

SAMKO TIMBER LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200517815M)

MERGER OF SUBSIDIARY COMPANIES IN INDONESIA

The board of directors (the “**Board**”) of Samko Timber Limited (the “**Company**” together with its subsidiaries, the “**Group**”) wishes to announce that the Company has undertaken an internal restructuring, which involves the merging of the following two subsidiaries of PT Sumber Graha Sejahtera (“**PT SGS**”), a direct subsidiary of the Company in Indonesia, into PT SGS:-

- (1) PT Wana Makmur Sejahtera (“**PT WMS**”); and
- (2) PT Kharisma Megah Darma (“**PT KMD**”);

(the “**Merger**”).

The Merger has taken effect on 28 December 2018.

As part of the Company’s efforts to streamline and rationalize the Group’s structure, the Company believes that the Merger of the Group’s subsidiaries in Indonesia into one entity, PT SGS, would improve efficiency of the operational costs and cash flow, and enhance and improve the business performance.

Prior to the Merger, PT SGS is a 99.69% owned by the Company and 0.31% owned by PT Alam Raya Makmur (“**PT ARM**”), an in-direct subsidiary of the Company. PT SGS holds approximately 99.99% shares and 99.33% shares in PT WMS and PT KMD respectively, the remaining approximately 0.01% shares of PT WMS and 0.67% shares of PT KMD is respectively owned by PT Sari Alam Sejahtera (“**PT SAS**”), a direct subsidiary of the PT ARM.

As a result of the Merger, while through the Merger process, all of the assets and liabilities of PT WMS and PT KMD have passed by the course of law to the PT SGS and further the status of the PT WMS and PT KMD have ceased by the course of law. The PT SGS has increased its issued capital from Rp 1,795,037,568,000 to Rp 1,795,043,293,000 by way of issuance of 50 new shares each with the par value of Rp 114,500 to PT SAS, which is a new shareholder of PT SGS (“**Allotment of Shares**”). The Company will therefore own directly and in-directly and/or has control over 100% shares of PT SGS consequent to the Merger and Allotment of Shares.

PT SGS has registered and reported the Allotment of Shares with the relevant Government agency and/or authority, as required under the Indonesian company law.

The shareholding composition of PT SGS after the Merger and the Allotment of Shares is as follow:-

Shareholder’s name	Amount of Shares	Nominal Value of Shares (Rp)	Percentage (%)
- Samko Timber Limited	15,628,487	1,789,461,761,500	99.6891
- PT Alam Raya Makmur	48,697	5,575,806,500	0.3106
- PT Sari Alam Sejahtera	50	5,725,000	0.0003
Total Issued Shares	15,677,234	1,795,043,293,000	100.00

The above transaction is not expected to have any material impact on the net tangible assets and earning per share of the Company and the Group for the financial year ended 31 December 2018.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings and/or directorships in the Company, as the case may be), in the above transaction.

BY ORDER OF THE BOARD

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer

4 January 2019