneration. *[See Explanatory Note (ii)]* **(Resolution 10)**
8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

9. Authority to Issue Shares

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iii)]

(Resolution 11)

10. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

- (a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out on page 4 of the Appendix to the Annual Report to Shareholders dated 12 April 2019 (the "**Appendix**") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such Interested Person Transactions as set out in the Appendix (the "**Shareholders' Mandate**");
- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; and
- (c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.

[See Explanatory Note (iv)]

(Resolution 12)

By Order of the Board

Gwendolin Lee Soo Fern
Secretary
Singapore, 12 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolutions 3 to 7 above, relates to the re-appointment of the following Directors retiring by rotation pursuant to Rule 720(5) of the Listing Manual of the SGX-ST, Article 91 and Article 97 of the Company's Constitution:

- (a) Mr Masli Mulia will, upon re-appointment, remain as an Executive Chairman of the Company.

In line with Guideline 4.7 of the 2012 Code of Corporate Governance, Mr Masli is the President Director of PT Samudera Indonesia Tbk, a controlling shareholder of the Company.

Mr Masli does not have any relationships including immediate family relationships with each of the retiring Directors named above and the other Directors or the Company. His relationship with the Company or its 10% shareholders are set out in the Appendix 7.4.1, which can be found in the FY2018 Annual Report, under "Board of Directors" section. The list of all current directorships held by Mr Masli in other public listed companies (if any), as well as the details of his other principal commitments can be found in the FY2018 Annual Report, under the "Board of Directors" section.

- (b) Mr Chng Hee Kok will, upon re-appointment as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and will be considered independent.
- (c) Mr Nicholas Peter Ballas will, upon re-appointment as a Director of the Company, remain as a member of the Audit, Nominating and Remuneration Committees and will be considered independent.
- (d) Mr Tan Meng Toon will, upon re-appointment, remain as an Executive Director, Commercial of the Company.
- (e) Ms Lee Lay Eng Juliana will, upon re-appointment as a Director of the Company, remain as a member of the Audit, Nominating and Remuneration Committees and will be considered independent.

In line with Guideline 4.7 of the 2012 Code of Corporate Governance: (a) there are no relationships including immediate family relationships between each of Mr Chng, Mr Ballas, Mr Tan, Ms Lee and the other Directors, the Company or its 10% shareholders; and (b) the list of all current directorships held by each of Mr Chng, Mr Ballas, Mr Tan and Ms Lee in other public listed companies (if any), as well as the details of their other principal commitments can be found in the FY2018 Annual Report, under the "Board of Directors" section.

Additional information as required under Listing Rule 720(6) of the Listing Manual of the SGX-ST (in the form as set out in Appendix 7.4.1) on the Directors who are subject to retirement and re-appointment at the Annual General Meeting can be found in the FY2018 Annual Report, under "Board of Directors" section.

- (ii) The Ordinary Resolution 10 above, relates to the appointment of Ernst & Young LLP as the auditors of the Company, in place of the retiring auditors, Deloitte & Touche LLP. Please refer to the Letter to Shareholders dated 12 April 2019 ("**Letter**") in relation to the Proposed Change of Auditors for further details.
- (iii) The Ordinary Resolution 11 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

NOTICE OF ANNUAL GENERAL MEETING

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (iv) The Ordinary Resolution 12 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes:

1. (i) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "**Meeting**"). Where a member appoints more than one proxy, the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified in the form of proxy.
- (ii) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

"**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
2. A proxy need not be a member of the Company.
 3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 6 Raffles Quay #25-01, Singapore 048580 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE AND PAYMENT DATE FOR FIRST AND FINAL DIVIDEND

SAMUDERA SHIPPING LINE LTD

(Company Registration No. 199308462C)

(Incorporated in Singapore with limited liability)

(the “**Company**”)

NOTICE IS HEREBY GIVEN that, subject to the approval by the shareholders of the first and final dividend at the Company’s Annual General Meeting to be held on 29 April 2019, the Share Transfer Books and Register of Members of the Company will be closed on Wednesday, 8 May 2019 at 5.00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 8 May 2019 will be registered to determine shareholders’ entitlements to the proposed first and final one-tier tax exempt dividend of 0.75 Singapore cents per ordinary share. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 8 May 2019 will be entitled to the proposed first and final dividend.

Payment of the first and final dividend, if approved by the shareholders, will be paid on Wednesday, 15 May 2019.

By Order of the Board

Gwendolin Lee Soo Fern

Secretary

Singapore, 12 April 2019

SAMUDERA SHIPPING LINE LTD

(Company Registration No. 199308462C)

(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy Samudera Shipping Line Ltd's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We,

(Name(s) and NRIC/Passport/Company Registration Number(s))

of

being a member/members of Samudera Shipping Line Ltd (the "Company"), hereby appoint(s):

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on **Monday, 29 April 2019 at 10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	Resolutions relating to:	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018		
2	Payment of proposed first and final one-tier tax exempt dividend for the financial year ended 31 December 2018		
3	Re-appointment of Mr Masli Mulia as a Director		
4	Re-appointment of Mr Chng Hee Kok as a Director		
5	Re-appointment of Mr Nicholas Peter Ballas as a Director		
6	Re-appointment of Mr Tan Meng Toon as a Director		
7	Re-appointment of Ms Lee Lay Eng Juliana as a Director		
8	Approval of payment of Directors' fees of S\$23,333 for the financial year ended 31 December 2018		
9	Approval of payment of Directors' fees amounting to S\$347,667 for the financial year ending 31 December 2019		
10	Appointment of Messrs Ernst & Young LLP in place of Messrs Deloitte & Touche LLP as the Auditors of the Company, and authorising the Directors to fix their remuneration		
11	Authority to issue shares		
12	Renewal of Shareholders' Mandate for Interested Person Transactions		

(1) Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant boxes provided. Alternatively, if you wish to exercise your votes "For" and "Against" the relevant resolution, please indicate the number of votes as appropriate in the boxes provided above.

Dated this _____ day of _____ 2019

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

Pursuant to Section 181 of the Companies Act, Chapter 50, a “**relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Shares in that capacity; or
 - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
 6. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 6 Raffles Quay #25-01, Singapore 048580 not less than forty-eight (48) hours before the time appointed for the Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2019.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



2018

ANNUAL REPORT (FINANCIAL)

SAMUDERA SHIPPING LINE LTD

6 Raffles Quay, #25-01, Singapore 048580

Tel: (65) 6403 1687

CO. REG. NO.: 199308462C

ssl.samudera.id

LETTER TO SHAREHOLDERS DATED 12 April 2019

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY

This Letter is issued to Shareholders together with the 2018 Annual Report. The resolution proposed to be passed in relation to the above matter is set out in the Notice of AGM attached to the 2018 Annual Report.

If you are in any doubt about the contents of this Letter or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Samudera Shipping Line Ltd. (the "**Company**"), you should forward this Letter, the 2018 Annual Report and proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.



SAMUDERA SHIPPING

SAMUDERA SHIPPING LINE LTD

(Incorporated in the Republic of Singapore)
Company Registration Number: 199308462C

**LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED CHANGE OF AUDITORS FROM
DELOITTE & TOUCHE LLP TO ERNST & YOUNG LLP**

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DEFINITIONS

In this Letter, the following definitions apply throughout unless the context otherwise requires or otherwise stated: -

"2018 Annual Report"	: The annual report of the Company for the financial year ended 31 December 2018.
"2019 AGM"	: The annual general meeting of the Company to be held on 29 April 2019 at M Hotel Singapore, Anson III, Level 2, 81 Anson Road Singapore 079908 at 10:00 a.m., a notice of which is enclosed with the 2018 Annual Report.
"ACRA"	: Accounting and Corporate Regulatory Authority of Singapore.
"AGM"	: Annual General Meeting of the Company.
"Audit Committee"	: The audit committee of the Company as at the Latest Practicable Date.
"Auditors"	: The auditors of the Company as appointed from time to time.
"Board"	: The Board of Directors of the Company.
"CDP" or "Depository"	: The Central Depository (Pte) Limited.
"Companies Act"	: The Companies Act (Chapter 50 of Singapore) as amended or modified from time to time.
"Constitution"	: The constitution of the Company.
"Directors"	: The directors of the Company as at the Latest Practicable Date.
"Group"	: The Company, its subsidiaries and associated companies.
"Latest Practicable Date"	: 18 March 2019 being the latest practicable date prior to the printing of this Letter.
"Letter"	: This letter to Shareholders dated 12 April 2019.
"Listing Manual"	: The SGX-ST Listing Manual, as amended or modified from time to time.
"Proposed Change of Auditors"	: The proposed change of Auditors from Deloitte & Touche LLP to Ernst & Young LLP.
"Securities Account"	: A securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a depository agent.
"SFA"	: Securities and Futures Act (Chapter 289 of Singapore) as amended or modified from time to time.
"SGX-ST"	: Singapore Exchange Securities Trading Limited.

“Shareholders”	: Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall mean the depositors whose Securities Accounts are credited with Shares.
“Shares”	: Ordinary shares in the capital of the Company.
“SSL” or “the Company”	: Samudera Shipping Line Ltd.

The terms “**depositor**”, “**depository agent**” and “**depository register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa, and words importing persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that statute or enactment for the time being amended or re-enacted up to the Latest Practicable Date. Any term defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Letter shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Letter are of such laws and regulations (including Listing Manual) as at the Latest Practicable Date.

Any reference to a time of day in this Letter shall be a reference to Singapore time.

The headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

SAMUDERA SHIPPING LINE LTD

(Incorporated in the Republic of Singapore)
Company Registration Number: 199308462C

Directors:

Masli Mulia (Executive Chairman)
Asmari Herry Prayitno (Executive Director and Chief Executive Officer)
Hermawan Fridiana Herman (Executive Director, Finance)
Tan Meng Toon (Executive Director, Commercial)
Lim Kee Hee (Executive Director, Business Strategic & Development)
Quah Ban Huat (Lead Independent and Non-Executive Director)
Chng Hee Kok (Independent and Non-Executive Director)
Nicholas Peter Ballas (Independent and Non-Executive Director)
Ng Chee Keong (Independent and Non-Executive Director)
Lee Lay Eng Juliana (Independent and Non-Executive Director)

Registered Office:

6 Raffles Quay #25-01
Singapore 048580

12 April 2019

To: The Shareholders of Samudera Shipping Line Ltd

Dear Sir/Madam

1. INTRODUCTION

- 1.1 The Company's existing Auditors, Deloitte & Touche LLP, were re-appointed as the Auditors of the Company at the last AGM of the Company on 25 April 2018 to hold office until the conclusion of the forthcoming 2019 AGM. Deloitte & Touche LLP has served as Auditors of the Company since the financial year ended 31 December 2010.
- 1.2 The Directors proposes to seek Shareholders' approval at the 2019 AGM for Ernst & Young LLP to be appointed as the Auditors of the Company, in place of Deloitte & Touche LLP.
- 1.3 The Board wishes to express its appreciation for the past services rendered by Deloitte & Touche LLP.
- 1.4 The purpose of this Letter is to provide Shareholders with relevant information relating to, and to seek Shareholders' approval for, the Proposed Change of Auditors.
- 1.5 The SGX-ST takes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Letter.
- 1.6 If you are in any doubt, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

2. THE PROPOSED CHANGE OF AUDITORS

2.1 Background and Rationale

As part of the ongoing efforts of the Company to enhance its corporate governance, the Board is of the view that it would be appropriate and timely to effect a change of the Auditors. The Board believes that a change in Auditors will enable the Company to benefit from fresh perspectives and views from another professional audit firm and thereby enhance the value of the audit. It is also indicative of the Company's effort to ensure that there would be no actual or perceived issues of independence of Auditors for good corporate governance.

The appointment of Ernst & Young LLP would be effective upon obtaining the approval of Shareholders at the 2019 AGM for the Proposed Change of Auditor. If approved, Ernst & Young LLP will hold office until the conclusion of the next AGM.

In view of the above, Deloitte & Touche LLP will retire and not seek re-appointment as Auditor of the Company at the 2019 AGM, being the end of their current term.

2.2 Information on Ernst & Young LLP

Ernst & Young LLP is an international accounting firm providing audit assurance, tax, transactions and advisory services. In Singapore, Ernst & Young LLP has a history of 129 years, with over 140 partners and close to 3,400 people.

More information about Ernst & Young LLP, its core values and services are provided in Ernst & Young LLP's website at <https://www.ey.com/sg/en/>

The engagement partner-in-charge from Ernst & Young LLP will be Mr. Yee Woon Yim. He has more than 30 years of audit experience in providing audit and assurance services to a variety of clients, including those in the shipping industry. Mr. Yee Woon Yim is also a practising member of the Institute of Singapore Chartered Public Accountants. The Company has been informed that Mr. Yee Woon Yim has been subject to the Public Monitoring Program review by ACRA and has passed the last inspection in 2015.

2.3 Compliance with Rule 712 of the Listing Manual

Ernst & Young LLP is a professional audit firm registered with ACRA. The Board, having considered various factors, including but not limited to the adequacy of the resources and experience of Ernst & Young LLP, the audit engagement partner assigned to the audit, Ernst & Young LLP's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff to be assigned to the audit, is of the opinion that Ernst & Young LLP will be able to fulfil the audit requirements of the Group, and Rules 715(1) and 715(2) of the Listing Manual have been complied with.

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (a) Deloitte & Touche LLP has confirmed to Ernst & Young LLP, via its professional clearance letter, that it is not aware of any professional or other reasons why Ernst & Young LLP should not accept the appointment as Auditors;
- (b) The Company confirms that there were no disagreements with Deloitte & Touche LLP on accounting treatments within the last 12 months;
- (c) The Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders which has not been disclosed in this Letter;
- (d) The specific reasons for the Proposed Change of Auditors are disclosed in paragraph 2.1 of this Letter; and
- (e) The Company confirms that it complies with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of Ernst & Young LLP as its new Auditors.

2.4 Compliance with Rule 715 of the Listing Manual

Upon obtaining Shareholders' approval for the Proposed Change of Auditors, Ernst & Young LLP will be appointed as the Auditors, in place of Deloitte & Touche LLP for the financial year ending 31 December 2019. Ernst & Young LLP will also be appointed as Auditors of all of its Singapore-incorporated subsidiaries and significant associated companies.

In addition to the above, upon obtaining Shareholders' approval for the Proposed Change of Auditors, member firm of Ernst & Young Global LLP will also audit the Company's significant foreign incorporated subsidiaries and associated companies and Rule 715(2) of the Listing Manual has been complied with.

2.5 Compliance with SGX-ST Guidance Note on Change of Auditors

The Proposed Change of Auditors will not result in any change to the scope of audit.

In addition to the factors set out above, the Board also took into account the Audit Quality Indicators Disclosure Framework issued by ACRA in assessing the suitability of Ernst & Young LLP to act as Auditors.

3. AUDIT COMMITTEE'S RECOMMENDATION

The Audit Committee has reviewed the Proposed Change of Auditors and recommends the appointment of Ernst & Young LLP as the Company's Auditors after taking into account the suitability and independence of Ernst & Young LLP to meet the audit requirement of the Group, the various factors set out in paragraph 2 above and compliance with the requirements of Listing Manual.

4. DIRECTORS' RECOMMENDATION

Taking into account the rationale for the Proposed Change of Auditors, the Directors of the Company are of the opinion that the Proposed Change of Auditors is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the resolution relating to the Proposed Change of Auditors at the 2019 AGM.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2019 AGM and wish to appoint a proxy to attend and vote on their behalf should complete, sign and return the proxy form attached to the Notice of 2019 AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 6 Raffles Quay #25-01, Singapore 048580 not less than 48 hours before the time fixed for the 2019 AGM. The appointment of proxy by a Shareholder does not preclude him from attending and voting in person at the 2019 AGM if he wishes to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2019 AGM and to speak and vote thereat unless his name appears in the Depository Register maintained by CDP, 72 hours before the 2019 AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office, 6 Raffles Quay #25-01, Singapore 048580 during normal business hours from the date of this Letter up to and including the date of the 2019 AGM:

- (a) 2018 Annual Report;
- (b) The Constitution of the Company;
- (c) Consent to act as Auditors from Ernst & Young LLP dated 28 March 2019; and
- (d) Professional clearance letter in respect of the Company issued by Deloitte & Touche LLP to Ernst & Young LLP dated 13 March 2019.

Yours faithfully
for and on behalf of
the Board of Directors of
Samudera Shipping Line Ltd

Hermawan Fridiana Herman
Executive Director, Finance

12 April 2019

This Appendix is circulated to the Shareholders together with the Company's annual report. The purpose of this Appendix is to provide Shareholders with information pertaining to and to explain the rationale for the proposed renewal of the Shareholders' Mandate (as defined in this Appendix) to be tabled at the AGM to be held at M Hotel Singapore, Anson III, Level 2, 81 Anson Road, Singapore 079908, on 29 April 2019 at 10.00am.

The Notice of the AGM and the Proxy Form are enclosed with the Annual Report.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.



SAMUDERA SHIPPING

SAMUDERA SHIPPING LINE LTD

(Incorporated in the Republic of Singapore)
Company Registration Number: 199308462C

**APPENDIX IN RELATION TO DETAILS OF
THE PROPOSED RENEWAL OF
THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS**

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DEFINITIONS

The following definitions apply throughout this Appendix unless the context otherwise requires:

“AGM”	: The annual general meeting of the Company, notice of which is set out on pages 148 to 153 of the Financial Report.
“Annual Report”	: The annual report of the Company for the financial year ended 31 December 2018.
“Audit Committee”	: The audit committee of the Company.
“Board”	: The board of directors of the Company for the time being.
“CDP”	: The Central Depository (Pte.) Limited.
“Companies Act”	: The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
“Company” or “SSL”	: Samudera Shipping Line Ltd.
“Directors”	: The directors of the Company as at the Latest Practicable Date.
“Financial Report”	: The annual report (financial) of the Company for the financial year ended 31 December 2018 and which is attached to the Annual Report.
“Group”	: The Company, its subsidiaries and associated companies.
“Interested Persons”	: Means the interested persons as listed in paragraph 4 of this Appendix.
“Interested Person Transactions”	: Has the meaning ascribed to it in paragraph 5 of this Appendix.
“Latest Practicable Date”	: 18 March 2019 being the latest practicable date prior to the printing of this Appendix.
“Listing Manual”	: The SGX-ST listing manual, as amended or modified from time to time.
“NTA”	: Net tangible assets.
“PT Panurjwan”	: PT Perusahaan Pelayaran Nusantara Panurjwan.
“PT SSLog”	: PT Samudera Sarana Logistik.
“PT TSJ”	: PT Tangguh Samudera Jaya.
“PTSI”	: PT Samudera Indonesia Tbk, the immediate holding company of the Company.
“PTSI Group”	: PTSI, its subsidiaries and/or associated companies (excluding the Group).
“PTSISM”	: PT Samudera Indonesia Ship Management.

"PTSAI"	: PT Samudera Agencies Indonesia.
"Securities Account"	: A securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a depository agent.
"SFA"	: The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
"SGX-ST"	: Singapore Exchange Securities Trading Limited.
"Shareholders"	: Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall mean the depositors whose securities accounts are credited with Shares.
"Shareholders' Mandate" or	: A general mandate from Shareholders pursuant to Chapter 9 of the Listing Manual permitting the Group to enter into certain types of recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with specified classes of the Company's Interested Persons.
"IPT Mandate"	
"Shares"	: Ordinary shares in the capital of the Company.
"Tangguh"	: PT Samudera Indonesia Tangguh, the ultimate holding company of the Company.
"Tangguh Group"	: Tangguh, its subsidiaries and associated companies (excluding the PTSAI Group and the Group).
"USD" and "US cents"	: United States dollars and cents respectively.
"%" or "per cent."	: Percentage or per centum.
"S\$" and "cents"	: Singapore Dollars and cents, respectively.

The terms **"depositor"** and **"depository agent"** shall have the meanings ascribed to them in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, SFA or the Listing Manual or any modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act, SFA or the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day and date in this Appendix is made by reference to Singapore time and date respectively, unless otherwise stated.

Unless otherwise stated, the average exchange rate between USD and S\$ for financial year ended 31 December 2018 was USD1.00: S\$1.35. This exchange rate should not be construed as a representation that the USD amounts would have been, or could be, converted into S\$ at the rate stated, or at all and vice versa.

LETTER TO SHAREHOLDERS

SAMUDERA SHIPPING LINE LTD

(Incorporated in the Republic of Singapore)
Company Registration Number: 199308462C

Date: 12 April 2019

Directors as at the Latest Practicable Date:

Masli Mulia (Executive Chairman)
Asmari Herry Prayitno (Executive Director and Chief Executive Officer)
Hermawan Fridiana Herman (Executive Director, Finance)
Tan Meng Toon (Executive Director, Commercial)
Lim Kee Hee (Executive Director, Business Strategic & Development)
Quah Ban Huat (Lead Independent and Non-Executive Director)
Chng Hee Kok (Independent and Non-Executive Director)
Nicholas Peter Ballas (Independent and Non-Executive Director)
Ng Chee Keong (Independent and Non-Executive Director)
Lee Lay Eng Juliana (Independent and Non-Executive Director)

Registered Office:

6 Raffles Quay #25-01
Singapore 048580

To: Shareholders of
Samudera Shipping Line Ltd

Dear Sir / Madam

PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

- 1.1 The purpose of this Appendix is to provide Shareholders with the relevant information pertaining to, and to seek Shareholders' approval at the AGM for, the renewal of the Shareholders' Mandate.
- 1.2 The Shareholders' Mandate was last obtained at the annual general meeting held on 25 April 2018, such Shareholders' Mandate being expressed to take effect until the date of the forthcoming annual general meeting. Accordingly, the Directors proposed that the Shareholders' Mandate be renewed at the AGM to be held on 29 April 2019. The Shareholders' Mandate (if renewed) shall take effect until the next annual general meeting of the Company.

2. CHAPTER 9 OF THE LISTING MANUAL

Under Chapter 9 of the Listing Manual, where an issuer or any of its subsidiaries (other than subsidiaries that are listed on the SGX-ST or an approved exchange) or associated companies (other than an associated company that is listed on the SGX-ST or on an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company) proposes to enter into a transaction with the issuer's interested persons, shareholders' approval and/or an immediate announcement is required in respect of the transaction if the value of the transaction is equal to or exceeds certain financial materiality thresholds. However, an issuer may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations which may be carried out with the listed company's interested persons. Transactions conducted under such a shareholders' mandate are subject to the disclosure requirements in Rule 920 of the Listing Manual but are not separately subject to the financial materiality thresholds. General information pertaining to Chapter 9 of the Listing Manual, including the said financial materiality thresholds and the meanings of certain terms, is summarised in the Annexure 1 to this Appendix.

3. RATIONALE FOR THE SHAREHOLDERS' MANDATE

The Shareholders' Mandate and its renewal on an annual basis will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions with the specified interested persons arise, thereby avoiding the loss of business opportunities and reducing substantially, the administrative time, inconvenience and expenses associated with the convening of such meetings on an ad hoc basis.

Tangguh Group and PTSI Group

The Tangguh Group and PTSI Group have been long established in Indonesia. Both the Tangguh Group and the PTSI Group have strong network in Indonesia and are renowned in the shipping industry. Both the Tangguh Group and the PTSI Group have experienced and competent staff and are capable of providing a wide range of services. Engaging the Tangguh Group and/or PTSI Group allows the Group to tap on Tangguh Group and/or PTSI Group goodwill, market share, expertise and resources in Indonesia. This benefits the Group in terms of its sales and marketing and is cost effective as it reduces the recruitment, training and administration costs which the Group would otherwise have to incur.

4. CLASSES OF INTERESTED PERSONS

The Interested Person Transactions which are to be covered by the Shareholders' Mandate consist of transactions for the provision to and obtaining of services from the following Interested Persons:

- (a) PTSI Group. PTSI is a controlling shareholder of SSL and holds approximately 65.27% of the issued shares of SSL as at the Latest Practicable Date;
- (b) Tangguh Group. Tangguh is the ultimate holding company of the Company;
- (c) PTSISM, a 99.93% subsidiary of PTSI;
- (d) PT Panurjwan, a subsidiary of Tangguh;
- (e) PT SSLog, a 99.99% subsidiary of PTSI;
- (f) PT TSJ, an indirect subsidiary of PTSI; and
- (g) PTSAI, a 90% subsidiary of PTSI.

5. TYPES OF INTERESTED PERSON TRANSACTIONS

5.1 The interested person transactions that will be covered by this Shareholders' Mandate are set out below ("**Interested Person Transactions**"). Transactions by the Group with Interested Persons which do not fall within the ambit of this proposed IPT Mandate or such other Interested Person Transactions mandate as approved by Shareholders shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

- (a) The provision of shipping agency services to the Group by PTSI Group and/or Tangguh Group. As at the Latest Practicable Date, the shipping agency services is provided by PTSAI;
- (b) The provision of ship management services by PTSISM to the Group;
- (c) The charter-in of vessels by the Group from PTSI Group and/or Tangguh Group. As at the Latest Practicable Date, the Group charter in vessels from PTSI and PT Panurjwan;
- (d) The leasing of office premises by the Group from PTSI Group. As at the Latest Practicable Date, the leasing of office premises is from PTSI;
- (e) The provision of stevedoring services by PTSI Group to the Group. As at the Latest Practicable Date, the stevedoring services is provided by PT TSJ; and
- (f) The provision of container depot services by PTSI Group to the Group. As at the Latest Practicable Date, the container depot services is provided by PT SSLog.

6. CONTROLS AND REVIEW PROCEDURES FOR THE INTERESTED PERSON TRANSACTIONS UNDER THE SHAREHOLDERS' MANDATE

The Company has in place internal control procedures to ensure that transactions with the Interested Persons are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The Audit Committee confirms that the procedures have not changed since the last renewal of the Shareholders' Mandate at the annual general meeting held on 25 April 2018.

(a) Internal Guidelines

The Audit Committee has worked with management to establish internal guidelines in relation to such transactions so as to enhance the Company's corporate governance and internal controls. The Audit Committee has and may from time to time modify the internal guidelines set out below to adapt to the circumstances and/or businesses of the Group.

In respect of a renewal or revision of an existing transaction or if a new transaction is to be entered into pursuant to the Shareholders' Mandate, the management will assess, for purposes of submitting a report to the Audit Committee (as provided for below), whether the existing terms, revised terms or the terms of the new transaction (as the case may be) are on normal commercial terms by adopting the following procedures:

(i) Ship Agency Services

The ship agency services commission payable by the Group to PTSI Group and/or Tangguh Group would consist of variable and fixed components.

The commission rates payable by the Group to PTSI Group and/or Tangguh Group in respect of the variable component of the ship agency services is reviewed yearly to ensure that they are consistent with normal commercial rates by comparing such rates against the commission rates that the Group pays to other third party agents for similar services. The primary factor that is taken into consideration in selecting PTSI Group and/or Tangguh Group is that PTSI Group and/or Tangguh Group are established groups of companies with a strong network in Indonesia.

The commission rates payable to PTSI Group and/or Tangguh Group in respect of the fixed component of the ship agency services is reviewed yearly to ensure that they are purely on reimbursement basis. The above fixed reimbursement has been approved by the Audit Committee.

(ii) Ship Management Services

The management will endeavour to obtain comparative quotes from the market as and when the Group enters into new contract for ship management services, renew and/or amend contract for ship management services. The Audit Committee shall review annually the ship management fees payable by the Group. In the event that comparative quotes cannot be obtained, the management will determine whether the ship management fees payable are on normal commercial terms based on the management's industry knowledge and experience and their understanding of the general industry practice.

(iii) Leases

The rates and terms of leases with PTSI Group are reviewed prior to entering or renewing the leases. Leases with PTSI Group are in relation to office space in Jakarta. In ascertaining the rentals for the leases with the PTSI Group, factors such as the available facilities, tenure of the lease, the area of the leased premises and any other relevant factors that may affect the rental rates or terms of the lease would be taken into consideration.

Leases between PTSI Group and their other third party tenants in the same building(s) will be used as a basis for comparison to ensure that the terms of the leases with PTSI Group are not more favourable to PTSI Group than those terms extended to such third parties.

The Group may also obtain quotes from third party lessors for similar space or buildings that are of similar or comparable standing within the same vicinity.

(iv) Stevedoring Services

The stevedoring rates payable by the Group to PTSI Group are reviewed yearly by comparing quotes obtained through the following process:

- Firstly, the Group will endeavor to obtain quotes from third party service providers operating in the same or nearby location.
- Alternatively, the Group may obtain the rates that PTSI Group charges to other customers.

The stevedoring rates obtained will then be used as a comparison to ensure that the rates charged/proposed by PTSI Group are comparable to normal commercial rates taking into account relevant factors such as the types of services and the existing infrastructure (access roads and the remoteness/location of the facility) which would have an effect on costs and efficiencies.

(v) Container Depot Services

The rates for container depot, container storage, maintenance and repair services payable by the Group to PT SSLog is reviewed yearly by comparison against quotes from third parties to the Group. A factor that is taken into consideration in determining the rates is the range of services that the vendor is able to provide. If a vendor is able to provide a more comprehensive range of services such as chemical cleaning, storage, lift on/lift off and trucking, it would be more efficient to acquire the services from one vendor.

Alternatively, when quotations cannot be obtained from third parties, the rates for container depot services are compared against the prevailing rates PT SSLog charges to its other third party customers.

(vi) Charter Hire Agreements with Tangguh Group and/or PTSI Group

The Group will endeavour to obtain at least one (1) quote from independent shipbrokers or other ship owners for vessels which are of similar specifications and age to the vessels chartered-in from the Tangguh Group and/or PTSI Group before entering into or renewing a time charter agreement.

If such quotes from independent shipbrokers or other ship owners are not available, the management of the Company will conduct a comparison between the charter rates for the particular vessel in issue against charter rates for similar vessels operated by the Group.

In the event quotes from independent shipbrokers or other ship owners are not available and the Group does not operate similar vessels, the management of the Company (the Company will designate any one of its executive directors at that material time to be responsible for these actions) will use a cost-plus margin or revenue minus costs approach to determine the charter hire rates.

In determining whether the above margin is reasonable, the management will form its commercial view on the potential revenue that the Group will make from chartering of a particular vessel and whether the charter hire fees payable by the Group to Tangguh Group and/or PTSI Group are on normal commercial terms, based on the management's industry knowledge and experience and their understanding of the general industry practice. The Audit Committee will take into account the commercial view of the management to determine whether the margin is reasonable.

With their findings (with or without the quote from independent third parties as stated above (as applicable)), the management will submit a report with the relevant supporting documents to the Audit Committee for the Audit Committee's consideration. The Audit Committee will then authorise the continuation of the Interested Person Transactions and/or changes to existing Interested Person Transactions and/or the entering into of new Interested Person Transactions if the Audit Committee is satisfied that the Interested Person Transactions are on normal commercial terms and will not be prejudicial to the interest of the Company and its minority Shareholders.

Further to the above, whenever the Audit Committee is required to authorise the continuation of the Interested Person Transactions and/or changes to existing Interested Person Transactions and/or the entering into of new Interested Person Transactions, the Audit Committee together with the management will also conduct reviews to ensure that the procedures have been adhered to and if at any time the Audit Committee is of the view that the review procedures have become insufficient and/or inappropriate, the Audit Committee will take such action as it deems appropriate and/or institute additional procedure as necessary to ensure that the future Interested Person Transactions of a similar nature are on normal commercial terms and will not be prejudicial to the Company and its minority Shareholders. If at any time the Audit Committee is of the view that the review procedures are insufficient, inappropriate and/or are unable to ensure that the Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will revert to its Shareholders to seek a fresh mandate.

(b) Abstention from Participating in Review Process

If a member of the Board has an interest in an Interested Person Transaction, he shall abstain from participating in the Company's internal review and approval process in relation to that Interested Person Transaction.

(c) Register and Internal Audit Plan

The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into) pursuant to the Shareholders' Mandate and the Company's annual internal audit plan will incorporate a review of such Interested Person Transactions entered into in the relevant financial year and report the results to Audit Committee. The Audit Committee will review these Interested Person Transactions on a quarterly basis. Other than the above, there will also be periodic reporting to the Audit Committee as and when the Company enters into and/or renew an Interested Person Transactions.

(d) Disclosures

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will:

- (i) disclose the Shareholders' Mandate in its annual report, giving details of the aggregate value of the Interested Person Transactions conducted pursuant to the Shareholders' Mandate during the financial year; and
- (ii) announce the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders' Mandate for the relevant financial periods which it is required to report on (pursuant to Rule 705 of the Listing Manual) within the time required for the announcement of such report.

The disclosure will include the name of the Interested Person and the corresponding aggregate value of the Interested Person Transactions, presented to indicate the aggregate value of all interested person transactions during the financial year under review (excluding interested person transactions less than S\$100,000 and Interested Person Transactions conducted under the Shareholders' Mandate) and the aggregate value of all Interested Person Transactions, conducted under the Shareholders' Mandate (excluding Interested Person Transactions less than S\$100,000).

7. VALIDITY PERIOD OF THE SHAREHOLDERS' MANDATE

The proposed Shareholders' Mandate will take effect from the date of the passing of the ordinary resolution relating thereto to be proposed at the AGM and will continue in force until the next AGM of the Company. Where relevant, approval from Shareholders will be sought for the subsequent renewal of the Shareholders' Mandate, subject to satisfactory review by the Audit Committee of its continued application to the Interested Person Transactions.

8. STATEMENT FROM THE AUDIT COMMITTEE

The Audit Committee (comprising Independent Directors Quah Ban Huat, Chng Hee Kok, Nicholas Peter Ballas, Ng Chee Keong and Lee Lay Eng Juliana) is of the view that the terms of the Interested Person Transactions set out in paragraph 5.1 above are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The Audit Committee is also of the view that the procedures referred to in paragraph 6 of this Appendix are sufficient to ensure that the Interested Person Transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. However, should the Audit Committee subsequently find that the existing procedures require material changes and are no longer relevant, the Audit Committee will recommend to the Board that a Shareholders' meeting be convened for Shareholders' approval in respect of a fresh mandate.

9. DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN THE INTERESTED PERSON TRANSACTIONS

As at the Latest Practicable Date:

(a) Directors' Interest

Masli Mulia is President Director of PTSL and also the President Commissioner of Tangguh.

Asmari Herry Prayitno is Vice President Director of PT Panurjwan.

(b) Controlling Shareholder's Interests

PTSL is an Interested Person and a controlling shareholder of the Company (PTSL's shareholding interests in SSL is set out in page 147 of the Financial Report). Accordingly, PTSL and its associates shall abstain from voting on the resolution in respect of the Shareholders' Mandate.

Save as set out in the Annual Report, Financial Report and this Appendix, none of the Directors or controlling shareholders of the Company or any of their associates have any interest in the Interested Person Transactions set out in paragraph 5.1 above. The Directors or controlling shareholders of the Company or any of their associates who are required to abstain from voting in respect of the Shareholders' Mandate shall decline to accept appointment as proxies for Shareholders to vote on the resolution in respect of the Shareholders' Mandate unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the resolution.

10. DIRECTORS' RECOMMENDATION

For the reasons set out in paragraph 3, the Directors (save for Masli Mulia and Asmari Herry Prayitno who are abstaining from making recommendations) are of the opinion that the proposed Shareholders' Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of the resolution relating to the renewal of the Shareholders' Mandate. For this purpose, the Directors are Hermawan Fridiana Herman, Tan Meng Toon, Lim Kee Hee, Quah Ban Huat, Chng Hee Kok, Nicholas Peter Ballas, Ng Chee Keong and Lee Lay Eng Juliana.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Interested Person Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts, the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office, 6 Raffles Quay #25-01, Singapore 048580 during normal business hours from the date of this Appendix up to and including the date of the AGM.

- (a) The Constitution; and
- (b) The audited financial statements of the Company for the financial year ended 31 December 2018.

Yours faithfully

for and on behalf of
the Board of Directors of
Samudera Shipping Line Ltd

Hermawan Fridiana Herman
Executive Director, Finance

ANNEXURE 1

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

The following is a summary of Chapter 9 of the Listing Manual ("**Chapter 9**"). This summary does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by, the more detailed information contained in the Listing Manual.

1. INTRODUCTION

Chapter 9 applies to transactions entered into between a listed company or any of its subsidiaries (other than a subsidiary that is listed on the SGX-ST or an approved exchange (as defined below)) or associated companies (other than an associated company that is listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s) (as defined below), has control over the associated company) with a party who is an interested person of the listed company.

2. TERMS USED IN CHAPTER 9 OF THE LISTING MANUAL

- "approved exchange":* means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
- "associate":*
- (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
 - (i) his immediate family (i.e. spouse, children, adopted children, step-children, siblings and parent);
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.
 - (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- "associated company":* means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

<i>"chief executive officer":</i>	means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the issuer;
<i>"control":</i>	means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
<i>"controlling shareholder":</i>	means a person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the Company (unless otherwise excepted by SGX-ST); or (b) in fact exercises control over a company;
<i>"interested person":</i>	means a director, chief executive officer or controlling shareholder of the listed company, or an associate of such director, chief executive officer or controlling shareholder.

3. MATERIALITY THRESHOLDS, DISCLOSURE REQUIREMENTS AND SHAREHOLDERS' APPROVAL

Save for certain interested person transactions which are excluded under Chapter 9, an immediate announcement and/or Shareholders' approval would be required in respect of transactions with interested persons if the value of the interested person transaction is equal to or exceeds certain financial materiality thresholds.

An immediate announcement is required where:

- (a) the value of a proposed interested person transaction is equal to, or more than, 3% of the listed group's latest audited consolidated NTA; or
- (b) the aggregate value of all interested person transactions entered into with the same interested person during the same financial year, is equal to, or more than, 3% of the listed group's latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year.

Shareholders' approval (in addition to an immediate announcement) is required where:

- (a) the value of a proposed interested person transaction is equal to, or more than, 5% of the listed group's latest audited consolidated NTA; or
- (b) the value of a proposed interested person transaction, when aggregated with other interested person transaction entered into with the same interested person during the same financial year, is equal to, or more than, 5% of the listed group's latest audited consolidated NTA. The aggregation will exclude any interested person transaction that has been approved by Shareholders previously, or is the subject of aggregation with another interested person transaction that has been previously approved by Shareholders.

The requirements for an immediate announcement and/or shareholders' approval do not apply to interested person transactions below S\$100,000 each.

For illustration purposes, based on the Company's latest audited accounts for the financial year ended 31 December 2018, the Group's latest audited NTA as at 31 December 2018 was USD188,983,000 or equivalent to S\$255,127,000. Accordingly, in relation to the Company, for the purposes of Chapter 9 in the current financial year, Shareholders' approval would be required where:

- (a) the interested person transaction is of a value equal to, or more than, USD9,449,000 or equivalent to S\$12,756,000 being 5% of the Group's latest audited NTA; or
- (b) the interested person transaction, when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, USD9,449,000 or equivalent to S\$12,756,000. The aggregation will exclude any interested person transaction that has been approved by Shareholders previously, or is the subject of aggregation with another interested person transaction that has been approved by Shareholders.

4. SHAREHOLDERS' MANDATE

Part VIII of Chapter 9 permits a listed company to seek a mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses.

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CIRCULAR DATED 12 APRIL 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about the contents of this Circular or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your Shares in the capital of Samudera Shipping Line Ltd. (the “**Company**”), you should forward this Circular, the notice of EGM and the attached proxy form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



SAMUDERA SHIPPING

SAMUDERA SHIPPING LINE LTD

(Incorporated in the Republic of Singapore)
Company Registration Number: 199308462C

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- 1. THE PROPOSED ADOPTION OF THE DISPOSAL MANDATE FOR PROPOSED DISPOSAL OF VESSELS; AND**
- 2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE**

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	: 27 April 2019 at 10.30 a.m.
Date and time of Extraordinary General Meeting	: 29 April 2019 at 10.30 a.m. (or soon thereafter following the conclusion of the AGM to be held at 10.00 a.m. on the same day at the same place).
Place of Extraordinary General Meeting	: M Hotel Singapore, Anson III Level 2, 81 Anson Road Singapore 079908

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated: -

"AGM"	: Annual general meeting of the Company.
"Board"	: The board of directors of the Company.
"CDP" or "Depository"	: The Central Depository (Pte) Limited.
"Circular"	: This circular to Shareholders dated 12 April 2019.
"Companies Act"	: The Companies Act (Chapter 50 of Singapore) as amended or modified from time to time.
"Constitution"	: The constitution of the Company.
"Directors"	: The directors of the Company as at the Latest Practicable Date.
"Disposal Mandate"	: The mandate to authorise the Company to dispose of the Vessels, the terms of which are set out in paragraph 2 of this Circular.
"EGM"	: The extraordinary general meeting of the Company, the notice of which is set out in pages 22 to 24 of this Circular.
"EPS"	: Earnings per Share.
"FY2018"	: Financial year ended 31 December 2018.
"FY2018 Financial Statements"	: Has the meaning ascribed to it in paragraph 2.8 of this Circular.
"Group"	: The Company, its subsidiaries and associated companies.
"Latest Practicable Date"	: 18 March 2019 being the latest practicable date prior to the printing of this Circular.
"Listing Manual"	: The SGX-ST Listing Manual, as amended or modified from time to time.
"Market Day"	: A day on which the SGX-ST is open for trading in securities.
"Market Acquisition"	: Has the meaning ascribed to it in paragraph 3.1 of this Circular.
"Maximum Price"	: Has the meaning ascribed to it in paragraph 3.1 of this Circular.
"NAV"	: Net asset value.
"NBU"	: Means PT Ngrumat Bondo Utomo.
"NTA"	: Net tangible assets.
"Off-Market Acquisition"	: Has the meaning ascribed to it in paragraph 3.1 of this Circular.
"Proposed Disposal"	: The proposed disposal of the Vessels by the Group.
"PTSI"	: PT Samudera Indonesia Tbk, the immediate holding company of the Company.
"Securities Account"	: A securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a depository agent.
"SFA"	: Securities and Futures Act (Chapter 289 of Singapore) as amended or modified from time to time.
"SGX-ST"	: Singapore Exchange Securities Trading Limited.
"Share Buyback Mandate"	: A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual.

"Shareholders"	: Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall mean the depositors whose Securities Accounts are credited with Shares.
"Shares"	: Ordinary shares in the capital of the Company.
"SIC"	: Securities Industry Council of Singapore.
"SSL" or "the Company"	: Samudera Shipping Line Ltd.
"Take-over Code"	: The Singapore Code on Take-overs and Mergers as amended or modified from time to time.
"Tangguh"	: PT Samudera Indonesia Tangguh, the ultimate parent company of the Company.
"TEU"	: Twenty-foot equivalent container unit.
"Vessels"	: Sinar Jepara, Sinar Ambon, Sinar Agra, Sinar Busan and Sinar Kapuas.
"S\$" and "cents"	: Singapore dollars and cents.
"%"	: Per centum.
"US\$" and "US cents"	: United States dollars and cents respectively.

The terms "**depositor**", "**depository agent**" and "**depository register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms "**treasury shares**" and "**subsidiary**" shall have the meaning ascribed to it in Sections 4 and 5 of the Companies Act, respectively.

The term "**subsidiary holdings**" shall have the same meaning ascribed to it in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa, and words importing persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that statute or enactment for the time being amended or re-enacted up to the Latest Practicable Date. Any term defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Circular are of such laws and regulations (including Listing Manual) as at the Latest Practicable Date.

Any discrepancies in the tables included herein between the amounts in the column of the tables and the totals thereof and relevant percentages (if any) are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day in this Circular shall be a reference to Singapore time.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Unless otherwise stated, the average exchange rate between US\$ and S\$ for FY2018 was US\$1.00: S\$1.35. This exchange rate should not be construed as a representation that the US\$ amounts would have been, or could be, converted into S\$ at the rate stated, or at all and vice versa.

All statements other than statements of historical facts included in this Circular relating to the Proposed Disposal are or may be forward-looking statement. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.

SAMUDERA SHIPPING LINE LTD
(Incorporated in the Republic of Singapore)
(Company registration no. 199308462C)

Directors:

Masli Mulia (Executive Chairman)
Asmari Herry Prayitno (Executive Director and Chief Executive Officer)
Hermawan Fridiana Herman (Executive Director, Finance)
Tan Meng Toon (Executive Director, Commercial)
Lim Kee Hee (Executive Director, Business Strategic & Development)
Quah Ban Huat (Lead Independent and Non-Executive Director)
Chng Hee Kok (Independent and Non-Executive Director)
Nicholas Peter Ballas (Independent and Non-Executive Director)
Ng Chee Keong (Independent and Non-Executive Director)
Lee Lay Eng Juliana (Independent and Non-Executive Director)

Registered Office:

6 Raffles Quay #25-01
Singapore 048580

12 April 2019

To: The Shareholders of Samudera Shipping Line Ltd

Dear Sir/Madam

1. INTRODUCTION

- 1.1 The Directors are convening an EGM of the Company to be held on 29 April 2019 to seek Shareholders' approval for the following:
- (a) The proposed adoption of Disposal Mandate for the Proposed Disposal of the Vessels; and
 - (b) The proposed renewal of the Share Buyback Mandate.
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to and explaining the rationale of (i) the proposed adoption of Disposal Mandate; and (ii) the proposed renewal of the Share Buyback Mandate.
- 1.3 The SGX-ST takes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular.
- 1.4 If you are in any doubt, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

2. THE PROPOSED ADOPTION OF DISPOSAL MANDATE

2.1 Introduction

At the EGM of the Company on 25 April 2018, the Shareholders have approved the adoption of a disposal mandate for the disposal of Sinar Jepara, Sinar Ambon, Sinar Labuan, Sinar Agra and Sinar Busan. The disposal mandate approved by the Shareholders is in force until the upcoming AGM of the Company (whereupon it will lapse, unless renewed).

The Company has, pursuant to the disposal mandate approved by the Shareholders on 25 April 2018, disposed Sinar Labuan. Kindly refer to the announcement made by the Company on 14 January 2019 for more information.

The remaining vessels which the Company has yet to dispose are Sinar Jepara, Sinar Ambon, Sinar Agra and Sinar Busan.

The Company proposes to seek approval from the Shareholders for a mandate to authorise the Company to dispose the following vessels:

- (a) Sinar Jepara;
- (b) Sinar Ambon;
- (c) Sinar Agra;
- (d) Sinar Busan; and
- (e) Sinar Kapuas

(collectively the "**Vessels**" and each a "**Vessel**")

2.2 Requirement for shareholders' approval

- (a) Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Under Rule 1014 of the Listing Manual, Shareholders' approval must be obtained for "major transactions" within the meaning of Chapter 10 of the Listing Manual. Rule 1006 of the Listing Manual sets out the computations for relative figures for acquisitions and disposals of assets by a listed issuer. Shareholders' approval is required if any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and such a transaction is classified as a "major transaction". In determining whether a disposal transaction or a series of disposal transactions is considered a major transaction, the SGX-ST may aggregate separate transactions completed within a 12-month period and treat these transactions as one transaction under Rule 1005 of the Listing Manual.
- (b) If the Group disposes all or some of the Vessels over a 12-month period, SGX-ST may aggregate and consider the disposal of the Vessels as a single transaction whereupon the applicable relative figures computed on the bases set out in Rule 1006 of the Listing Manual may exceed 20%. As such, the Company is seeking the prior approval of the Shareholders for the Disposal Mandate.

2.3 Information on the Vessels

- (a) **Sinar Jepara**
Sinar Jepara is an Indonesia flagged container vessel. It was built in 2005. It can carry up to 378 TEUs.
- (b) **Sinar Ambon**
Sinar Ambon is an Indonesia flagged container vessel. It was built in 2005. It can carry up to 287 TEUs.
- (c) **Sinar Agra**
Sinar Agra is an Indonesia flagged chemical tanker. It was built in 2006. Its capacity is 11,244 deadweight tonnage.
- (d) **Sinar Busan**
Sinar Busan is an Indonesia flagged chemical tanker. It was built in 2006. Its capacity is 10,600 deadweight tonnage.
- (e) **Sinar Kapuas**
Sinar Kapuas is a Singapore flagged bulk carrier. It was built in 2011. Its capacity is 57,700 deadweight tonnage.

Assuming that the Group disposes all the vessels in accordance with the Disposal Mandate, the Company will not be a cash company (within the definition of Rule 1018 of the Listing Manual) as the Group still owns several other vessels. Further, the Group also charter in vessels for its operation.

2.4 Rationale for the Disposal Mandate and Proposed Disposal of the Vessels

The Vessels (other than Sinar Kapuas) are all Indonesia flagged vessels that service the domestic route within Indonesia. Under the current Indonesia 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 to and from Indonesia as well as potentially investing in a minority stake in Indonesian company which provides shipping services for domestic route within Indonesia.

In relation to Sinar Kapuas, it was a loss-making vessel in FY2018. The Company will evaluate any and all offer for the sale of Sinar Kapuas including the possibility of putting Sinar Kapuas as the Company's contribution to a joint venture in Indonesia so as to enable the Group to participate in domestic shipping business in Indonesia.

It is the norm of the shipping industry that the sale and purchase of vessel be completed within a short time frame after the parties have agreed on the sale and purchase of the relevant vessel. As such, the Company will not have sufficient time to obtain shareholders' approval for each disposal of the Vessel.

Further, the Disposal Mandate will provide the Company with the flexibility to sell the Vessels during the period when the Disposal Mandate is in force. The Disposal Mandate will also eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when the Group disposes any one of the Vessels, thereby avoiding the loss of opportunities and reducing substantially the administrative time, inconvenience and expenses associated with the convening of such general meetings on an ad hoc basis.

2.5 Terms of the Disposal Mandate

The terms of the Disposal Mandate are as follows:

- (a) Subject to (b) below, each of the Vessels may be disposed at a price which the Directors deem fair and reasonable after taking into account the relevant factors including but not limited to the valuation for the relevant Vessel from independent valuer.
- (b) The disposal price of each of the Vessels shall not be lower than 90% of the value of the relevant Vessel as determined by the independent valuer.
- (c) The consideration in respect of such disposal shall be satisfied in such manner as the Board deems fit in the best interest of the Company.
- (d) If approved by the Shareholders at the EGM, the authority conferred by the Disposal Mandate will continue in force for a period commencing from and including the day following the day of the EGM until the next AGM of the Company (whereupon at the end of the period it will lapse, unless renewed) or until it is varied or revoked by the Company in a general meeting, whichever is earlier. During the period when the Disposal Mandate is in force, the Group may enter into memorandums of agreements with any prospective purchaser(s) of the Vessels and such sale and purchase agreement(s) shall not be subject to the specific approval of the Shareholders, notwithstanding that the completion date of the relevant transaction may fall on a date after the Disposal Mandate has lapsed.
- (e) In the event the value of the sale of all or any of the Vessels to interested person(s) of the Company is equal to or exceeds certain financial materiality thresholds prescribed in Chapter 9 of the Listing Manual, the Company shall seek specific Shareholders' approval and/or make an immediate announcement in respect of such transaction in accordance with Chapter 9 of the Listing Manual.

For the purpose of sub-paragraph (e) above:

- (i) an **"interested person"** means a Director, chief executive officer or controlling shareholder of the Company, or an associate of such Director, chief executive officer or controlling shareholder;
- (ii) a **"controlling shareholder"** means a person who holds directly or indirectly 15% or more of the total number of all issued Shares excluding treasury shares in the Company (unless otherwise excepted by the SGX-ST), or in fact exercised control over the Company; and
- (iii) an **"associate"**, in relation to any Director, chief executive officer or controlling shareholder (being an individual), means his immediate family (i.e. spouse, children, adopted children, step-children, children and parents), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he or his immediate family together (directly or indirectly) have an interest of 30% or more; in relation to a controlling shareholder (being a company), means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

- (f) Any negotiation with an intending purchaser of the Vessels shall be conducted on an arm's length and commercial basis, taking into account such factors as the Directors may deem fit in the interests of the Group.
- (g) Assuming that the approval of the Shareholders for the Disposal Mandate is obtained at the EGM, the Directors will be responsible for facilitating the Proposed Disposal of the Vessels. The Directors shall exercise the authority conferred by the Disposal Mandate in a judicious manner and in the best interest of the Company.
- (h) If the Directors are not able to dispose the Vessels in accordance with the terms set forth above, the Company will revert to the Shareholders for a fresh mandate for specific approval for the transaction pursuant to Rule 1014 of the Listing Manual, as applicable.

2.6 Announcement

Further, the Company shall also keep the Shareholders informed of transactions conducted under the Disposal Mandate by making announcement as required under Chapter 10 of the Listing Manual. In addition to the above, the Company will also be making announcement upon the earlier:

- (a) disposal of all the Vessels; or
- (b) expiry of the Disposal Mandate.

2.7 Intended use of sale proceeds

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

2.8 Financial effects of the Proposed Disposal of the Vessels

The pro forma financial effects of the Proposed Disposal of the Vessels are purely for illustrative purposes and are neither indicative of the actual financial effects of the Proposed Disposal of the Vessels on the EPS and NTA of the Company, nor are they indicative of the actual financial performance or the financial position of the Company for FY2018.

The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2018 (the "**FY2018 Financial Statements**"), being the most recently completed financial year, and on the following key bases and assumptions:

- (i) For the purposes of illustrating the financial effects of the Proposed Disposal of the Vessels on the EPS of the Group, it is assumed that all the Vessels were disposed on 1 January 2018;
- (ii) For the purposes of illustrating the financial effect on the NTA per Share of the Group, it is assumed that all the Vessels were disposed on 31 December 2018; and
- (iii) All the Vessels were disposed at book value with no profit or loss on disposal.

EPS

	Before the Proposed Disposal of the Vessels	After the Proposed Disposal of the Vessels
Profit attributable to Shareholders (US\$'000)	8,271	8,589
Earnings per Share (US cents)	1.54	1.60

NTA

	Before the Proposed Disposal of the Vessels	After the Proposed Disposal of the Vessels
NTA (US\$'000)	188,983	188,983
NTA per Share (US cents)	35.12	35.12

2.9 Relative Figures computed pursuant to Rule 1006 of the Listing Manual

The relative figures computed pursuant to Rule 1006 (a) to (e) of the Listing Manual are set out below:

	Basis in Rule 1006 of the Listing Manual	Relative Figures
(a)	NAV ¹ of the assets to be disposed of, compared with the Group's NAV as at 31 December 2018	20.2%
(b)	The net profit attributable to the Vessels, compared with the Group's net profit for FY 2018	-3.9%
(c)	The aggregate value of the consideration received ² , compared with the Company's market capitalisation ³ as at the Latest Practicable Date based on the total number of Shares excluding treasury shares and subsidiary holdings, if any	53.6%
(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

Notes:

1. The aggregate NAV of the assets to be disposed of as at 31 December 2018 is US\$38,191,386.
2. This is on the assumption that the aggregate value of the consideration received equal to the aggregate net book value of the Vessels.
3. Market Capitalisation of the Company as at the latest practicable date is US\$71,229,079.

2.10 Directors' service contracts

No person is proposed to be appointed as a Director in connection with the Proposed Disposal of the Vessels.

3. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE

3.1 Introduction

The Company is seeking Shareholders' approval to renew Share Buyback Mandate to authorise the Directors to buy back Shares representing up to a maximum of 10% of the issued Shares of the Company (excluding treasury shares and subsidiary holdings, if any) as at the date on which the resolution authorising the same is passed, at a price of up to but not exceeding the Maximum Price (as defined below). Such purchases of Shares will be made subject to the Constitution, the Listing Manual, Take-over Code and in accordance with Sections 76B to 76G of the Companies Act.

Purchases of Shares may be effected by the Company in either one of the following two ways or both:

- (a) by way of on-market purchases transacted on the SGX-ST through the ready market of the SGX-ST ("**Market Acquisition**"); and/or
- (b) by way of an off-market acquisition on an "equal access scheme" as defined in Section 76C of the Companies Act ("**Off-Market Acquisition**").

Pursuant to the Companies Act and the Listing Manual, the authority and limitations on the Share Buyback Mandate are as follows:

- (i) Maximum Number of Shares

The maximum number of Shares which may be purchased by the Company pursuant to the Share Buyback Mandate is that number of Shares representing not more than 10% of the issued Shares of the Company (excluding treasury shares and subsidiary holdings, if any) as at the date on which the resolution authorising the same is passed.

On the basis of 538,038,199 Shares in issue (excluding treasury shares and subsidiary holdings, if any) as at the Latest Practicable Date, the exercise in full of the Share Buyback Mandate would result in purchase of 53,803,819 Shares.

(ii) Maximum Price

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid by the Company for the Shares will not be more than ("**Maximum Price**"):

- (aa) in the case of Market Acquisition, 5% above the average of the closing market prices of the Shares over the last five Market Days on which transactions in the Shares were recorded before the day of the Market Acquisition by the Company, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five-day period; and
- (bb) in the case of Off-Market Acquisition, 20% above the average of the closing market prices of the Shares over the last five Market Days on which transactions in the Shares were recorded before the date on which the Company makes an announcement of an offer under the Off-Market Acquisition, stating therein the purchase price and the relevant terms of the equal access scheme for effecting the Off-Market Acquisition, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five-day period.

(iii) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM, at which the proposed Share Buyback Mandate is approved, up to:

- (a) the date on which the next AGM of the Company is held or required by law to be held;
- (b) the date on which Share Buyback Mandate have been carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied,

whichever is earlier.

(iv) Sources of Funds

In purchasing Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution and the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than cash and the relevant settlement for the purchase of Shares shall be in accordance with the trading rules of the SGX-ST. The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits. The Company intends to use internal sources of funds to finance the purchases of Shares.

3.2 Rationale of the Share Buyback Mandate

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Company. A share buyback at the appropriate price level is one of the ways through which the return on equity of the Company may be enhanced.

The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. Shares purchased pursuant to the Share Buyback Mandate will either be cancelled or held as treasury shares as may be determined by the Directors. This will provide the Directors with greater flexibility over the Company's share capital structure, *inter alia*, with a view to enhance the earnings and/or NAV per Share or to maintain a pool of Shares to be deployed for future purposes as deemed appropriate by the Directors.

The Directors further believe that Shares buybacks by the Company will help to mitigate short term share price volatility or trading trends which, in the reasonable opinion of the Company, is not otherwise caused by general market factors or sentiments and/or the fundamentals of the Company and offset the effect of short-term speculation (as and when they may occur) and bolster Shareholders' confidence.

3.3 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

3.4 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act, are summarised below:

(a) **Maximum Holdings**

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) **Voting and Other Rights**

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights. In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury shares is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) **Disposal and Cancellation**

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

3.5 Financial Impact

The financial impact on the Company and the Group arising from purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired on-market or off-market, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial impact on the Company and Group, based on the audited financial statements of the Company and the Group for FY2018, are based on the assumptions set out below.

(a) Purchase or Acquisition out of Capital or Profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, goods and service tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

(b) Information as at Latest Practicable Date

Based on the existing number of Shares in issue (excluding treasury shares and subsidiary holdings, if any) as at the Latest Practicable Date, the exercise in full of the Share Buyback Mandate would result in the purchase of 53,803,819 Shares.

(i) **Market Acquisition**

Assuming that the Company purchases or acquires the 53,803,819 Shares at the Maximum Price of 18.20 Singapore cents for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 53,803,819 Shares is S\$9,792,295 or equivalent to US\$7,253,552 at the exchange rate of US\$1.00 : S\$1.35 (based on the exchange rate as at the Latest Practicable Date).

(ii) **Off Market Acquisition**

In the case of an Off-Market Acquisition by the Company and assuming that the Company purchases or acquires 53,803,819 Shares at the Maximum Price of 20.80 Singapore cents for one Share (being the price equivalent to 20% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 53,803,819 Shares is S\$11,191,194 or equivalent to US\$8,289,774 at the exchange rate of US\$1.00 : S\$1.35 (based on the exchange rate as at the Latest Practicable Date).

(c) Illustrative Financial Impact

For illustrative purposes only and on the basis of the assumptions set out in paragraph 3.5(b) above, the financial impact of the:

- (i) Market Acquisition by the Company entirely out of capital and Shares bought back are cancelled; and Market Acquisition by the Company entirely out of capital and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share);

- (ii) Off-Market Acquisition by the Company entirely out of capital and Shares bought back are cancelled; and Off-Market Acquisition by the Company entirely out of capital and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share);
- (iii) Market Acquisition by the Company entirely out of profits and Shares bought back are cancelled; and Market Acquisition by the Company entirely out of profits and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share); and
- (iv) Off-Market Acquisition by the Company entirely out of profits and Shares bought back are cancelled; and Off-Market Acquisition by the Company entirely out of profits and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share).

on the audited financial statements of the Group and the Company for FY2018 are set out on pages 13 to 16 of the Circular:

- (i) Market Acquisition by the Company entirely out of capital and Shares bought back are cancelled; and Market Acquisition by the Company entirely out of capital and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share)

	Group (US\$'000)			Company (US\$'000)		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
	Financial Statements as at 31 December 2018	Held as treasury shares	Cancelled	Financial Statements as at 31 December 2018	Held as treasury shares	Cancelled
Issued share capital	68,761	68,587	61,333	68,761	68,587	61,333
Treasury shares	(174)	(7,254)	-	(174)	(7,254)	-
Reserves	120,489	120,489	120,489	145,521	145,521	145,521
Total Equity	193,355	186,101	186,101	214,108	206,854	206,854
NAV ⁽⁷⁾	189,076	181,822	181,822	214,108	206,854	206,854
Total current assets	132,397	125,143	125,143	100,269	93,015	93,015
Total current liabilities	61,568	61,568	61,568	42,932	42,932	42,932
Total borrowings ⁽¹⁾	43,143	43,143	43,143	24,209	24,209	24,209
Number of issued Shares ('000)	539,131	538,038	484,234	539,131	538,038	484,234
Treasury shares ('000)	(1,093)	(53,804)	-	(1,093)	(53,804)	-
Subsidiary holdings ('000)	-	-	-	-	-	-
Number of Shares ⁽²⁾ ('000)	538,038	484,234	484,234	538,038	484,234	484,234
Financial Ratios						
NAV per Share (US cents) ⁽³⁾	35.14	37.55	37.55	39.79	42.72	42.72
EPS (US cents) ⁽⁴⁾	1.54	1.71	1.71	1.36	1.52	1.52
Gearing ratio (times) ⁽⁵⁾	0.23	0.24	0.24	0.11	0.12	0.12
Current ratio (times) ⁽⁶⁾	2.15	2.03	2.03	2.34	2.17	2.17

Note:

⁽¹⁾ Total borrowings refer to borrowings from financial institutions.

⁽²⁾ Number of Shares (excluding treasury shares and subsidiary holdings, if any).

⁽³⁾ NAV per Share is calculated based on the NAV divided by number of Shares (excluding treasury shares and subsidiary holdings, if any).

⁽⁴⁾ EPS is calculated based on the net profit attributable to owners of the Company divided by number of Shares (excluding treasury shares and subsidiary holdings, if any).

⁽⁵⁾ Gearing represents the ratio of total borrowings to total equity, excluding minority interests.

⁽⁶⁾ Current ratio represents the ratio of total current assets to total current liabilities.

⁽⁷⁾ NAV represents total equity less non-controlling interests.

- (ii) Off-Market Acquisition by the Company entirely out of capital and Shares bought back are cancelled; and Off-Market Acquisition by the Company entirely out of capital and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share)

	Group (US\$'000)			Company (US\$'000)		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
	Financial Statements as at 31 December 2018	Held as treasury shares	Cancelled	Financial Statements as at 31 December 2018	Held as treasury shares	Cancelled
Issued share capital	68,761	68,587	60,297	68,761	68,587	60,297
Treasury shares	(174)	(8,290)	-	(174)	(8,290)	-
Reserves	120,489	120,489	120,489	145,521	145,521	145,521
Total Equity	193,355	185,065	185,065	214,108	205,818	205,818
NAV ⁽⁷⁾	189,076	180,786	180,786	214,108	205,818	205,818
Total current assets	132,397	124,107	124,107	100,269	91,979	91,979
Total current liabilities	61,568	61,568	61,568	42,932	42,932	42,932
Total borrowings ⁽¹⁾	43,143	43,143	43,143	24,209	24,209	24,209
Number of issued Shares ('000)	539,131	538,038	484,234	539,131	538,038	484,234
Treasury shares ('000)	(1,093)	(53,804)	-	(1,093)	(53,804)	-
Subsidiary holdings ('000)	-	-	-	-	-	-
Number of Shares ⁽²⁾ ('000)	538,038	484,234	484,234	538,038	484,234	484,234
Financial Ratios						
NAV per Share (US cents) ⁽³⁾	35.14	37.33	37.33	39.79	42.50	42.50
EPS (US cents) ⁽⁴⁾	1.54	1.71	1.71	1.36	1.52	1.52
Gearing ratio (times) ⁽⁵⁾	0.23	0.24	0.24	0.11	0.12	0.12
Current ratio (times) ⁽⁶⁾	2.15	2.02	2.02	2.34	2.14	2.14

Note:

- ⁽¹⁾ Total borrowings refer to borrowings from financial institutions.
- ⁽²⁾ Number of Shares (excluding treasury shares and subsidiary holdings, if any).
- ⁽³⁾ NAV per Share is calculated based on the NAV divided by number of Shares (excluding treasury shares and subsidiary holdings, if any).
- ⁽⁴⁾ EPS is calculated based on the net profit attributable to owners of the Company divided by number of Shares (excluding treasury shares and subsidiary holdings, if any).
- ⁽⁵⁾ Gearing represents the ratio of total borrowings to total equity, excluding minority interests.
- ⁽⁶⁾ Current ratio represents the ratio of total current assets to total current liabilities.
- ⁽⁷⁾ NAV represents total equity less non-controlling interests.

- (iii) Market Acquisition by the Company entirely out of profits and Shares bought back are cancelled; and Market Acquisition by the Company entirely out of profits and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share)

	Group (US\$'000)			Company (US\$'000)		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
	Financial Statements as at 31 December 2018	Held as treasury shares	Cancelled	Financial Statements as at 31 December 2018	Held as treasury shares	Cancelled
Issued share capital	68,761	68,587	68,587	68,761	68,587	68,587
Treasury shares	(174)	(7,254)	-	(174)	(7,254)	-
Reserves	120,489	120,489	113,235	145,521	145,521	138,267
Total Equity	193,355	186,101	186,101	214,108	206,854	206,854
NAV ⁽⁷⁾	189,076	181,822	181,822	214,108	206,854	206,854
Total current assets	132,397	125,143	125,143	100,269	93,015	93,015
Total current liabilities	61,568	61,568	61,568	42,932	42,932	42,932
Total borrowings ⁽¹⁾	43,143	43,143	43,143	24,209	24,209	24,209
Number of issued Shares ('000)	539,131	538,038	484,234	539,131	538,038	484,234
Treasury shares ('000)	(1,093)	(53,804)	-	(1,093)	(53,804)	-
Subsidiary holdings ('000)	-	-	-	-	-	-
Number of Shares ⁽²⁾ ('000)	538,038	484,234	484,234	538,038	484,234	484,234
Financial Ratios						
NAV per Share (US cents) ⁽³⁾	35.14	37.55	37.55	39.79	42.72	42.72
EPS (US cents) ⁽⁴⁾	1.54	1.71	1.71	1.36	1.52	1.52
Gearing ratio (times) ⁽⁵⁾	0.23	0.24	0.24	0.11	0.12	0.12
Current ratio (times) ⁽⁶⁾	2.15	2.03	2.03	2.34	2.17	2.17

Note:

⁽¹⁾ Total borrowings refer to borrowings from financial institutions.

⁽²⁾ Number of Shares (excluding treasury shares and subsidiary holdings, if any).

⁽³⁾ NAV per Share is calculated based on the NAV divided by number of Shares (excluding treasury shares and subsidiary holdings, if any).

⁽⁴⁾ EPS is calculated based on the net profit attributable to owners of the Company divided by number of Shares (excluding treasury shares and subsidiary holdings, if any).

⁽⁵⁾ Gearing represents the ratio of total borrowings to total equity, excluding minority interests.

⁽⁶⁾ Current ratio represents the ratio of total current assets to total current liabilities.

⁽⁷⁾ NAV represents total equity less non-controlling interests.

- (iv) Off-Market Acquisition by the Company entirely out of profits and Shares bought back are cancelled; and Off-Market Acquisition by the Company entirely out of profits and held as treasury shares (assuming that the Company would cancel existing treasury shares prior to acquiring new treasury share)

	Group (US\$'000)			Company (US\$'000)		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
	Financial Statements as at 31 December 2018	Held as treasury shares	Cancelled	Financial Statements as at 31 December 2018	Held as treasury shares	Cancelled
Issued share capital	68,761	68,587	68,587	68,761	68,587	68,587
Treasury shares	(174)	(8,290)		(174)	(8,290)	
Reserves	120,489	120,489	112,199	145,521	145,521	137,231
Total Equity	193,355	185,065	185,065	214,108	205,818	205,818
NAV ⁽⁷⁾	189,076	180,786	180,786	214,108	205,818	205,818
Total current assets	132,397	124,107	124,107	100,269	91,979	91,979
Total current liabilities	61,568	61,568	61,568	42,932	42,932	42,932
Total borrowings ⁽¹⁾	43,143	43,143	43,143	24,209	24,209	24,209
Number of issued Shares ('000)	539,131	538,038	484,234	539,131	538,038	484,234
Treasury shares ('000)	(1,093)	(53,804)	-	(1,093)	(53,804)	-
Subsidiary holdings ('000)	-	-	-	-	-	-
Number of Shares ⁽²⁾ ('000)	538,038	484,234	484,234	538,038	484,234	484,234
Financial Ratios						
NAV per Share (US cents) ⁽³⁾	35.14	37.33	37.33	39.79	42.50	42.50
EPS (US cents) ⁽⁴⁾	1.54	1.71	1.71	1.36	1.52	1.52
Gearing ratio (times) ⁽⁵⁾	0.23	0.24	0.24	0.11	0.12	0.12
Current ratio (times) ⁽⁶⁾	2.15	2.02	2.02	2.34	2.14	2.14

Note:

⁽¹⁾ Total borrowings refer to borrowings from financial institutions.

⁽²⁾ Number of Shares (excluding treasury shares and subsidiary holdings, if any).

⁽³⁾ NAV per Share is calculated based on the NAV divided by number of Shares (excluding treasury shares and subsidiary holdings, if any).

⁽⁴⁾ EPS is calculated based on the net profit attributable to owners of the Company divided by number of Shares (excluding treasury shares and subsidiary holdings, if any).

⁽⁵⁾ Gearing represents the ratio of total borrowings to total equity, excluding minority interests.

⁽⁶⁾ Current ratio represents the ratio of total current assets to total current liabilities.

⁽⁷⁾ NAV represents total equity less non-controlling interests.

The actual impact will depend on the number and price of the Shares repurchased by the Company.

Shareholders should note that the financial impact set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and Group for FY2018 and may not be representative of future financial performance. Further, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

The Directors do not propose to exercise the Share Buyback Mandate to an extent that would materially and adversely affect the working capital requirements of the Company. The purchase of Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The proposed Share Buyback Mandate will only be exercised in the interests of the Company, for example, to enhance the EPS of the Company.

3.6 Tax Implications

Shareholders who are in doubt as to their respective tax position or the tax implications of the proposed Shares buyback by the Company or may be subject to tax whether in or outside of Singapore should consult their own professional advisers.

3.7 Take-Over Code Implications arising from Share Buybacks

Appendix 2 of the Take-over Code contains the Share Buyback Guidance applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

(a) Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

(b) Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

(i) The following companies:

- (1) A company;**
- (2) The parent company of (1);**
- (3) The subsidiaries of (1);**
- (4) The fellow subsidiaries of (1);**
- (5) The associated companies of any of (1), (2), (3) or (4);**
- (6) Companies whose associated companies include any of (1), (2), (3), (4) or (5); and**
- (7) Any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and**

- (ii) A company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which shareholders of a company (including directors of the company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of shares by the company are set out in Appendix 2 of the Take-over Code.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties is between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

(d) Exemption under Appendix 2 of the Take-over Code

Section 3(a) of the Appendix 2 of the Take-over Code provides, *inter alia*, that for a market acquisition under Section 76E of the Companies Act or an off-market acquisition on an equal access scheme under Section 76C of the Companies Act by a listed company, directors and persons acting in concert with them will be exempted from the requirement to make a general offer for the Company under Rule 14.1 of the Take-over Code, subject to the following conditions:

- (i) The circular to shareholders on the resolution to authorise a buyback to contain advice to the effect that by voting for the buyback resolution, shareholders are waiving their right to a general offer at the required price from directors and parties acting in concert with them who, as a result of the company buying back its shares, would increase their voting rights to 30% or more, or, if they together hold between 30%-50% of the company's voting rights, would increase their voting rights by more than one per cent. (1%) in any period of six (6) months; and the names of such directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed buyback to be disclosed in the same circular;
- (ii) The resolution to authorise a share buyback to be approved by a majority of those shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the shares buyback;
- (iii) The directors and/or persons acting in concert with them to abstain from voting for and/or recommending shareholders to vote in favour of the resolution to authorise the share buyback;
- (iv) Within seven (7) days after the passing of the resolution to authorise a buyback, each of the directors to submit to the SIC a duly signed form as prescribed by the SIC;
- (v) Directors and/or persons acting in concert with them not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buyback proposal is imminent and the earlier of:

- (1) The date on which the authority of the share buyback expires; and
- (2) The date on which the company announces it has bought back such number of shares as authorised by shareholder at the latest general meeting or it has decided to cease buying its shares, as the case may be.

If such acquisitions, take together with the buyback, would cause their aggregate voting rights to increase to 30% or more.

- (vi) Directors and/or persons acting in concert with them not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buyback proposal is imminent and the earlier of:

- (1) The date on which the authority of the share buyback expires; and
- (2) The date on which the Company announces it has bought back such number of shares as authorised by shareholder at the latest general meeting or it has decided to cease buying its shares, as the case may be.

If such acquisitions, take together with the buyback, would cause their aggregate voting rights to increase by more than one per cent. (1%) in the preceding six (6) months.

It follows that where aggregate voting rights held by a director and persons acting in concert with him increase by more than one per cent. (1%) solely as a result of the share purchase and none of them has acquired any share during the relevant period defined above, then such director and/or persons acting in concert with him would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

- (e) Take-over obligation of substantial Shareholder of the Company

As at the Latest Practicable Date, each of the substantial Shareholders of the Company (as set out in page 20 of this Circular) have an interest of at least 65.27% of the Company's voting rights and would therefore not be obliged to make a general offer under Rule 14 and Appendix 2 of the Take-over Code in the event that Share buybacks are undertaken by the Company pursuant to the Share Buyback Mandate.

Further, based on the register of Directors' shareholdings and register of substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any Director and/or Shareholder who may become obligated to make a mandatory offer in the event that Share buybacks are undertaken by the Company pursuant to the Share Buyback Mandate.

The statements herein do not purpose to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share purchase or acquisition by the Company pursuant to the Share Buyback Mandate.

3.8 Listing Manual Requirements

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Acquisition, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Acquisition under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares during the period commencing (i) 2 weeks before the announcement of each of the Company’s financial results for the first three quarters of the Company’s financial year; or (ii) one month before the announcement of the Company’s full year financial results, as the case may be, and ending on the date of the announcement of the respective results on the SGX-ST.

3.9 Listing status on the SGX-ST

The Listing Manual requires a listed company to ensure that at least 10% of its issued shares (excluding treasury shares and subsidiary holding, if any) must be held by the public. The Company will ensure that any Share purchased by the Company will not result in a fall in the percentage of Shares held by the public to below 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any). The number of public Shareholders as disclosed in the register of Shareholders as at the Latest Practicable Date is 4,367.

The total percentage of Shares in the hands of the public as at the Latest Practicable Date is 34.11%.

Assuming that (a) the Company purchases a maximum of 10% of the issued Shares from the public and (b) the Shares held by the substantial Shareholders of the Company and the Directors remain unchanged, the percentage of Shares in the hands of the public after such a repurchase will be 26.79%.

The Directors will use their best efforts to ensure that the Company does not effect a purchase of Shares which would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the orderly trade of the Shares or the listing status of the Company.

As at the Latest Practicable Date, the Company has no securities apart from its Shares listed on the SGX-ST.

3.10 Shares purchased by the Company

The Company has not made any share buyback on or during the 12 months preceding the Latest Practicable Date.

4. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN SHARES

As at the Latest Practicable Date, the interests of Directors and substantial Shareholders of the Company in Shares, as set out in the Company’s register of interests of Directors and register of substantial Shareholders respectively, are as follows:

Directors	Direct	%	Deemed	%
Masli Mulia	-	-	-	-
Asmari Herry Prayitno	60,000	0.011	-	-
Hermawan Fridiana Herman	-	-	-	-
Tan Meng Toon	-	-	-	-
Lim Kee Hee	-	-	-	-
Quah Ban Huat	-	-	-	-
Chng Hee Kok	-	-	-	-
Nicholas Peter Ballas	-	-	-	-
Ng Chee Keong	-	-	-	-
Lee Lay Eng Juliana	-	-	-	-
Substantial Shareholders				
PTSI	351,180,000	65.27	-	-
Tangguh ¹	-	-	351,180,000	65.27
NBU ²	-	-	351,180,000	65.27

Notes

1. Tangguh’s deemed interest arises from its direct interest of 57.98% in PTSI.
2. NBU’s deemed interest arises from its direct interest of 14.21% and 27.40% in PTSI and Tangguh respectively.

5. DIRECTORS' RECOMMENDATION

Taking into account the rationale for the proposed adoption of the Disposal Mandate and the proposed renewal of the Share Buyback Mandate, the Directors of the Company are of the opinion that the (i) proposed adoption of the Disposal Mandate and (ii) proposed renewal of the Share Buyback Mandate, are in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the resolutions relating to the (i) proposed adoption of the Disposal Mandate; and (ii) proposed renewal of the Share Buyback Mandate, which will be proposed at the EGM.

6. EXTRAORDINARY GENERAL MEETING

An EGM, notice of which is set out in pages 22 to 24 of this Circular, will be held at M Hotel Singapore, Anson III, Level 2, 81 Anson Road, Singapore 079908 on 29 April 2019 at 10.30 a.m. (or soon thereafter following the conclusion of the AGM to be held at 10.00 a.m. on the same day at the same place) for the purpose of considering and if thought fit, passing with or without amendment, the resolutions set out in the Notice of EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote on their behalf should complete, sign and return the proxy form attached to the notice of EGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 6 Raffles Quay #25-01, Singapore 048580 not less than 48 hours before the time fixed for the EGM. The appointment of proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he wishes to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears in the Depository Register maintained by CDP, 72 hours before the EGM.

8. DIRECTORS' RESPONSIBILITY

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed adoption of the Disposal Mandate and proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office, 6 Raffles Quay #25-01, Singapore 048580 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) Constitution; and
- (b) The audited financial statements of the Company for FY2018.

Yours faithfully
for and on behalf of
the Board of Directors of
Samudera Shipping Line Ltd

Hermawan Fridiana Herman
Executive Director, Finance

SAMUDERA SHIPPING LINE LTD
(Incorporated in the Republic of Singapore)
(Company registration no. 199308462C)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“**EGM**”) of Samudera Shipping Line Ltd (the “**Company**”) will be held at M Hotel Singapore, Anson III, Level 2, 81 Anson Road, Singapore 079908 on 29 April 2019 at 10.30 a.m. (or soon thereafter following the conclusion of the AGM to be held at 10.00 a.m. on the same day at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

*All capitalised terms used in this notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the circular to the shareholders of the Company dated 12 April 2019 (“**Circular**”)*

ORDINARY RESOLUTION 1 - THE PROPOSED ADOPTION OF THE DISPOSAL MANDATE FOR PROPOSED DISPOSAL OF THE VESSELS

That:

- (a) Approval be and is hereby given, for the purposes of Chapter 10 of the Listing Manual, for the Company to dispose the Vessels to the extent mandated and according to the terms under the Disposal Mandate as described in the Circular (the “**Proposed Disposal**”);
- (b) The Directors of the Company and/or any of them be and are hereby authorised to do all acts and things (including without limitation, executing all such documents and approving any amendments, alterations or modifications to any such documents as may be required in connection with the Proposed Disposal) as they and/or each of them deem desirable, expedient or necessary to give effect to the matters referred to in the above paragraph of this Ordinary Resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company; and
- (c) Insofar as any documents are required to be executed under seal, the Common Seal of the Company be affixed to such documents relating to the Proposed Disposal contemplated and authorised by this Ordinary Resolution in accordance with the provisions of the Constitution of the Company.

ORDINARY RESOLUTION 2 - THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

That:

- (a) For the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares of the Company not exceeding in aggregate the Maximum Percentage (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:
 - (i) Market Acquisition(s) on SGX-ST through the ready market of the SGX-ST and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) Off-Market Acquisition(s) otherwise than on a securities exchange, in accordance with an equal access scheme(s) as defined in Section 76C of the Companies Act and as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and Listing Manual,

on the terms set out in the Circular, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”)

- (b) Unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earlier of:
- (i) the date on which the next AGM of the Company is held or required by law to be held;
 - (ii) the date on which Share Buyback Mandate have been carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied;
- (c) In this Ordinary Resolution:
- “Maximum Percentage”** means that number of issued Shares representing ten per cent. (10%) of the total number of issued Shares as at the date of the passing of this Ordinary Resolution (excluding the Shares which are held as treasury shares and subsidiary holding (if any) as at that date); and
- “Maximum Price”** in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not be more than:
- (i) in the case of a Market Acquisition of a Share, 5% above the average of the closing market prices of the Shares over the last five Market Days on which transactions in the Shares were recorded before the day of the Market Acquisition by the Company, and deemed to be adjusted, in accordance with the Listing Manual of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and
 - (ii) in the case of an Off-Market Acquisition of a Share, 20% above the average of the closing market prices of the Shares over the last five Market Days on which transactions in the Shares were recorded before the date on which the Company makes an announcement of an offer under the Off-Market Acquisition, stating therein the purchase price and the relevant terms of the equal access scheme for effecting the Off-Market Acquisition, and deemed to be adjusted, in accordance with the Listing Manual of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and
- (d) The Directors of the Company and each of them be and is hereby authorised to do such acts and things (including without limitation, to execute all documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

BY ORDER OF THE BOARD

Gwendolin Lee Soo Fern
Company Secretary
12 April 2019

Notes:-

1. (a) *A member of the Company (other than a “Relevant Intermediary”) entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his/her behalf. A proxy need not be a member of the Company.*
- (b) *A member who is a “Relevant Intermediary”, is entitled to appoint more than two proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.*

“Relevant Intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. *If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 6 Raffles Quay #25-01, Singapore 048580 not less than 48 hours before the time appointed for the holding of the EGM.*
3. *The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any official or attorney duly authorised.*

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

SAMUDERA SHIPPING LINE LTD

Registration Number: 199308462C

(Incorporated in the Republic of Singapore)

PROXY FORM

EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend and vote at the Extraordinary General Meeting (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy Samudera Shipping Line Ltd's shares, this Circular to Shareholders dated 12 April 2019 is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to attend the Extraordinary General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We _____
(Name(s) and NRIC/Passport/Company Registration Number(s))

of _____ (Address)

being a member/members of **SAMUDERA SHIPPING LINE LTD** (the "**Company**"), hereby appoint:-

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	(%)
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	(%)
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "**EGM**") of the Company to be held at M Hotel Singapore, Anson III, Level 2, 81 Anson Road, Singapore 079908 on **29 April 2019 at 10.30 a.m.** (or soon thereafter following the conclusion of the Annual General Meeting of the Company to be held at 10.00 am on the same day at the same place) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	Resolutions	No. of votes For ⁽¹⁾	No. of votes Against ⁽¹⁾
1.	To approve the adoption of the Disposal Mandate		
2.	To approve the renewal of the Share Buyback Mandate		

⁽¹⁾ Voting will be conducted by poll. If you wish to exercise all your vote "**For**" or "**Against**" the relevant resolution, please tick (✓) within the box provided. Alternatively, if you wish to exercise your votes "**For**" and "**Against**" the relevant resolution, please indicate the number of votes as appropriate in the boxes provided above.

Dated this _____ day of _____ 2019

Signature(s) of Shareholder(s) and/or Common Seal of
Corporate Shareholder

Total No. of Shares In:	No. of Shares
(a) CDP Register	
(b) Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

Pursuant to Section 181 of the Companies Act, Chapter 50, a ***“Relevant Intermediary”*** means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board (***“CPF Board”***) established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6 Raffles Quay #25-01, Singapore 048580 not less than forty-eight (48) hours before the time appointed for the EGM.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 12 April 2019.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

