

CIRCULAR DATED 29 NOVEMBER 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by Samko Timber Limited (the “Company”, together with its subsidiaries, the “Group”). If you are in any doubt about the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company (the “Shares”) held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee.

If you have sold or transferred all your Shares represented by physical share certificate(s) which are not deposited with CDP, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company. The Singapore Exchange Securities Trading Limited (“SGX-ST”) assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.



SAMKO TIMBER LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200517815M)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED TRANSACTION BETWEEN PT SGA (AS DEFINED HEREIN), A WHOLLY-OWNED SUBSIDIARY OF THE GROUP, AND PT BWI (AS DEFINED HEREIN) AS A MAJOR TRANSACTION

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	14 December 2019 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	16 December 2019 at 2.00 p.m.
Place of Extraordinary General Meeting	:	Carlton Hotel Singapore Connaught Room, Level 2 76 Bras Basah Road Singapore 189558

CONTENTS

DEFINITIONS	1
LETTER TO SHAREHOLDERS	5
1. INTRODUCTION	5
2. THE PROPOSED TRANSACTION	5
3. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS	16
4. DIRECTORS' RECOMMENDATIONS	17
5. EXTRAORDINARY GENERAL MEETING	17
6. ACTION TO BE TAKEN BY SHAREHOLDERS	17
7. DOCUMENTS FOR INSPECTION	17
8. DIRECTORS' RESPONSIBILITY STATEMENT	18
APPENDIX A – LIST OF CERTAIN ASSETS	19
APPENDIX B – SHAREHOLDING STRUCTURES	24
APPENDIX C – EXECUTIVE SUMMARY	25
NOTICE OF EXTRAORDINARY GENERAL MEETING	28
EXTRAORDINARY GENERAL MEETING PROXY FORM	

DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

“Announcement”	: The Company’s SGXNET announcement on 19 September 2019 in relation to the Proposed Transaction
“Approved Business Plan”	: A business plan which has been approved (i) by the board of commissioners of PT SGM unanimously; and (ii) by the shareholders of PT SGM
“Assets”	: Certain industrial forest plantations, forest concessions, licences, plywood factories and assets to be owned by the Operating Companies, in accordance with the terms of the Subscription Agreement. The details of certain Assets, including the licences and land certificates, are set out in Appendix A
“Assets Holding Operating Companies”	: All Operating Companies save for PT MTP
“Audit Committee”	: The audit committee of the Company, from time to time
“Board of Directors” or “Board”	: The board of directors of the Company, from time to time
“BOC Deadlock Matter”	: Any BOC Reserved Matter which the board of commissioners of PT SGM cannot reach any unanimous consensus within thirty (30) calendar days
“BOC Reserved Matters”	: The reserved matters as listed out in Section 2.5(g), which require the prior written unanimous approval of the board of commissioners of PT SGM
“Business”	: The conduct and development of the business activities undertaken by PT SGM in the forestry and/or plywood industry in Indonesia
“Business Day”	: A day on which banks are open for business in Jakarta, Indonesia (other than a Saturday, Sunday or gazetted public holiday)
“CDP”	: The Central Depository (Pte) Limited
“Chief Executive Officer”	: Chief executive officer of the Company from time to time
“Circular”	: This circular to Shareholders dated 29 November 2019
“Companies Act”	: The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	: Samko Timber Limited
“Completion”	: The completion of the Subscription by PT SGA, as nominee of PT SGS, pursuant to the Subscription Agreement on the Completion Date
“Completion Conditions”	: The Completion conditions as set out in the Subscription Agreement, to be satisfied and/or waived by the relevant parties on or prior to Completion
“Completion Date”	: The date which takes place within five (5) Business Days after all the Completion Conditions have been satisfied and/or waived, or such other date as may be agreed upon in writing by the parties to the Subscription Agreement, and in any event no later than 30 January 2020

DEFINITIONS

“Conditions Subsequent”	: The conditions subsequent as set out in the Subscription Agreement, to be satisfied by PT BWI on or prior to the CS Long Stop Date
“Constitution”	: The constitution of the Company, as amended, modified or supplemented from time to time
“CPF”	: Central Provident Fund
“CS Long Stop Date”	: The long stop date being 30 October 2020 for fulfilment of the Conditions Subsequent
“Director” or “Directors”	: A director or directors of the Company
“EGM”	: The extraordinary general meeting of the Company to be held on Monday, 16 December 2019, at 2.00 p.m., notice of which is set out on pages 28 to 29 of this Circular
“EPS”	: Earnings per Share
“Executive Summary”	: The executive summary in respect of the Independent Valuation Report appended hereto as Appendix C
“Expert”	: An independent share valuation expert to be appointed by the parties to the Shareholders Agreement
“FY”	: The financial year commenced or, as the case may be, commencing, on 1 January and ended, or as the case may be, ending 31 December
“Group”	: The Company and its subsidiaries
“HY2019”	: The six (6) month financial period ended 30 June 2019
“IDR”	: Indonesian Rupiah, the official currency of Indonesia
“Indonesia”	: The Republic of Indonesia
“Independent Valuation Report”	: The independent valuation report issued by PT Ata Marie dated 10 October 2019
“Intended Purchaser”	: Any third-party buyer of the Transfer Shares
“Listing Manual”	: The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Notice of EGM”	: The notice of the EGM as set out on pages 28 to 29 of this Circular
“NAV”	: Net asset value
“NTA”	: Net tangible assets
“Operating Companies”	: PT Kalpika Wanatama, PT Kirana Cakrawala, PT MTP, PT Bina Mahoni Utama, and PT Wiranusa Trisatrya
“Ordinary Resolution”	: The ordinary resolution to be passed by Shareholders at the EGM as set out in the Notice of EGM

DEFINITIONS

“PPAT”	: <i>Pejabat pembuat akta tanah</i> , a notary/ land deed official in Indonesia
“Proposed Transaction”	: The proposed transaction between PT SGS, PT SGA, and PT BWI to develop and manage the Business, pursuant to which PT SGA shall, <i>inter alia</i> , as nominee of PT SGS, subscribe for Subscription Shares in PT SGM, a subsidiary of PT BWI
“Proxy Form”	: The proxy form in respect of the EGM as attached to this Circular
“PT BWI”	: PT Barito Wanabinar Indonesia, a subsidiary of PT Barito Pacific Tbk.
“PT MTP”	: PT Mangole Timber Producers, one of the Operating Companies
“PT SGA”	: PT Sempurna Graha Abadi, a company which shares are held by PT SGS and Samko Forestry Pte. Ltd., both of which are, in turn, wholly-owned subsidiaries of the Company respectively
“PT SGM”	: PT Sumber Graha Maluku, a subsidiary of PT BWI
“PT SGS”	: PT Sumber Graha Sejahtera, a wholly-owned subsidiary of the Company
“Register of Members”	: The register of members of the Company
“Securities Account”	: A securities account maintained by a Depositor with CDP
“Securities and Futures Act”	: The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“SGXNET”	: Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies
“Shareholders”	: Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Shareholders Agreement”	: The shareholders’ agreement entered into among PT SGA, PT BWI and PT SGM on 16 September 2019, to regulate the respective rights and obligations of PT SGA and PT BWI <i>inter se</i> , as shareholders of PT SGM, as well as the affairs of PT SGM
“Shares”	: Ordinary shares in the capital of the Company
“Singapore”	: The Republic of Singapore
“Subscription”	: The subscription of the Subscription Shares by PT SGA in the capital of PT SGM representing fifty-one per cent (51%) of the total issued and paid-up share capital of PT SGM
“Subscription Agreement”	: The conditional share subscription agreement entered into among PT SGS as investor, PT BWI as the original shareholder of PT SGM, and PT SGM on 16 September 2019

DEFINITIONS

“Subscription Amount”	: The total subscription amount of up to US\$20,681,852
“Subscription Shares”	: The issued and fully paid-up shares in the capital of PT SGM to be subscribed by PT SGA, as nominee of PT SGS, pursuant to the Subscription Agreement comprising 400,834 issued and fully paid-up series A shares
“S\$” and “Cents”	: Singapore dollars and cents, respectively
“Transaction Agreements”	: The Subscription Agreement and Shareholders Agreement
“Transfer Price”	: The intended price of the Transfer Shares as determined by the Expert
“Transfer Shares”	: All of the shares of a selling shareholder in PT SGM
“US\$” and “USD”	: United States dollars
“%” or “per cent”	: Percentage or per centum

In this Circular:

- (a) The terms **“Depositor”**, **“Depository Register”**, and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.
- (b) The terms **“subsidiary”**, **“treasury share”**, **“related company”**, and **“substantial Shareholder”** shall have the meanings ascribed to them respectively in the Companies Act.
- (c) The term **“subsidiary holdings”** shall have the meaning ascribed to it in the Listing Manual.
- (d) 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.
- (e) References to persons shall include corporations.
- (f) Unless otherwise provided, references to Sections and Appendices are to sections and appendices of this Circular. References to Paragraphs are to paragraphs of the Appendices.
- (g) The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.
- (h) Any reference in this Circular 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, Securities and Futures Act, Listing Manual, or any statutory modification thereof and used in this Circular shall, unless otherwise defined in this Circular, have the same meaning assigned to it under the Companies Act, Securities and Futures Act, Listing Manual, or any statutory modification thereof, as the case may be.
- (i) Any reference to a time of a day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.
- (j) Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.
- (k) Any illustrative exchange rates used are solely for illustrative purposes and should not be construed as a representation that the relevant amount has been or could be converted at the relevant rate or at any other rate.

LETTER TO SHAREHOLDERS

SAMKO TIMBER LIMITED

(Incorporated in the Republic of Singapore on 26 December 2005)
(Company Registration No.: 200517815M)

Board of Directors:

Mr Eka Dharmajanto Kasih (*Non-Independent and Non-Executive Chairman*)
Mr Riko Setyabudhy Handoko (*Executive Director and Chief Executive Officer*)
Mr Michael Joseph Sampoerna (*Non-Independent and Non-Executive Director*)
Mr Ng Cher Yan (*Lead Independent and Non-Executive Director*)
Mr Sim Idrus Munandar (*Independent and Non-Executive Director*)
Mr Wee Ewe Lay Laurence John (*Independent and Non-Executive Director*)

Registered Office:

7500A Beach Road
#08-305/307 The Plaza
Singapore 199591

29 November 2019

To: The Shareholders of Samko Timber Limited

Dear Sir / Madam

THE PROPOSED TRANSACTION BETWEEN PT SGA, A WHOLLY-OWNED SUBSIDIARY OF THE GROUP, AND PT BWI AS A MAJOR TRANSACTION

1. INTRODUCTION

- 1.1. As announced by the Company on 19 September 2019, the Board of Directors is convening the EGM to seek Shareholders' approval for the Proposed Transaction.
- 1.2. The purpose of this Circular is to provide the Shareholders with relevant information pertaining to the Proposed Transaction, which will be tabled at the EGM to be held at Carlton Hotel Singapore, Connaught Room, Level 2, 76 Bras Basah Road, Singapore 189558 on Monday, 16 December 2019, at 2.00 p.m. The Notice of EGM is set out on pages 28 to 29 of this Circular.
- 1.3. The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

2. THE PROPOSED TRANSACTION

2.1. Background on the Proposed Transaction

On 19 September 2019, the Company released the Announcement to inform, *inter alia*, that PT SGS, a wholly-owned subsidiary of the Group had entered into the Subscription Agreement with PT BWI and PT SGM, pursuant to which, PT SGS had nominated PT SGA to undertake the Subscription of the Subscription Shares. In connection with the Subscription, PT SGA had also entered into the Shareholders Agreement with PT BWI and PT SGM, to regulate the respective rights and obligations of PT SGA and PT BWI *inter se*, as shareholders of PT SGM, as well as the affairs of PT SGM in relation to the Business through PT SGM.

Pursuant to the Subscription Agreement, the Subscription Agreement shall take effect on the date on which approval from Shareholders has been obtained in respect of the transactions contemplated thereunder. In the event that Shareholders' approval is not obtained by the Company by 30 December 2019 (or such other date as agreed by the parties thereto in writing), the Subscription Agreement shall become null and void. The Shareholders Agreement shall take effect on the Completion Date of the Subscription Agreement.

LETTER TO SHAREHOLDERS

As the relative figures in respect of the Proposed Transaction computed on the bases set out in Rule 1006 of the Listing Manual exceeds twenty per cent (20%), the Proposed Transaction constitutes a major transaction under Chapter 10 of the Listing Manual. Further details on the relative figures in respect of the Proposed Transaction computed on the bases set out in Rule 1006 of the Listing Manual are set out in Section 2.7, while the salient terms of the Subscription Agreement and Shareholders Agreement are set out in Sections 2.4 and 2.5 respectively.

The shareholding structures illustrating the Proposed Transaction before and after Completion are appended hereto as Appendix B.

2.2. Information on PT BWI and PT SGM

PT BWI is a company incorporated in Indonesia and is a 99%-owned subsidiary of PT Barito Pacific Tbk. The remaining 1% of PT BWI is indirectly owned by the ultimate beneficial owner of PT Barito Pacific Tbk. PT Barito Pacific Tbk. is a public company listed on the Indonesia Stock Exchange. PT Barito Pacific Tbk. carries on power generation and petrochemical production activities as its core businesses, and also, directly or through its subsidiaries, carries on other business activities in the fields of forestry, plantation, mining, industry, property, trade, renewable energy and transportation. The Operating Companies are currently direct and/or indirect wholly-owned subsidiaries of PT Barito Pacific Tbk.

PT SGM is a company incorporated in Indonesia on 11 March 2019 and, in clarification of the Announcement, is a subsidiary of PT BWI which holds 99.96% of its issued and paid up capital, which is in turn IDR 2,500,000,000¹. PT Tunggal Setia Pratama, a subsidiary of PT BWI holds the remaining 0.04% of the issued and paid up capital of PT SGM. PT SGM has not commenced any business since its incorporation.

Pursuant to the Transaction Agreements, PT SGM will be the vehicle holding the Assets through the Operating Companies.

2.3. Information on the Proposed Transaction

Pursuant to the Subscription Agreement, on or prior to Completion or prior to the CS Long Stop Date:

- (a) PT BWI shall undertake an internal restructuring exercise such that the Assets Holding Operating Companies will acquire the Assets;
- (b) following such acquisition as aforementioned, 99.99% of the shares of these Assets Holding Operating Companies shall be transferred to PT SGM, whereupon such Assets Holding Operating Companies shall become subsidiaries of PT SGM; and
- (c) PT SGA shall thereafter undertake the Subscription of Subscription Shares in PT SGM.

The acquisition of PT MTP by PT SGM will occur post-Completion once PT MTP has divested certain assets which are excluded from the present transaction. The remaining 0.01% of the shares in the Assets Holding Operating Companies will be held by PT MTP. In the event that PT BWI is unable to complete the divestment and/or the transfer of shares in PT MTP to PT SGM on or before the CS Long Stop Date, notwithstanding that the parties have agreed that there will not be adjustments to the Subscription Amount or the shareholding of PT SGM, PT BWI will be required under the Subscription Agreement to fulfil the remedial obligations set out in Sections 2.4(d)(vi) and (vii).

The Assets which are currently owned by PT Barito Pacific Tbk. and its subsidiaries include, *inter alia*, industrial forest plantations, plywood factories, forestry concession rights of approximately 59,138 hectares in Maluku Utara Regency in Maluku Province, Indonesia, and industrial business licences to engage in primary timber forest product activities such as timber sawing and production of plywood products. Approximately 35,000 hectares of the forestry concession area have been planted with sengon, red samama, white samama and other species of timber wood. The Operating Companies, which are safeguarding and maintaining the Assets, are not currently in operation. To commence operations, the Group is currently looking into (i) refurbishing existing infrastructure to cater for the intended operations, including buildings, plywood factories, and machinery, and (ii) purchasing such other new requisite machinery. The estimated costs in this regard are expected to be approximately US\$60 million², and is intended to be funded fully by the Subscription Amount and loan(s) from financial institutions.

1 Approximately equivalent to S\$244,427 based on the illustrative exchange rate of S\$1 : IDR 10,228 as at 19 September 2019, being the date of the Announcement.

2 Approximately equivalent to S\$82.5 million based on the illustrative exchange rate of US\$1 : S\$1.375 as at 19 September 2019, being the date of the Announcement.

LETTER TO SHAREHOLDERS

Notwithstanding that some of the land certificates which form part of the Assets will be expiring in the near future, the Company has been advised by Indonesian legal counsel that in practice, the process of renewal of such land certificates is administrative in nature, and there ought not be any difficulties in renewing such land certificates to the extent that any administrative and technical requirements as provided under the prevailing regulation can be completely fulfilled, unless policy considerations of the relevant Indonesian authorities to which the Company is not privy to and has no control over changes. In the unlikely event that such land certificates are not renewed, the relevant Operating Company will make the relevant appeal(s) and/or further applications to the relevant authority(ies) to seek the grant of the relevant licences. The details of certain Assets, including the licences and land certificates, are set out in Appendix A.

The Business shall be conducted, and the Assets shall be developed and managed, by PT SGM under the direction of the board of directors of PT SGM, the composition of which is set out further in Section 2.5(d). On Completion, PT SGM will become a 51%-owned subsidiary of PT SGA.

It is intended that in line with the Shareholders Agreement, the Company and/or its subsidiaries will be appointed as the sole distributor and/or agent of PT SGM to distribute and sell its products domestically or overseas. To the extent that any affiliates other than the subsidiaries of the Company are to be appointed, this will be subject to the review of the Audit Committee, and the Board will put in place adequate processes to address any conflict of interests, and act in the best interests of the Company and the Shareholders in connection therewith. The Company will also announce any material developments in this regard.

2.4. Salient terms of the Subscription Agreement

(a) Amount of investment by PT SGS for the Subscription Shares

Under the Subscription Agreement, the total subscription amount by PT SGS in PT SGM, by way of Subscription of the Subscription Shares by PT SGA, as nominee of PT SGS, is up to the Subscription Amount of US\$20,681,852³, which was arrived at based on a preliminary estimation of the total investment outlay required for the Proposed Transaction and the estimated value of non-cash capital contribution towards PT SGM to be made by PT BWI in the form of the Assets.

As stated in the Announcement, the Subscription Amount had been agreed to be up to the maximum quantum of US\$20,681,852³, which was to be finalised based on the findings of an independent valuer commissioned to determine the value of the trees erected in the forest plantation area to be acquired by PT SGM. Subsequently, PT Ata Marie had been appointed to act in connection therewith, and determined that the assets owned by three of the Assets Holding Operating Companies were valued in the range of US\$22,097,000⁴ to US\$22,501,000⁵, which is already of a higher value than the agreed maximum quantum of the Subscription Amount. As (i) none of the Assets Holding Operating Companies are currently in operation or have incurred significant liabilities, and (ii) any unsettled debts incurred by the Operating Companies, including inter-company debts, will be settled by PT BWI as detailed in Section 2.4(b)(iii) and footnote 6 of this Circular, PT BWI and PT SGS were of the view that the valuation of the fourth Assets Holding Operating Company being PT Kirana Cakrawala would not significantly lower the aforementioned valuation range. On these bases, PT BWI and PT SGS have agreed and finalised the Subscription Amount to be US\$20,681,852³, the agreed maximum amount under the Subscription Agreement. Please refer to Appendix C for the Executive Summary in respect of the Independent Valuation Report.

The Subscription Amount will be utilised by PT SGM for the operation of the Business, in particular, the Subscription Amount will be used to revitalise the existing plywood factory and for the development of the forest plantations.

3 Approximately equivalent to IDR 294,612,981,740 based on an illustrative exchange rate of US\$1 : IDR 14,245 or S\$28,437,546 based on an illustrative exchange rate of US\$1 : S\$1.375 respectively, as at 19 September 2019, being the date of the Announcement.

4 Approximately equivalent to S\$30,383,375 based on an illustrative exchange rate of US\$1 : S\$1.375 respectively, as at 19 September 2019, being the date of the Announcement.

5 Approximately equivalent to S\$30,938,875 based on an illustrative exchange rate of US\$1 : S\$1.375 respectively, as at 19 September 2019, being the date of the Announcement.

LETTER TO SHAREHOLDERS

(b) **Completion conditions**

Completion is conditional upon the satisfaction or waiver of, *inter alia*, the following Completion Conditions:

- (i) delivery by PT BWI to PT SGS of a copy of the circular resolution in lieu of a general meeting of shareholders of PT SGM approving, amongst others, the issuance of the Subscription Shares;
- (ii) delivery by PT BWI to PT SGS of an exclusive agreement to grant PT SGM the exclusive right to utilise, exploit, sell, replant and have all economic interest in the Assets held by PT MTP for the duration from the Completion Date until the earlier of the date of the transfer of the shares in respect of PT MTP to PT SGM or the CS Long Stop Date;
- (iii) delivery by PT BWI to PT SGS of statement letters issued by PT BWI confirming (a) the settlement of any inter-company debts, and (b) a list of any unsettled debts⁶;
- (iv) delivery by PT BWI to PT SGS of such cover note from the relevant PPAT stating that the relevant land certificates have been submitted to the relevant land office and are in the process or renewal or extension;
- (v) completion by PT BWI of the transfer of shares in respect of all Assets Holding Operating Companies;
- (vi) delivery by PT BWI to PT SGS of such deed of sale and purchase of land and cover note issued by a PPAT stating that the process of the transfer of certain specified Assets held by all Assets Holding Operating Companies have been submitted to the relevant land office and are in the process of transfer;
- (vii) delivery by PT SGS to PT BWI copies of signed binding term-sheets from commercial banks or financial institutions, subject to conditions as to drawdown and definitive documentation, evidencing that PT SGS has secured commercial loans for PT SGM, at reasonable arms' length terms with no recourse to PT BWI other than recourse to the assets of PT SGM;
- (viii) delivery by PT SGS to PT BWI of a copy of this Circular in respect of the Proposed Transaction to be issued by the Company; and
- (ix) delivery by PT SGS to PT BWI of a copy of the announcement to be released by the Company in relation to the results of the EGM to be convened to seek approval from the Shareholders for, *inter alia*, the Subscription of the Subscription Shares by PT SGA.

(c) **Completion**

Completion of the Subscription shall take place within five (5) Business Days after all of the Completion Conditions having been satisfied or waived by PT SGS, or such other date as may be agreed upon in writing by the parties to the Subscription Agreement, which would be no later than 30 January 2020.

6 Pursuant to the Subscription Agreement, PT BWI has given an undertaking to PT SGS that it will settle all unsettled debts as soon as practicable. PT BWI shall be liable for the following claims by creditors:

- (i) for the Assets Holding Operating Companies, claims made to PT SGM prior to such date following 12 months from the Completion Date; and
- (ii) for PT MTP, claims made to PT SGM prior to such date following 12 months from the date of transfer of PT MTP.

LETTER TO SHAREHOLDERS

(d) **Post-Completion obligations**

Under the Subscription Agreement, PT BWI has to fulfill certain post-Completion obligations, including the following:

- (i) PT SGM and/or PT BWI shall procure that PT SGM and the Operating Companies provide settlement to the employees of PT SGM and the Operating Companies which exercise their right to terminate their employment contracts due to the change of control in PT SGM and the Operating Companies, within one (1) month from the date Shareholders' approval is obtained, to the extent required under the rules of the Listing Manual as applicable thereto;
- (ii) PT BWI (jointly with PT SGS or PT SGA) shall procure the board of commissioners and shareholders of PT SGM to immediately approve, no longer than thirty (30) calendar days after the Completion Date, the initial business plan for the initial three (3) years after the Completion Date, as agreed upon between PT BWI and PT SGS;
- (iii) PT BWI undertakes and shall procure, at its own cost and expenses including any applicable taxes, the following:
 - (aa) PT MTP to dispose and divest certain assets which are excluded from the present transaction, and any related licences in relation to such assets, which includes the settlement of any obligations related to such disposal and divestment;
 - (bb) PT Barito Pacific Tbk. to transfer PT MTP's shares to PT SGM free from any encumbrances upon completion of the above Condition Subsequent in the foregoing sub-paragraph (aa);
 - (cc) PT BWI is to provide the submission receipt issued by the relevant land office after all of the required documents have been correctly and completely submitted for the renewal or extension of:
 - (1) Land Certificate with the Right to Build (*Sertipikat Hak Guna Bangunan*) No. 04/ Falabisahaya registered under the name of PT Wiranusa Trisatrya dated 8 July 1992 for a land located at Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province with an area of 120,000sqm;
 - (2) Land Certificate with the Right to Build (*Sertipikat Hak Guna Bangunan*) No. 16/ Falabisahaya registered under the name of PT Wiranusa Trisatrya dated 14 January 1997 for a land located at Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province with an area of 112,000sqm; and
 - (3) Land Certificate with the Right to Build (*Sertipikat Hak Guna Bangunan*) No.05 registered under the name of PT MTP dated 8 July 1992 for a land located at Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province with an area of 152,270sqm; and
 - (dd) PT BWI is to provide the submission receipt issued by the relevant land office after all of the required documents have been correctly and completely submitted in order to register PT Bina Mahoni Utama as the registered holder of (i) HGB 01/ Halmahera Barat⁷, (ii) HGB 04/ Halmahera Barat⁸, and (iii) HGB 05/ Halmahera Bart⁹,

as soon as practicable but in any event on or prior to the CS long Stop Date;

7 The Land Certificate with the Right to Build (*Sertipikat Hak Guna Bangunan*) No. 00001 currently registered under the name of PT Tunggal Agathis Indah Wood Industries, issued by the Head of Land Office Kabupaten Halmahera Barat dated 28 March 2016, located at Domato Village, Jailolo Selatan District, Halmahera Barat Regency, North Maluku Province, with a total area of 10,840 sqm.

8 The Land Certificate with the Right to Build (*Sertipikat Hak Guna Bangunan*) No. 00004 currently registered under the name of PT Tunggal Agathis Indah Wood Industries, issued by the Head of Land Office Kabupaten Halmahera Barat dated 28 March 2016, located at Sidangoli Gam Village, Jailolo Selatan District, Halmahera Barat Regency, North Maluku Province, with a total area of 141,859 sqm.

9 The Land Certificate with the Right to Build (*Sertipikat Hak Guna Bangunan*) No. 00005 currently registered under the name of PT Tunggal Agathis Indah Wood Industries, issued by the Head of Land Office Kabupaten Halmahera Barat dated 6 September 2018, located at Sidangoli Gam Village, Jailolo Selatan District, Halmahera Barat Regency, North Maluku Province, with a total area of 1,106,008 sqm.

LETTER TO SHAREHOLDERS

- (iv) PT BWI undertakes to indemnify for any costs including any applicable taxes, in relation to certain assets which are excluded from the present transaction, which have not been transferred out of PT MTP on the date of the transfer of PT MTP to PT SGM;
- (v) on the date falling thirty (30) calendar days prior to the CS Long Stop Date, PT BWI shall provide the financial statement of PT MTP or other documents requested by PT SGS showing the disposal and divestment of certain assets of PT MTP which are excluded from the present transaction. PT BWI will provide a list of such excluded assets which remain in PT MTP on the date falling thirty (30) calendar days prior to the CS Long Stop Date (if applicable);
- (vi) if PT MTP is not transferred to PT SGM by the CS Long Stop Date, without prejudice to and in addition to any other remedies available under law, PT BWI shall:
 - (aa) procure PT MTP and PT SGM to enter into a long term exclusive agreement, for the duration of the Assets of PT MTP, to allow the Company to have an exclusive right to utilise, exploit, sell, replant, and have all economic interest in the Assets of PT MTP; and
 - (bb) in relation to such exclusive right as granted in the foregoing sub-paragraph (aa), ensure (1) the cost and expenses arising out of or incurred pursuant to the Approved Business Plan and (2) any costs and expenses arising out of or incurred by PT MTP in its ordinary course of business, shall be borne by PT SGM; and
- (vii) if PT BWI is unable to procure the long-term exclusive agreement on the terms mentioned in the foregoing sub-paragraph (vi), then PT BWI, without prejudice to and in addition to any other remedies available under law, shall procure that:
 - (aa) PT MTP will harvest and perform all necessary forestry activities, and deliver the required wood or other forest related products to PT SGM at costs (pursuant to the Approved Business Plan); and
 - (bb) PT MTP will allow PT SGM, to utilise the Assets under PT MTP at cost (pursuant to the Approved Business Plan).

2.5. Salient Terms of the Shareholders Agreement

The salient terms of the Proposed Transaction, based on the terms of the Shareholders Agreement are set out in detail below:

(a) Classes of Shares

Upon Completion, PT SGM will have two (2) classes of shares, being ordinary shares with a nominal par value of IDR 1,000,000¹⁰ each and series A shares with a nominal par value of IDR 735,000¹¹ each. In this regard, PT BWI and PT SGS had agreed that PT SGM would issue such number of new shares to PT SGA so as to grant PT SGA 51%-control of PT SGM. The nominal par value is therefore derived by dividing the Subscription Amount by the number of new shares to be issued to PT SGA. Since the nominal par value of the new shares is different from that of the existing ordinary shares of the Company, the new shares constitute a new class of shares in PT SGM (i.e. series A shares).

Save for the difference in nominal par value, series A shares and ordinary shares have identical shareholder and voting rights. For example, series A shares and ordinary shares will rank *pari passu*, and the distribution of any remaining liquidated assets will be distributed in accordance with the shareholding proportions of each shareholder of PT SGM on the occurrence of a liquidation event.

10 Approximately equivalent to S\$97.77 based on the illustrative exchange rate of S\$1 : IDR 10,228 as at 19 September 2019, being the date of the Announcement.

11 Approximately equivalent to S\$71.86 based on the illustrative exchange rate of S\$1 : IDR 10,228 as at 19 September 2019, being the date of the Announcement.

LETTER TO SHAREHOLDERS

(b) **Shareholding proportion**

PT SGA shall hold 400,834 series A shares and PT BWI shall hold 385,115 ordinary shares, representing fifty-one per cent (51%) and forty-nine per cent (49%) in the total issued and paid-up share capital of PT SGM, respectively.

(c) **Board of commissioners**

The board of commissioners of PT SGM will comprise four (4) members, of whom two (2) commissioners shall be nominated by PT BWI and two (2) commissioners shall be nominated by PT SGA. The president of the board of commissioners of PT SGM shall be appointed from one (1) of the two (2) commissioners nominated by PT BWI. Save for the BOC Reserved Matters, all decisions of the board of commissioners of PT SGM shall be taken by a simple majority of the board of commissioners of PT SGM present at such board of commissioners meeting and constituting a quorum.

(d) **Board of directors**

The board of directors of PT SGM will comprise three (3) directors, of whom two (2) directors, including the president director shall be nominated by PT SGA, and one (1) director shall be nominated by PT BWI. Out of the two (2) directors nominated by PT SGA, the president director shall also be the chief executive officer and the other director shall be the chief operation officer. The one (1) director nominated by PT BWI shall be the chief finance officer. Unless otherwise provided under applicable law, all decisions of the board of directors of PT SGM shall be taken by a simple majority of the board of directors of PT SGM present at such board of directors meeting and constituting a quorum. The quorum number will be two (2) directors for any board meetings of PT SGM.

(e) **Share transfer restrictions**

Save for a transfer to its affiliate or an Intended Purchaser, and subject to any such transferees executing a deed of ratification and accession, to ratify and be subject to the provisions of the Shareholders Agreement, PT SGA and PT BWI shall not, without the prior written consent of the other shareholder(s) (such consent not to be unreasonably withheld or delayed), directly or indirectly, sell, transfer, assign or dispose of their respective shareholding in PT SGM.

A selling shareholder may sell or otherwise transfer all but not part of its Transfer Shares in PT SGM by notifying the other non-selling shareholder(s) and PT SGM in writing of such intention, specifying amongst others the identity of the Intended Purchaser and the Transfer Price to be determined in accordance with the procedures as provided under the Shareholders Agreement by the Expert. Within thirty (30) days of such written notice, the non-selling shareholder may exercise its pre-emption right to purchase all of the Transfer Shares at the Transfer Price. If the Transfer Shares are not purchased by the non-selling shareholder(s), the selling shareholder may, subject to any tag-along sale by a non-selling shareholder of its shares in PT SGM together with the selling shareholder, sell the Transfer Shares to the Intended Purchaser.

In addition, the non-selling shareholder shall have a tag-along right to sell its shares in PT SGM to the Intended Purchaser of the Transfer Shares.

(f) **Put option right**

PT BWI shall have the right and option to require PT SGA, or its affiliates, to purchase all, but not less than all, of the issued and fully paid-up shares in PT SGM held by PT BWI at a fair value to be determined by an Expert in accordance with procedures as provided under the Shareholders Agreement. Such option is to be exercisable during the earlier of (i) six (6) months after the eighth (8th) anniversary of the Shareholders Agreement, or (ii) six (6) months after the date of PT SGM's notification letter to both PT SGA and PT BWI stating that PT SGM has reached a minimum annual output of 400,000 M³. In the event that such option is exercised, such acquisition by PT SGA will be subject to all necessary regulatory approvals (including any corporate approvals, such as the approval of Shareholders of the Company in a general meeting, in accordance with the listing requirements of the SGX-ST).

LETTER TO SHAREHOLDERS

(g) **Reserved matters**

The Shareholders Agreement includes provisions relating to certain reserved matters requiring either (i) the prior unanimous approval in writing of the board of commissioners of PT SGM in relation to the BOC Reserved Matters, or (ii) the prior unanimous approval of the shareholders of PT SGM holding the requisite percentage of voting rights at a meeting of the shareholders, before such matters can be taken at a meeting of the board of commissioners or a meeting of the shareholders of PT SGM respectively.

The following matters, which are BOC Reserved Matters, require the prior unanimous approval in writing of the board of commissioners of PT SGM:

- (i) the approval of the annual report of PT SGM;
- (ii) the approval of a business plan submitted by the board of directors of PT SGM. For the avoidance of doubt, unanimous approval in writing of the board of commissioners of PT SGM is not required for any BOC Reserved Matters that has been reflected in the Approved Business Plan;
- (iii) any deviation in excess of fifteen per cent (15%) of the nominal value of any item which is reflected in the Approved Business Plan. For the avoidance of doubt, any deviation below fifteen per cent (15%) in relation to matters that have been reflected in the Approved Business Plan does not need to be approved by the board of commissioners of PT SGM;
- (iv) any actions outside the ordinary course of Business (including its supporting and related activities) which are not reflected in the Approved Business Plan with the nominal value in excess of US\$500,000¹² or its equivalent in other currencies, in one financial year;
- (v) any changes to the organisation structure of PT SGM in relation to the directors of PT SGM and any personnel or staff holding a position which is structurally one level below the directors of PT SGM; and
- (vi) settlement of any dispute claims, lawsuit, litigation, mediation or arbitration related to any dispute case involving PT SGM with nominal value in excess of US\$500,000¹² or its equivalent in other currencies per settlement basis, and commencement of all litigation, mediation or arbitration which claimed value is in excess of US\$500,000¹² or its equivalent in other currencies.

(h) **Deadlock**

In the event that the board of commissioners of PT SGM cannot reach any unanimous consensus on any of the BOC Reserved Matters within thirty (30) calendar days, it will be considered a BOC Deadlock Matter, procedures for resolving such matters have been prescribed.

A total deadlock shall be deemed to have arisen in the event that BOC Deadlock Matter is not resolved based on such prescribed procedures within the prescribed period, and in which case, either PT BWI or PT SGA may require the other party to purchase all of its shares in PT SGM, at such fair value to be determined by an Expert and subject to the conditions stated in the Shareholders Agreement or through a blind bidding process if neither party wishes to purchase or sell its respective stake, or both parties wishes to sell their respective stakes in PT SGM. Any disposal of PT BWI or PT SGA's stake in PT SGM will be subject to all necessary regulatory approvals (including any corporate approvals, such as the approval of Shareholders of the Company in a general meeting, in accordance with the listing requirements of the SGX-ST).

12 Approximately equivalent to S\$687,500 based on an illustrative exchange rate of US\$1 : S\$1.375 respectively, as at 19 September 2019, being the date of the Announcement.

LETTER TO SHAREHOLDERS

(i) **Dividends**

Under the terms of the Shareholders Agreements, parties thereto have agreed to use their best efforts to distribute dividends in each financial year to PT SGA and PT BWI, as shareholders of PT SGM. Any distribution of dividends by PT SGM, including the amount to be distributed, shall be approved and determined at a meeting of the shareholders of PT SGM. In the event that the distribution of dividends is declared and approved by the shareholders of PT SGM, any distribution of dividends will be in accordance to the proportionate shareholdings of PT SGA and PT BWI being fifty-one per cent (51%) and forty-nine per cent (49%) respectively.

2.6. Rationale of the Proposed Transaction and source of funds

The Board is of the view that the Proposed Transaction is in the best interests of the Company and its Shareholders, taking into account, among others, the following:

- (a) the Proposed Transaction involves a business that is complementary with the Company's core business of being a vertically integrated wood resource processor;
- (b) the Proposed Transaction will provide future revenue stream and operating cash flow for the Group, thereby enhancing Shareholders' value;
- (c) the Proposed Transaction allows the Company to expand its operations into new locations in Indonesia¹³; and
- (d) the Company does not currently have active forest plantations with which it is able to apply for certification by the Forest Stewardship Council¹⁴. The Company believes that if obtained, certification from the Forest Stewardship Council would improve the branding and marketability of its timber products, and allow the Group to expand the sale of its timber products into the European market. Post-Completion, the Company will be able to seize business opportunities through its partnership with PT BWI that were previously not available to the Group, such as gaining access to a forest plantation which would allow the Group to apply for Forest Stewardship Council certification.

Approximately fifty per cent (50%) of the Subscription Amount will be funded through the Group's internal resources and the remainder will be funded through loan(s) from financial institutions.

2.7. Relative Figures of the Proposed Transaction under Chapter 10 of the Listing Manual

For the purpose of Chapter 10 of the Listing Manual, the relative figures computed on the relevant bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Transaction based on the unaudited consolidated financial statements of the Group for HY2019 are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable
(b)	Net profits attributable to the Subscription Shares to be acquired, compared with the Group's net profits	Not meaningful ⁽¹⁾
(c)	Aggregate value of the Subscription Amount of US\$20,681,852 (approximately S\$28,432,356 ⁽²⁾) given, compared with the Company's market capitalisation ⁽³⁾ of S\$47,543,010 based on the total number of issued shares excluding treasury shares	59.8

13 Currently, the Company operates mainly in the Java, Sumatra and Sulawesi regions of Indonesia, while the Proposed Transaction would allow the Company to expand its operations to the North Maluku Province. The sengon, red samama, white samama and other species of timber wood generated from the North Maluku Province will allow the Company to bolster its wood processing capabilities and allow it to produce a wider range of products.

14 The Forest Stewardship Council is an international non-profit organisation located in Germany from which certification of forest management may be applied and obtained.

LETTER TO SHAREHOLDERS

- | | |
|--|--|
| (d) Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue | Not applicable as no equity securities to be issued by the Company as consideration for the Proposed Transaction |
| (e) Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. | Not applicable as the Proposed Transaction is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company |

Notes:

- (1) Not meaningful as the Operating Companies are currently not in operation and at present, there are no profits attributable to the Subscription Shares. However, as mentioned in Section 2.4(a), the Company intends to utilise the Subscription Amount to revitalise the existing plywood factory and for the development of the forest plantations to generate future revenue.
- (2) Based on an illustrative exchange rate of US\$1 : S\$1.375 as at 19 September 2019, the date of the Announcement.
- (3) Pursuant to Rule 1002(5) of the Listing Manual, the market capitalisation of the Company of approximately S\$47,543,010 is determined by multiplying the 2,377,150,505 shares in issue by the volume-weighted average price of S\$0.02 of such shares transacted on 13 September 2019 (being the immediate market day preceding the date of signing of the Subscription Agreement).

As the relative figure derived under Rule 1006(c) of the Listing Manual exceeds twenty per cent (20%), the Proposed Transaction is regarded as a "major transaction" as defined in Rule 1014 of the Listing Manual and is subject to the approval of the Shareholders.

2.8. Value Attributable to the Subscription Shares

(a) **Book Value**

Based on the unaudited pro forma management accounts of PT SGM as at 16 September 2019, the book value attributable to the Subscription Shares is approximately IDR 52,385,189,584¹⁵.

(b) **NTA**

Based on the unaudited pro forma management accounts of PT SGM as at 16 September 2019, the NTA attributable to the Subscription Shares is approximately IDR 52,385,189,584¹⁶.

(c) **Latest Available Open Market Value**

The open market value of the Subscription Shares is not available as the Subscription Shares are not publicly traded. No valuation of the Subscription Shares was commissioned.

2.9. Combined NTA and NAV of PT SGM and the Operating Companies

Based on the unaudited pro forma management accounts of PT SGM and the Operating Companies as at 16 September 2019, the combined NTA of PT SGM and the Operating Companies is approximately IDR 102,716,058,008¹⁷, and the combined NAV of PT SGM and the Operating Companies is approximately IDR 102,716,058,008¹⁷.

15 Approximately equivalent to S\$5,121,743 based on an illustrative exchange rate of S\$1 : IDR 10,228, as at 19 September 2019, the date of the Announcement. Figure stated hereto is in clarification of the Announcement.

16 Approximately equivalent to S\$5,121,743 based on an illustrative exchange rate of S\$1 : IDR 10,228, as at 19 September 2019, the date of the Announcement. Figure stated hereto is in clarification of the Announcement.

17 Approximately equivalent to S\$10,042,634 based on an illustrative exchange rate of S\$1 : IDR 10,228, as at 19 September 2019, the date of the Announcement.

LETTER TO SHAREHOLDERS

2.10. Financial Effects of the Proposed Transaction

The financial effects of the Proposed Transaction on the Group are set out below. The financial effects are shown for illustrative purposes only, and they do not necessarily reflect the exact future financial position and performance of the Group immediately after completion of the Proposed Transaction. In accordance with Rules 1010(8) and 1010(9) of the Listing Manual, the financial effects set out below have been calculated using the latest audited consolidated financial statements of the Group for FY2018.

(a) **Share capital**

As the Proposed Transaction does not involve the issue and allotment of any new Shares, the Proposed Transaction will not have any impact on the share capital of the Company.

(b) **NTA per Share**

The effect of the Proposed Transaction on the NTA per Share of the Group for FY2018 assuming that the Proposed Transaction had been effected at the end of FY2018 is as follows:

	Before the Proposed Transaction	After the Proposed Transaction
NTA (IDR'000)	202,418,000 ¹⁸	192,050,346 ¹⁹
Number of Shares ('000)	2,377,150	2,377,150
NTA per Share (IDR)	85	81

(c) **EPS**

The effect of the Proposed Transaction on the EPS of the Group²⁰ for FY2018 assuming that the Proposed Transaction had been effected at the beginning of FY2018 is as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Net profit attributable to Shareholders (IDR'000)	65,486,000 ²¹	55,118,346 ²²
Weighted average number of Shares ('000)	2,381,427	2,381,427
EPS – basic (IDR)	28	23 ²³

18 Approximately equivalent to S\$19,790,574 based on an illustrative exchange rate of S\$1 : IDR 10,228, as at 19 September 2019, the date of the Announcement.

19 Approximately equivalent to S\$18,776,921 based on an illustrative exchange rate of S\$1 : IDR 10,228, as at 19 September 2019, the date of the Announcement. Figure stated hereto is in clarification of the Announcement.

20 Reduction in EPS is mainly due to depreciation expenses of the Assets and borrowing costs for the Proposed Transaction.

21 Approximately equivalent to S\$6,402,620 based on an illustrative exchange rate of S\$1 : IDR 10,228, as at 19 September 2019, the date of the Announcement.

22 Approximately equivalent to S\$5,388,966 based on an illustrative exchange rate of S\$1 : IDR 10,228, as at 19 September 2019, the date of the Announcement. Figure stated hereto is in clarification of the Announcement.

23 As at the date of this Circular, the Group is in talks with financial institutions to obtain the requisite loan(s) for the Proposed Transaction. The EPS in this regard has been computed on the assumption that the Group is able to obtain a loan of US\$10.6 million bearing an interest rate of 4.87% per annum.

LETTER TO SHAREHOLDERS

2.11. Directors' service contracts

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

3. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

3.1. Based on the Company's register of interest of Directors and register of substantial Shareholders respectively, as at the date of the Circular, the interests of the Directors and substantial Shareholders in the Shares of the Company are as follows:

Directors and/ or substantial Shareholders	Direct Interest		Deemed Interest		Total	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Directors						
Riko Setyabudhy Handoko	7,036,400	0.30	-	-	7,036,400	0.30
Substantial Shareholders (other than Directors)						
Sampoerna Forestry Limited	1,520,673,015	63.97	-	-	1,520,673,015	63.97
First Fortuna Holdings Pte Ltd	150,597,000	6.34	-	-	150,597,000	6.34
Cindy Sunarko or Koh Tji Beng @ Ambran Sunarko	148,473,230	6.25	-	-	148,473,230	6.25
Koh Tji Kiong @ Amir Sunarko ⁽¹⁾	128,953,331	5.42	33,846,346	1.42	162,799,677	6.84
Aris Sunarko @ Ko Tji Kim ⁽²⁾	34,698,231	1.46	190,100,346	8.00	224,798,577	9.46

Notes:

- (1) Mr Koh Tji Kiong @ Amir Sunarko is deemed interested in the 33,846,346 Shares held by Hasan Holdings Pte Ltd, by virtue of Section 7 of the Companies Act.
- (2) Mr Aris Sunarko @ Ko Tji Kim is deemed interested by virtue of Section 7 of the Companies Act in the following Shares:
 - (a) 5,657,000 Shares held by Noah Shipping Pte Ltd;
 - (b) 33,846,346 Shares held by Hasan Holdings Pte Ltd; and
 - (c) 150,597,000 Shares held by First Fortuna Holdings Pte Ltd.

3.2. None of the Directors or, to the best of the knowledge of the Company, the substantial Shareholders, has any other interest, direct or indirect, in the Proposed Transaction other than through their respective directorships in the Group and/or shareholdings in the Company.

LETTER TO SHAREHOLDERS

4. DIRECTORS' RECOMMENDATIONS

Having considered, *inter alia*, the terms, the rationale, the benefits, and the financial effects of the Proposed Transaction, the Directors are of the view that the Proposed Transaction is in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Ordinary Resolution in relation to the Proposed Transaction to be proposed at the EGM.

Shareholders are advised to read this Circular in its entirety, in particular the rationale for the Proposed Transaction (as the case may be) and for those who may require advice in the context of his specific investment, to consult his stockbroker, bank manager, solicitor or other professional adviser.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 28 to 29 of this Circular, will be held at Carlton Hotel Singapore, Connaught Room, Level 2, 76 Bras Basah Road, Singapore 189558 on Monday, 16 December 2019, at 2.00 p.m., for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolution set out in the Notice of EGM on pages 28 to 29 of this Circular.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon. The completed and signed Proxy Form should be returned as soon as possible and, in any event, should arrive at the Company's registered office at 7500A Beach Road, #08-305/307 The Plaza, Singapore 199591, not later than forty-eight (48) hours before the time fixed for the EGM. Shareholders who have completed and returned the Proxy Form may still attend and vote in person at the EGM, if they so wish, in place of their proxy.

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 on the Depository Register at least seventy-two (72) hours before the EGM.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the Company's registered office at 7500A Beach Road, #08-305/307 The Plaza, Singapore 199591 on any weekday (public holidays excepted) from the date of this Circular up to the date of the EGM:

- (a) the Constitution;
- (b) the Independent Valuation Report;
- (c) the Executive Summary;
- (d) the annual report of the Company for FY2018; and
- (e) the Transaction Agreements.

LETTER TO SHAREHOLDERS

8. DIRECTORS' RESPONSIBILITY STATEMENT

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 Transaction, 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.

Yours faithfully

For and on behalf of the Board of Directors of
SAMKO TIMBER LIMITED

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer

APPENDIX A – LIST OF ASSETS

The details of certain Assets, including the licences and land certificates are set out below, further details on the other Assets including machinery, vehicles and heavy equipment can be found in the Subscription Agreement.

1. Assets owned by PT MTP

1.1. Assets relating to forest concession

Licence

Name of licence	Number	Issuing Authority	Date of Issuance	Expiry Date	Remarks
Business Licence for Concession of Timber Forest Product – Industrial Forest. <i>(Izin Usaha Pemanfaatan Hasil Hutan Kayu – Hutan Industri "IUPHHK-HTI").</i>	191/Kpts-II/1998	Minister of Forestry	27 February 1998	This IUPHHK-HTI is valid for thirty-five (35) years plus one (1) cycle of cultivated main plant for a maximum of ten (10) years.	Total area: approximately 14,851 hectares.

1.2. Assets relating to factory

Licence

Name of licence	Number	Issuing Authority	Date of Issuance	Expiry Date
Industrial Business Licence for Primary Timber Forest Product <i>(Izin Usaha Industri Primer Hasil Hutan Kayu)</i>	SK.4465/MENHUT-VI/BPHH/2005	Minister of Forestry	16 November 2005	As long as the PT SGM runs its business activities

Land certificates

No.	Title of Certificate	Location	Area (sqm)	Validity
1.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 01, issued by the Head of Land Office Kabupaten Maluku Utara dated 25 March 2003.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	405,432	14 March 2023
2.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 02, issued by the Head of Land Office Kabupaten Maluku Utara dated 25 March 2003.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	276,178	14 March 2023

APPENDIX A – LIST OF ASSETS

No.	Title of Certificate	Location	Area (sqm)	Validity
3.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 05, issued by the Head of Land Office Kabupaten Maluku Utara dated 8 July 1992.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	152,270	8 July 2012 (<i>The application for extension and renewal of this certificate was made on 6 August 2018.</i>)
4.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 215/Kampung Penu, issued by the Head of Land Office Kabupaten Maluku Utara dated 4 August 1981.	Kampung Penu village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	180,000	4 August 2001 (<i>This certificate will not be extended due to the land is being occupied by the surrounding community.</i>)
5.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 01/ Lekosula, issued by the Head of Land Office Kabupaten Maluku Utara dated 4 September 1996.	Lekosula village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	38,540	4 September 2026
6.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 02/ Lekosula, issued by the Head of Land Office Kabupaten Maluku Utara dated 4 September 1996.	Lekosula village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	21,818	4 September 2026
7.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 03/ Lekosula, issued by the Head of Land Office Kabupaten Maluku Utara dated 4 September 1996.	Lekosula village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	46,382	4 September 2026
8.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 10/ Falabisahaya, issued by the Head of Land Office Kabupaten Maluku Utara dated 4 September 1996.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	10,133	4 September 2024

APPENDIX A – LIST OF ASSETS

No.	Title of Certificate	Location	Area (sqm)	Validity
9.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 11/ Falabisahaya, issued by the Head of Land Office Kabupaten Maluku Utara dated 4 September 1996.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	24,469	4 September 2026
10.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 12/ Falabisahaya, issued by the Head of Land Office Kabupaten Maluku Utara dated 4 September 1996.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	17,885	4 September 2026
11.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 13/ Falabisahaya, issued by the Head of Land Office Kabupaten Maluku Utara dated 4 September 1996.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	48,587	4 September 2026
12.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 14/ Falabisahaya, issued by the Head of Land Office Kabupaten Maluku Utara dated 4 September 1996.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	40,074	4 September 2026
13.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 15/ Falabisahaya, issued by the Head of Land Office Kabupaten Maluku Utara dated 4 September 1996.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	37,761	29 October 2026
14.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 17/ Falabisahaya, issued by the Head of Land Office Kabupaten Maluku Utara dated 4 September 1996.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	41,223	23 March 2027
15.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 18/ Falabisahaya, issued by the Head of Land Office Kabupaten Maluku Utara dated 4 September 1996.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	41,267	23 March 2027

APPENDIX A – LIST OF ASSETS

2. Assets owned by PT Kalpika Wanatama

Licence

Name of licence	Number	Issuing Authority	Date of Issuance	Expiry Date	Remarks
Business Licence for Concession of Timber Forest Product – Industrial Forest (IUPHHK-HTI)	SK.612/MENHUT-II/2009	Minister of Forestry	5 October 2009	This IUPHHK-HTI is valid for sixty (60) years	Total area: approximately 11,780 hectares.
Business Licence for Concession of Timber Forest Product – Industrial Forest (IUPHHK-HTI)	SK.189/Kpts-II/1998	Minister of Forestry	27 February 1998	This IUPHHK-HTI is valid for thirty-five (35) years from date of issuance, plus one (1) cycle of cultivated main plant for a maximum of ten (10) years	Total area: approximately 11,242 hectares.

3. Assets owned by PT Kirana Cakrawala

Licence

Name of licence	Number	Issuing Authority	Date of Issuance	Expiry Date	Remarks
Business Licence for Concession of Timber Forest Product – Industrial Forest. (IUPHHK-HTI)	184/Kpts-II/1997	Minister of Forestry	31 March 1997	This IUPHHK-HTI is valid for 35 years starting from 21 February 1992 plus one (1) cycle of main cultivated plant for a maximum of 15 years	Total area: approximately 21,265 hectares.

4. Assets owned by PT Wiranusa Trisatya

Land certificates

No.	Title of Certificate	Location	Area (sqm)	Validity
1.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 04/ Falabisahaya dated 8 July 1992.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	120,000	8 July 2012 (The application for extension and renewal of this certificate was made on 6 August 2018).

APPENDIX A – LIST OF ASSETS

No.	Title of Certificate	Location	Area (sqm)	Validity
2.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 16/ Falabisahaya dated 14 January 1997.	Falabisahaya village, Taliabu Timur District, Maluku Utara Regency, Maluku Province.	112,000	3 January 2017 (The application for extension and renewal of this certificate was made on 6 August 2018).

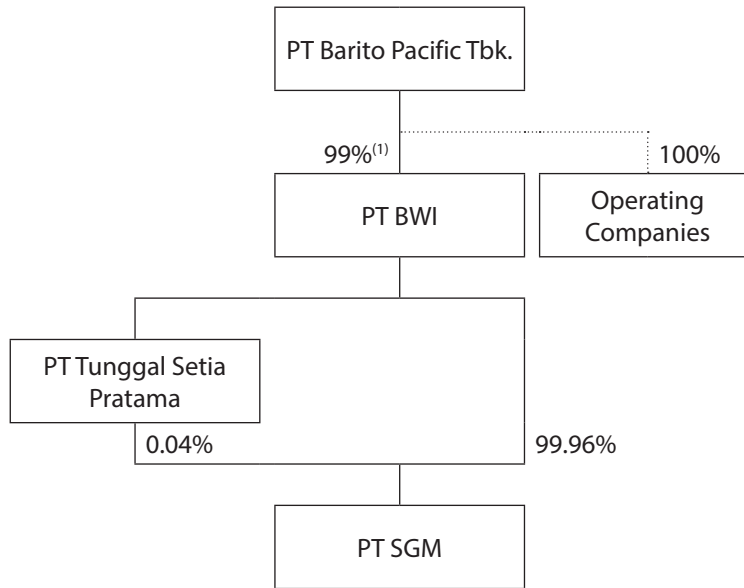
5. Assets owned by PT Tunggal Agathis Indah Wood Industries

Land certificates

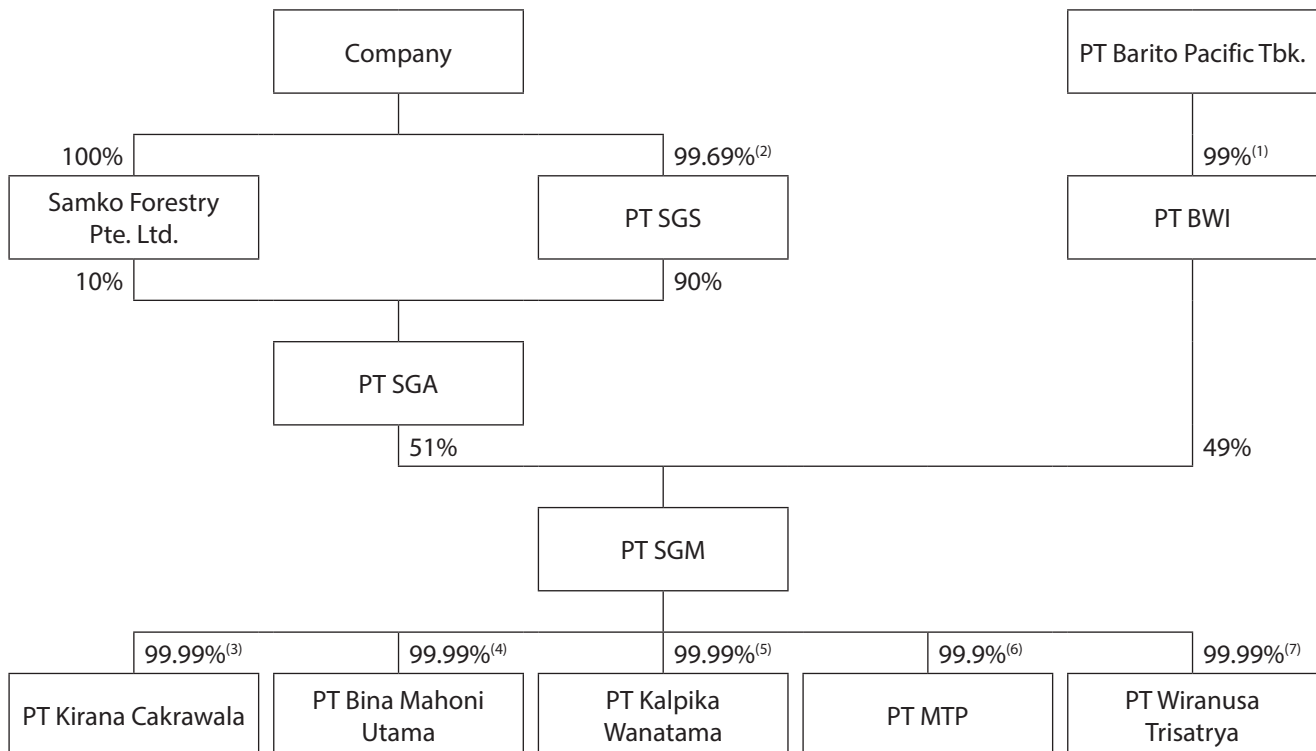
No.	Title of Certificate	Location	Area (sqm)	Validity
1.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 00005, issued by the Head of Land Office Kabupaten Halmahera Barat dated 6 September 2018.	Sidangoli Gam Village, Jailolo Selatan District, Halmahera Barat Regency, North Maluku Province.	1,106,008	4 June 2029
2.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 00001, issued by the Head of Land Office Kabupaten Halmahera Barat dated 28 March 2016.	Domato Village, Jailolo Selatan District, Halmahera Barat Regency, North Maluku Province.	10,840	5 October 2035
3.	Land Certificate with the Right to Build (<i>Sertipikat Hak Guna Bangunan</i>) No. 00004, issued by the Head of Land Office Kabupaten Halmahera Barat dated 28 March 2016.	Sidangoli Gam Village, Jailolo Selatan District, Halmahera Barat Regency, North Maluku Province.	141,859	10 February 2037

APPENDIX B – SHAREHOLDINGS STRUCTURES

Before Completion



After Completion



Notes:

- (1) The ultimate beneficial owner of PT Barito Pacific Tbk. indirectly owns the remaining 1% of the total issued and paid-up shares in PT BWI.
- (2) PT Alam Raya Makmur and PT Sari Alam Sejahtera are each holding 0.30% and 0.01% of the total issued and paid-up shares in PT SGS respectively. Both PT Alam Raya Makmur and PT Sari Alam Sejahtera are wholly-owned subsidiaries of the Company.
- (3) PT MTP holds the remaining 0.01% of the total issued and paid-up shares in PT Kirana Cakrawala.
- (4) PT MTP holds the remaining 0.01% of the total issued and paid-up shares in PT Bina Mahoni Utama.
- (5) PT MTP holds the remaining 0.01% of the total issued and paid-up shares in PT Kalpika Wanatama.
- (6) PT Bina Mahoni Utama holds the remaining 0.1% of the total issued and paid-up shares in PT MTP.
- (7) PT MTP holds the remaining 0.01% of the total issued and paid-up shares in PT Wiranusa Trisatrya.

APPENDIX C - EXECUTIVE SUMMARY

FOREST PLANTATION DEVELOPMENT PLAN AND DUE DILIGENCE, MALUKU UTARA PROVINCE, INDONESIA.

Prepared for Samko Group, October 2019.

EXECUTIVE SUMMARY

Samko Timber Limited (Samko), is a leading processed timber products company in Indonesia. Samko is listed on the Singapore Stock Exchange. In Indonesia, Samko primarily operates under PT Sumber Graha Sejahtera (SGS), a 99.99% owned subsidiary of Samko.

Samko is considering going into a joint venture with Barito Pacific Timber Group (BP) to rehabilitate BP's forest industry assets in North Maluku province, Indonesia. The proposed JV includes four forest plantation (HTI) companies (three on Taliabu and Mangoli islands, and one on Halmahera Island), one natural forest logging concession (HPH) on Halmahera, together with BP's plywood factory located at Falabisahaya on Mangoli Island. The gross combined area of all four HTI concessions is 59,000 ha. The HPH concession on Halmahera (PT. Tunggal Agathis) has a gross area of approximately 73,000 ha.

The four plantation concessions were developed by BP in the 1990s but have been stagnant for the last 10 years. The plantations are mature. Samko plans to harvest and replant the plantations and process plywood at BP's old plywood mill located at Falabisahaya. Like the plantations, the plywood mill has not been operational for over 10 years. Samko is planning a complete refurbishment of the plywood mill and supporting infrastructure.

In April 2019, Samko appointed PT Ata Marie (Ata Marie) to carry out technical assessment of the following three HTI companies on Taliabu and Mangoli islands.

Plantation Companies Assessed

Company Name	Location			Concession Area from License Document (ha)
	Site Name	Province	Kabupaten	
PT. Mangoli Timber Producers (MTP)	Tubang (TBG)	Maluku Utara	Taliabu	9,051
	Binono (BNN)	Maluku Utara	Kepulauan Sula	5,800
PT. Kalpika Wanatama-I (KW1)	Samoya (KW1)	Maluku Utara	Taliabu	11,780
PT. Kalpika Wanatama-II (KW2)	Mandafuhi (KW2)	Maluku Utara	Kepulauan Sula	11,242
Total				37,873

Ata Marie has completed a Due Diligence of the three concessions and four plantation sites. Key findings are as follows:

1. The Concession documents for the three concessions indicate a gross area of 37,873 ha of land. There is significant lack of clarity on concession boundaries. Boundaries on maps attached to the licenses indicate a larger area, particularly for the Tubang (TBG) site. Management plan maps (RKU) indicate an area of 41,637 ha across the four sites.
2. The remote sensing and inventory exercise carried out by Ata Marie analysed a gross Management Area of 44,412 ha which includes all land inside the three concession boundaries (41,637 ha based on RKU boundaries), plus 2,579 ha of land developed by BP outside the concession boundaries.
3. Based on evidence of clearance from historical satellite imagery, Ata Marie estimates BP developed 21,347 ha of land for plantations during the 1991-2003 period (48% of the Management Area). This Development Area includes 19,144 ha of land developed inside the three concession boundaries (based on RKU boundaries) and 1,885 ha of land outside the concession boundaries.
4. The residual land in the 44,412 ha Management Area consists primarily of natural forest (39%), heavily degraded natural forest (7%) and a mixture of belukar, open land and smallholder farms (6%). Natural forest areas will not be available for land clearing under FSC guidelines. Some of the heavily degraded forest area may be available depending on the findings of the full HCV assessment. Alternatively, some of the natural forest area could be managed under a selective harvesting system.

APPENDIX C - EXECUTIVE SUMMARY

5. The land cover in the Development Area of 21,347 ha consists of sengon dominated plantations (33%), mixed species plantations (55%), belukar and open land (12%), plus a small area of smallholder farms.
6. Plantation forests can be described as hybrid - half plantation, half natural forest. Seedlings planted in the past received limited maintenance and have had to compete against natural regeneration. For samama in particular, it is mostly impossible to identify which trees are planted and which are natural regeneration.
7. Net extractable sawlog volume in the Development Area of 21,347 ha with small end diameter over bark of 18cm and up is estimated at 2.04 million m³. Of this volume, 28% is sengon, 23% is samama (jabon) and the remaining 49% is a range of natural forest species.
8. Assuming production is spread over eight years, the sawlog input volume from the four sites will be on average 251,586 m³ per year, which is 68% of the proposed Phase 1 mill sawlog input demand of 369,000 m³ per year. The remainder of the mill requirement should either come from the Kirana HTI on Halmahera, the TAIWI I HPH (both on Halmahera), or from external log purchases.
9. Sengon dominates the larger log diameters but form is not always good, with a lot of breakage, branching and defects. For sengon in particular, there is a lot of branch wood in the 15-30 cm diameter range that can be utilised if harvesting systems are designed to recover this volume, and the mill systems are designed to utilise these logs.
10. Samama dominates the lower diameter ranges. Samama tree form is generally excellent but as it has not been pruned, so knotty core will be an issue.
11. In addition to sengon and Samama, logs delivered to the mill will include a range of other species with variable density and wood characteristics. Diameter of the mixed species logs is predominantly 20-50 cm but logs up to 80cm were also common. Although the species and diameter mix are different from what the mill would purchase from selective logging operations, these logs should still be able to meet most of the proposed mill's requirement for natural forest logs, and in particular for core veneer. It is possible the mill may decide to not accept some species at all. However, for the purposes of wood supply modelling, Ata Marie has included all species.
12. In addition to the sawlog volumes, an estimated 1.55 million m³ of residual biomass will be produced from the existing plantation area. Assuming production is spread over eight years, the volume of residual biomass produced will be on average 194,000 m³ per year. This volume is suitable for pellet production. Alternatively, Samko could consider using some of the volume for core veneer production assuming a low recovery rate is acceptable in the mill. Given that a pellet plant is planned, lower veneer recovery rates could be acceptable as there is a marketable downgrade product for the mill waste. Even at a low recovery rate it is quite likely that the net cost of veneer will be lower than from externally purchased logs.
13. The net plantable area for future plantation development is estimated at 20,737 ha. This consists of the Development area of 21,347 ha plus 30% of belukar and open land areas outside the development area. All small holder farms and natural forest areas have been excluded.
14. Land in the Developed Area almost all suitable for fast growing plantations. This is demonstrated by the high standing stock found in residual pockets of first rotation plantation areas where stocking is high and maintenance has been good. Soil and rainfall conditions should not be major limitations for tree growth.
15. The sawlog yield on an eight year rotation is predicted at 139 m³ ob/ha (diameter 15cm and up), which corresponds to a sawlog MAI of 17.4 m³/ha/year. In addition, 25 m³/ha of residual biomass is predicted to be produced at age eight.
16. Based on the net plantable area figure of 20,737 ha and yield described above, the sawlog volume produced from the future plantation resource on the four sites will be on average 361,000 m³ per year. This volume is 55% of the proposed Phase 2 plymill sawlog input demand of 648,000 m³ per year. The remainder of the mill requirement should either come from the Kirana HTI, the TAIWI I HPH (both on Halmahera), or from external log purchases.
17. In addition to the sawlog volumes, 64,000 m³ per year of residual biomass will also be produced from the future plantation resource.

APPENDIX C - EXECUTIVE SUMMARY

18. A number of Rare, Threatened and Endangered (RTE) species were identified in the field assessment. No biodiversity / certification related conservation values were identified that would require Samko to limit its plan to redevelop land areas originally developed by BP in the 1990s. Conserving the existing natural forest areas along with riparian areas is predicted to be sufficient to protect the habitats of all species identified during the field work.
19. Community response to the planned restart of operations was overwhelmingly positive. No existing disputes between communities and BP were identified during discussions with communities. In general, communities recognise BPs concession rights - throughout the long stagnation period between 2008-2019, timber removals from plantations by communities has been very low – the plantations remain basically intact.
20. No social / community related values were identified that would require Samko to limit its plan to redevelop land areas originally developed by BP in the 1990s. There is sufficient land available for communities to develop smallholder agriculture. Ata Marie recommends that some of the tanaman kehidupan allocation be set aside for smallholder agriculture, and the remainder be developed into timber plantations in joint venture operations with communities.
21. Infrastructure redevelopment needs to be prioritised in order to guarantee timely log delivery to the planned plywood mill. Gravelling of roads imperative but there is a question mark on the sufficiency from the existing identified supply sources. More detailed planning is required in the next phase of work.
22. Two forest asset values have been developed. The IAS 41 Valuation appraises the existing forest assets following the IAS 41 accounting standard. The Enterprise Valuation values the forest asset assuming continuous harvesting, replanting and expansion of the resource over a 25 year period. Cost of capital is set at 12%.
23. Costs have been generated from similar operations in Western Indonesia. A percentage increase has been added in many cases to reflect the isolated location, relatively small scale of operations at each site, and logistical challenges of operating in this location.
24. Results of the valuation are as below:

Model		NPV at 12% WACC	
		IDR Million	'000 USD
1	IAS 41 Valuation Model	313,781	22,097
2	Enterprise Valuation Model	319,508	22,501

25. Delivered wood cost in the IAS 41 model is on average 558,808 IDR/m³ (39.35 USD/m³). Delivered wood cost in the Enterprise model is on average 741,427 IDR/m³ (52.21 USD/m³).
26. The key driver of value of the BP plantation assets is the existing plantations which are mature and ready for harvest. Cashflows are positive from year two of the model and remain positive throughout the modelling period. However, realising this result will require fulfilment of the heavy capex investment required in advance of log production.
27. A lot of legal / licensing catch up work is required. This includes Tata Batas, development of a broad land use plan acceptable to all stakeholders (including KLHK, communities, local Government, FSC, NGOs), revision of RKU and preparation of companies for PHPL.

NOTICE OF EXTRAORDINARY GENERAL MEETING

SAMKO TIMBER LIMITED

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

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of the members of Samko Timber Limited (the "**Company**") will be held on Monday, 16 December 2019, at 2.00 p.m. at Carlton Hotel Singapore, Connaught Room, Level 2, 76 Bras Basah Road, Singapore 189558, for the purpose of considering and, if thought fit, passing with or without amendment, the following resolution as set out below.

*All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 29 November 2019 (the "**Circular**").*

ORDINARY RESOLUTION

Approval for the Proposed Transaction between PT SGA, a wholly-owned subsidiary of the Group, and PT BWI as a major transaction

That:

- (a) approval be and is hereby given for the entry by PT SGS into the Proposed Transaction and the Subscription Agreement to the extent mandated and according to the terms of the Subscription Agreement as described in the Circular and that the aforementioned is hereby approved, confirmed and ratified;
- (b) approval be and is hereby given for the entry by PT SGA into the Proposed Transaction and the Shareholders Agreement to the extent mandated and according to the terms of the Shareholders Agreement as described in the Circular and that the aforementioned is hereby approved, confirmed and ratified;
- (c) the Directors of the Company and each of them be and are hereby authorised to do all acts and things including without limitation, executing all such documents and approving amendments, alterations, modifications to any such documents as may be required or desirable in connection with this Ordinary Resolution and the Proposed Transaction, as they or he may consider desirable, expedient or necessary in the interests of the Company to give effect to the Ordinary Resolution and Proposed Transaction; and
- (d) any acts, matters and things done or performed, and/or documents signed, executed, sealed or delivered by a Director in connection with the Proposed Transaction be and are hereby approved, confirmed and ratified.

BY ORDER OF THE BOARD

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer

Singapore, 29 November 2019

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) For further details, please refer to the Circular to the Shareholders dated 29 November 2019.
- (2) In line with the Listing Manual, the Company shall conduct voting on all resolutions to be proposed at the EGM by way of poll.
- (3) A member entitled to attend and vote at the EGM, and who is not a relevant intermediary, may appoint not more than two (2) proxies to attend and vote in his/her stead. A member which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A member who is a relevant intermediary is entitled to appoint more than two (2) 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 (which number and class of Shares shall be specified).

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
- (4) A proxy need not be a member of the Company.
- (5) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 7500A Beach Road, #08-305/307 The Plaza, Singapore 199591 not later than forty-eight (48) hours before the time appointed for the holding of the EGM.
- (6) The instrument appointing a proxy must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any 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.
- (7) A Depositor's name must appear on the Depository Register maintained by CDP as at seventy-two (72) hours before the time appointed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

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.

This page has been intentionally left blank.

Samko Timber Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 200517815M)

Important:

1. A relevant intermediary may appoint more than two (2) proxies to attend the Extraordinary General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investor who holds shares under Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS Investor should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies

EXTRAORDINARY GENERAL MEETING PROXY FORM (Please see notes overleaf before completing this Form)

I/We* _____ NRIC / Passport No.* _____

of _____ (Address)

being a member / members* of Samko Timber Limited (the "Company") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her/them, the Chairman of the Extraordinary General Meeting (the "EGM") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM to be held on Monday, 16 December 2019, at 2.00 p.m. at Carlton Hotel Singapore, Connaught Room, Level 2, 76 Bras Basah Road, Singapore 189558 and at any adjournment thereof.

**Delete where applicable*

Note: Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of EGM. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies may vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the EGM.

Ordinary Resolution	No. of votes for	No. of votes against
To approve the Proposed Transaction		

**Delete where applicable*

Dated this _____ day of _____ 2019

Total number of Shares held in:	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal
of Corporate Shareholder



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 of Singapore), 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 (who is not a relevant intermediary) entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (3) Where a member (who is not a relevant intermediary) appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion is specified, the appointment shall be invalid.
- (4) A member who is a relevant intermediary entitled to attend the EGM and vote is entitled to appoint more than two (2) 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 (which number and class of Shares shall be specified). Where such member appoints more than two (2) 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” 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;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - (c) the Central Provident Fund 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 Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (5) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 7500A Beach Road, #08-305/307 The Plaza, Singapore 199591, not less than forty-eight (48) hours before the time appointed for the EGM, failing which the instrument may be treated as invalid.
 - (6) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her 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.
 - (7) 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.
 - (8) 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.
 - (9) 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/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by CDP to the Company.
 - (10) Terms not defined herein have the meanings ascribed to them in the Circular to the shareholders of the Company dated 29 November 2019.
 - (11) The submission of an instrument or form appointing a proxy or proxies by a member of the Company does not preclude him/her from attending and voting in person at the EGM if he/she wishes to do so.
 - (12) A Depositor's name must appear on the Depository Register maintained by CDP not less than seventy-two (72) hours before the time appointed for holding the EGM in order for him/her to be entitled to attend and vote at the EGM.
 - (13) **PERSONAL DATA PRIVACY:** Where a member of the Company submits 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:
 - (a) 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, proxy 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”**);
 - (b) 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
 - (c) 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.