

**IFA to the Non-Interested Directors of Samudera Shipping Line Ltd in relation to the Proposed Investment and the proposed IPT General Mandate**Proposed Investment

On 17 April 2019, Samudera Shipping Line Ltd (the “**Company**”, and together with its subsidiaries and associated companies, the “**Group**”) announced that PT Samudera Shipping Indonesia (“**PT SSI**”) was established to enable the Group to continue its participation in the shipping business in Indonesia through PT SSI. The Company would subscribe for newly issued series C shares of PT SSI (the “**Proposed Investment**”), to enable PT SSI to finance the purchase of vessels. It is anticipated that the total investment amount by the Company in PT SSI will be up to US\$15.0 million (the “**Subscription Amount**”), funded through utilizing part of the proceeds from the disposal of shipping vessels and the internal resources of the Company.

On 28 October 2020, (i) the Company, (ii) PT Samudera Perkapalan Indonesia, a subsidiary of PT Samudera Indonesia Tbk (“**PTSI**”), the immediate holding company of the Company, and (iii) PT Samudera Wadah Mitra (“**SWM**”), in which SWM and PTSI are subsidiaries of PT Samudera Indonesia Tangguh (“**Tanggung**”), the ultimate parent company of the Company, entered into a shareholders’ agreement (the “**SSI Shareholders’ Agreement**”) as part of the Proposed Investment to, *inter alia*:

- (a) regulate the relationship between them as shareholders of PT SSI and to set out the arrangements for the ownership, governance and operation of PT SSI; and
- (b) set out the rights of the series C shares of PT SSI.

In view of the existing shareholding structure of PT SSI, PT SSI is deemed an associate of the Company’s ultimate controlling shareholder, Tangguh, an “interested person” as defined by the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Accordingly, the Proposed Investment is an interested person transaction. Based on the Group’s latest audited consolidated accounts for FY2020, the latest audited consolidated net tangible assets (the “**NTA**”) as at 31 December 2020 amounted to approximately US\$194.3 million. As the Subscription Amount represented 7.7% of the Group’s latest audited consolidated NTA, pursuant to Rule 906(1) of the Listing Manual, the Company is required to seek approval from the shareholders of the Company (the “**Shareholders**”) who are deemed to be independent for the purpose of the Proposed Investment and the proposed IPT General Mandate (as defined below), being Shareholders who are independent of the PTSI Group (as defined below), Tangguh Group (as defined below) and their respective associates.

SAC Capital was appointed as the Independent Financial Adviser (the “**IFA**”) to advise the directors of the Company who are deemed to be independent for the purposes of making a recommendation on the Proposed Investment and the proposed IPT General Mandate (the “**Non-Interested Directors**”). Having considered, among others, (i) the rationale for and benefits of the Proposed Investment, (ii) the terms of the SSI Shareholders’ Agreement, (iii) the illustrative scenario for the Proposed Investment, (iv) the legal opinion and confirmation from Makarim & Taira S. on, *inter alia*, the legality of PT SSI’s ownership structure, the articles of association and the SSI Shareholders’ Agreement, (v) the measures and internal control procedures put in place to safeguard the Company’s investment in PT SSI, (vi) the Company’s commitment to disclosures on a continuing basis with regards to PT SSI, (vii) the financial effects of the Proposed Investment, SAC Capital is of the opinion that, on balance, the Proposed Investment is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

## Proposed IPT General Mandate

In Indonesia, some customers preferentially award charter contracts to companies that are owned by Indonesian citizens. In such instances, the Group will tender for such projects through the Interested Persons (as defined below). The relevant Interested Person shall charter the relevant vessels from the Group (the “**Chartered Vessels**”) if it is awarded the tender, and in turn charter-out the Chartered Vessels to the ultimate customer. As such, the Company sought to obtain a mandate from Shareholders to charter out vessels to:

- (a) PTSI, its subsidiaries and/or associated companies (excluding the Group) (the “**PTSI Group**”); and/or
  - (b) Tangguh, its subsidiaries and associated companies (excluding the PTSI Group and the Group (the “**Tangguh Group**”),
- (collectively, the “**Interested Persons**”) (the “**IPT General Mandate**”).

The chartering out of vessels are recurrent transactions of a revenue or trading nature and necessary for the day-to-day operations of the Group (the “**Charter Out Transactions**”). If approved by the Shareholders at the extraordinary general meeting (the “**EGM**”), the mandate to charter out vessels to the PTSI Group and/or the Tangguh Group will be added to the Company’s existing IPT General Mandate.

Having considered, *inter alia*, (i) the rationale and benefits of the proposed IPT General Mandate, (ii) the guidelines and review procedures of the Company for determining the transaction prices of the Charter Out Transactions, (iii) the role of the audit committee of the Company in enforcing the proposed IPT General Mandate, SAC Capital is of the opinion that the guidelines and review procedures for determining the transaction prices of the Charter Out Transactions, if adhered to, are sufficient to ensure that the Charter Out Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The circular dated 6 April 2021 containing, inter alia, SAC Capital’s opinion letter addressed to the Non-Interested Directors, the recommendation of the Non-Interested Directors and relevant information pertaining to the Proposed Investment and the IPT General Mandate was despatched to Shareholders.

On 28 April 2021, the Company held its EGM, at which all resolutions in respect of the Proposed Investment and the IPT General Mandate were approved and duly passed.

For more information on our past transactions, click [here](#)

## About SAC Capital

SAC Capital enjoys a long-standing reputation as a specialist in corporate finance, and we have been a trusted advisor to our clients and partners since 2004.

As an expert in the small-medium enterprise space across various disciplines – Initial Public Offerings (IPOs), mergers and acquisitions (M&As), corporate transactions for listed companies, underwriting and share placement, fund raising and Catalist Sponsorship – we understand our clients’ needs very well, and we are able to steer them in the right direction.

### **Financial Advisory - acting as FA and IFA**

We provide financial advisory services for corporate exercises, taking into account the various compliance requirements, working alongside our clients to achieve their objectives.

Acting as Financial Adviser or Independent Financial Adviser, we have wide ranging experiences spanning Reverse Takeovers, General Offers, Interested Person Transactions and Delistings. The accumulated experiences from all the advisory engagements completed since 2004, numbering in excess of 150, gives us in depth knowledge of a broad spectrum of corporate advisory services.

### **Fundraising, M&A and Underwriting**

Our Capital Markets (CM) unit assists our clients in fund-raising activities in both private and public equity markets. Our services include IPOs, secondary placements, rights issues, convertible bonds, pre-IPO financing, strategic equity and M&A. We deal with each client's specific requirements and provide customised capital markets solutions.

We are a leading placement agent and underwriter of equity and equity-linked offerings in Singapore, having completed offerings in the Lifestyle, Consumers, Healthcare, Technology, Media and Telecom (TMT), Real Estate, Manufacturing, Mineral, Oil and Gas (MOG) and Specialised Engineering sectors. Notwithstanding the above, the CM unit is sector agnostic with a wide range of expertise. CM unit also assists our clients in their communications with the equity markets.

### **Mainboard & Catalist Listing**

We advise our clients on equity fund raising which includes IPOs. Our work involves advising on, amongst others, restructuring exercises and compliance requirements of the Singapore Exchange and other regulatory authorities for the purpose of equity fund raising.

We also advise on Reverse Takeovers and secondary listings. We seek to understand our client's long term business plan and strategy so as to provide the appropriate advice to tailor to their needs and requirements.

### **Catalist Sponsorship**

We are one of the leaders in the market in the Catalist Sponsorship space, with a view to support the growth of our sponsored issuers. Our principal scope of services as a Catalist Sponsor is to advise and guide our sponsored issuers in relation to their continuing listing obligations, on an ongoing basis under the Catalist Rules. Our experienced team of professionals work closely with the directors and management team of the sponsored issuers and assist them in disclosure and compliance matters for corporate actions and developments.


### **Research**


With comprehensive knowledge of the local capital market, our experience and access to information means that the company is well placed to produce research reports. We seek to fill the gap in the industry where there is minimal research coverage for small and medium enterprises (SMEs) listed on the SGX. SAC Capital aims to provide a platform which assists investors in making informed decision when investing in these high-growth small/medium companies while promoting awareness and educating the general public of the merits of investing in listed SMEs.


## **Connect with us**

### **SAC CAPITAL PRIVATE LIMITED**

1 Robinson Road  
#21-00 AIA Tower  
Singapore 048542  
Tel: +65 6232 3200  
Fax: +65 6232 3244

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