

CIRCULAR DATED 11 APRIL 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”), together with the Company’s annual report for the financial year ended 31 December 2018 (the “Annual Report”). 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.

The notice of the annual general meeting of the Company and a proxy form are enclosed with the Annual Report.

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 Annual Report 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 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

- (1) THE RENEWAL OF THE GENERAL MANDATE FOR THE CHARTER AND FREIGHT SERVICES TO BE PROVIDED BY PT PELAYARAN NELLY DWI PUTRI**
- (2) THE RENEWAL OF THE GENERAL MANDATE FOR THE ACQUISITION OF PALM LOGS FROM PT SAMPOERNA AGRO TBK AND ITS SUBSIDIARIES**

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DEFINITIONS

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

- “2018 Circular”** : Circular of the Company dated 12 April 2018 to seek Shareholders’ approval for, *inter alia*, the 2018 IPT General Mandates
- “2018 EGM”** : Extraordinary general meeting of the Company convened on 27 April 2018 pursuant to which Shareholders’ approval was obtained for, *inter alia*, the 2018 IPT General mandates
- “2018 IPT General Mandates”** : Collectively, the General Mandate for the Charter and Freight Services, and the General Mandate for the Acquisition of Palm Logs
- “2018 Mandated Transactions”** : Transactions with the Group which fall within the scopes of the 2018 IPT General Mandates
- “AGM”** : The annual general meeting of the Company to be held on Friday, 26 April 2019, at 3.00 pm
- “Annual Report”** : The annual report of the Company for FY2018
- “Associate”** : (a) In relation to any Director, Chief Executive Officer, substantial Shareholder, or Controlling Shareholder (being an individual) means:
- (i) his Immediate Family;
 - (ii) the trustees of any trust of which he or his Immediate Family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his Immediate Family together (directly or indirectly) have an interest of 30% or more; and
- (b) In relation to a substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Audit Committee”** : The audit committee of the Company, from time to time. As at the date of this Circular, the Audit Committee comprises Mr Ng Cher Yan, Mr Wee Ewe Lay Laurence John, and Mr Sim Idrus Munandar
- “Board of Directors” or “Board”** : The board of directors of the Company, from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Chief Executive Officer”** : Chief executive officer of the Company from time to time
- “Chief Financial Officer”** : Chief financial officer of the Company from time to time
- “Circular”** : This circular to Shareholders dated 11 April 2019

DEFINITIONS

“Companies Act”	: The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	: Samko Timber Limited
“Constitution”	: The constitution of the Company, as amended, modified or supplemented from time to time
“Controlling Shareholder”	: A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over the Company
“Director” or “Directors”	: A director or directors of the Company
“Executive Officer”	: A Executive Director, Chief Executive Officer or Chief Financial Officer, as the case may be, and “Executive Officers” shall mean all of such persons collectively
“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
“FY2017”	: The financial year ended 31 December 2017
“FY2018”	: The financial year ended 31 December 2018
“General Mandate for Charter and Freight Services”	: The general mandate for the charter and freight services to be provided by PNDP
“General Mandate for the Acquisition of Palm Logs”	: The general mandate for the acquisition of palm logs from the PSAT Group
“Group”	: The Company and its subsidiaries
“IDR”	: Indonesian Rupiah, the official currency of Indonesia
“Immediate Family”	: In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
“Indonesia”	: The Republic of Indonesia
“Listing Manual”	: The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Non-Interested Directors”	: In relation to the General Mandate for Charter and Freight Services, all the Directors except Mr Koh Tji Beng @ Ambran Sunarko In relation to the General Mandate for the Acquisition of Palm Logs, all the Directors except for Mr Michael Joseph Sampoerna

DEFINITIONS

“Notice of AGM”	: The notice of the AGM as set out in the Annual Report
“NTA”	: Net tangible assets
“PNDP”	: PT Pelayaran Nelly Dwi Putri
“PSAT”	: PT Sampoerna Agro Tbk
“PSAT Group”	: PSAT and its subsidiaries
“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
“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
“Shares”	: Ordinary shares in the capital of the Company
“Singapore”	: The Republic of Singapore
“S\$” and “Cents”	: Singapore dollars and cents, respectively
“%” 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.

DEFINITIONS

- (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.

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 Koh Tji Beng @ Ambran Sunarko (*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

11 April 2019

To: The Shareholders of Samko Timber Limited

Dear Sir / Madam

- (1) **THE RENEWAL OF THE GENERAL MANDATE FOR THE CHARTER AND FREIGHT SERVICES TO BE PROVIDED BY PNDP**
- (2) **THE RENEWAL OF THE GENERAL MANDATE FOR THE ACQUISITION OF PALM LOGS FROM THE PSAT GROUP**

1. INTRODUCTION

1.1. We refer to:

- (a) the Notice of AGM accompanying the Annual Report convening the AGM;
- (b) Ordinary Resolution No. 9 relating to the proposed renewal of the General Mandate for Charter and Freight Services; and
- (c) Ordinary Resolution No. 10 relating to the proposed renewal of the General Mandate for the Acquisition of Palm Logs.

1.2. The purpose of this Circular is to provide Shareholders with information relating to Ordinary Resolutions Nos. 9 and 10 proposed in the Notice of AGM.

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 RENEWAL OF THE 2018 IPT GENERAL MANDATES

2.1. At the 2018 EGM, the Company had sought and obtained the approval of Shareholders for, *inter alia*, the adoption of the 2018 IPT General Mandates to enable the Company, its subsidiaries and associated companies, to enter in the ordinary course of business into certain types of transactions with specified classes of the Company's "interested persons", provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions. Particulars of the 2018 IPT General Mandates were set out in the 2018 Circular.

LETTER TO SHAREHOLDERS

- 2.2.** The 2018 IPT General Mandates are subject to annual renewal and their validity period will expire on the date of the forthcoming AGM or the date by which the next AGM is required by law to be held. Accordingly, it is proposed that the renewal of the 2018 IPT General Mandates be tabled to Shareholders for approval at the forthcoming AGM.
- 2.3.** The 2018 IPT General Mandates, the particulars of the interested person transactions in respect of which the 2018 IPT General Mandates are sought, including the rationale for and the benefit to the Company and its entities at risk, and the guidelines and review procedures for the 2018 IPT General Mandates remain unchanged and are set out in Appendix A.

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 this Circular, the interests of the Directors and substantial Shareholders in the Company in the Shares are as follows:

Director and/or substantial Shareholder	Direct Interest		Deemed Interest		Total	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Directors						
Koh Tji Beng @ Ambran Sunarko ⁽¹⁾	148,473,230	6.25	-	-	148,473,230	6.25
Riko Setyabudhy Handoko	6,986,400	0.29	-	-	6,986,400	0.29
Substantial Shareholders (other than Directors)						
Sampoerna Forestry Limited ⁽⁴⁾	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
Koh Tji Kiong @ Amir Sunarko ⁽²⁾	128,953,331	5.42	33,846,346	1.42	162,799,677	6.84
Aris Sunarko @ Ko Tji Kim ⁽³⁾	34,698,231	1.46	190,100,346	8.00	224,798,577	9.46

Notes:

- (1) Mr Koh Tji Beng @ Ambran Sunarko's direct interest of 148,473,230 Shares is held jointly with his daughter, Ms Cindy Sunarko.
- (2) 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.
- (3) 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.
- (4) The family of Mr Michael Joseph Sampoerna, holds more than 30% of the beneficial interest in Sampoerna Forestry Limited, and accordingly Sampoerna Forestry Limited is an associate of Mr Michael Joseph Sampoerna within the meaning of the Listing Manual. Mr Michael Joseph Sampoerna does not own any interests in Sampoerna Forestry Limited.

LETTER TO SHAREHOLDERS

- 3.2.** Mr Michael Joseph Sampoerna and Mr Eka Dharmajanto Kasih are the President Commissioner and Commissioner of PSAT respectively.
- 3.3.** Save as disclosed in this Circular, 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 renewal of the 2018 IPT General Mandates other than through their respective shareholdings in the Company.

4. AUDIT COMMITTEE STATEMENT

4.1. The renewal of the 2018 IPT General Mandates

The Audit Committee has considered, *inter alia*, the terms, rationale for and benefit of the 2018 IPT General Mandates. Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee confirms that:

- (a) the methods or procedures for determining the transaction prices (as elaborated on in Appendix A) under the 2018 IPT General Mandates have not changed since the 2018 EGM; and
- (b) the methods or procedures referred to in Section 4.1(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

5. ABSTENTION FROM VOTING

- 5.1.** Rule 919 of the Listing Manual states that in a meeting to obtain Shareholder approval, the interested person and any associate of the interested person must not vote on the resolution in respect of the interested person transaction, nor accept appointments as proxies unless specific instructions as to voting are given.
- 5.2.** In light of the reasons set out in Section 2 and Appendix A, Mr Koh Tji Beng @ Ambran Sunarko will abstain from voting and has undertaken to procure that all of his Associates abstain from voting at the AGM on the ordinary resolution in respect of the renewal of the General Mandate for Charter and Freight Services. He will also not accept appointments as proxy unless the minority Shareholders appointing him as proxy give specific instructions in the relevant proxy form on the manner in which they wish their votes to be cast for the ordinary resolution in respect of the renewal of the General Mandate for Charter and Freight Services.
- 5.3.** Mr Michael Joseph Sampoerna is not a Shareholder, and is therefore unable to vote in respect of Shareholders' resolutions tabled at the AGM. In light of the reasons set out in Section 2 and Appendix A, Mr Michael Joseph Sampoerna has undertaken to procure that all of his Associates, including Sampoerna Forestry Limited, abstain from voting at the AGM on the ordinary resolution in respect of the General Mandate for the Acquisition of Palm Logs. He will also not accept appointments as proxies unless the minority Shareholders appointing him as proxy give specific instructions in the relevant proxy form on the manner in which they wish their votes to be cast for the ordinary resolution in respect of the General Mandate for the Acquisition of Palm Logs.

6. DIRECTORS' RECOMMENDATIONS

- 6.1.** Mr Koh Tji Beng @ Ambran Sunarko shall abstain from making any recommendations on the renewal of the General Mandate for the Charter and Freight Services to be tabled at the AGM. He will also not accept appointments as proxies for voting in respect of the ordinary resolution for the renewal of the General Mandate for the Charter and Freight Services set out in the Notice of AGM unless specific instructions as to voting are given.
- 6.2.** Mr Michael Joseph Sampoerna shall abstain from making any recommendations on the renewal of the General Mandate for the Acquisition of Palm Logs to be tabled at the AGM. He will also not accept appointments as proxies for voting in respect of the ordinary resolution for the renewal of the General Mandate for the Acquisition of Palm Logs set out in the Notice of AGM unless specific instructions as to voting are given.

LETTER TO SHAREHOLDERS

- 6.3.** Mr Eka Dharmajanto Kasih shall abstain from making any recommendations on the renewal of the General Mandate for the Acquisition of Palm Logs to be tabled at the AGM. He will also not accept appointments as proxies for voting in respect of the ordinary resolution for the renewal of the General Mandate for the Acquisition of Palm Logs set out in the Notice of AGM unless specific instructions as to voting are given.
- 6.4.** Having considered the rationale for and benefit of the 2018 IPT General Mandates, the Non-Interested Directors are of the opinion that the renewal of the 2018 IPT General Mandates is in the interests of the Company and the Shareholders. Accordingly, the Non-Interested Directors recommend that Shareholders vote in favour of the ordinary resolutions relating thereto to be proposed at the AGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend and vote at the AGM on their behalf should complete, sign and return the proxy form attached to the Annual Report in accordance with the instructions printed thereon. The completed and signed proxy form should be returned as soon as possible and, in any event, to 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 AGM. Shareholders who have completed and returned the proxy form may still attend and vote in person at the AGM, 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 AGM and to attend, speak and vote thereat unless his name appears on the Depository Register at least seventy-two (72) hours before the AGM.

8. 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 AGM:

- (a) the Constitution of the Company;
- (b) the Annual Report; and
- (c) the 2018 Circular.

9. 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 renewal of the 2018 IPT General Mandates, 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 – 2018 IPT GENERAL MANDATES

1. CHAPTER 9 OF THE LISTING MANUAL

1.1. Background

Chapter 9 of the Listing Manual governs transactions by a listed company or any of its subsidiaries or associated companies (known as an **“entity at risk”**) with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

1.2. Definitions of key terms used in Chapter 9 of the Listing Manual

For the purpose of Chapter 9 of the Listing Manual:

- (a) an **“approved exchange”** means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual;
- (b) in the case of a company, an **“associate”** means:
 - (i) in relation to any director, chief executive officer, substantial shareholder, or controlling shareholder (being an individual), his Immediate Family, the trustees of any trust of which he or his Immediate Family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his Immediate Family together (directly or indirectly) have an interest of 30% or more; and
 - (ii) in relation to a substantial shareholder or a controlling shareholder (being a company), any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (c) an **“associated company”** means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (d) a **“controlling shareholder”** is a person who holds directly or indirectly 15% or more of the total voting rights in the listed company, or in fact exercises control over the listed company;
- (e) an **“entity at risk”** means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group, and its interested person(s), has control over the associated company;
- (f) in the case of a company, an **“interested person”** means a director, chief executive officer or controlling shareholder of a listed company, or an associate of any such director, chief executive officer or controlling shareholder;
- (g) an **“interested person transaction”** means a transaction between an entity at risk and an interested person;
- (h) a **“transaction”** includes, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities), the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments; and
- (i) a **“listed company”** means a company admitted to the Official List of the SGX-ST and not removed.

APPENDIX A – 2018 IPT GENERAL MANDATES

1.3. Materiality thresholds

Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9 of the Listing Manual, an immediate announcement and/or shareholders' approval would be required in respect of these transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

In particular:

- (a) an immediate announcement is required where:
 - (i) the value of an interested person transaction is equal to, or more than, 3% of the listed group's latest audited NTA; or
 - (ii) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the listed group's latest audited NTA. In this instance, the announcement will be required to disclose the latest transaction and all future transactions entered into with that same interested person during the financial year; and
- (b) Shareholders' approval is required where:
 - (i) the value of an interested person transaction is equal to, or more than, 5% of the listed group's latest audited NTA; or
 - (ii) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 5% or more of the listed group's latest audited NTA. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders.

The abovementioned requirements for immediate announcement and shareholders' approval do not apply to any transaction below S\$100,000.

1.4. General mandate

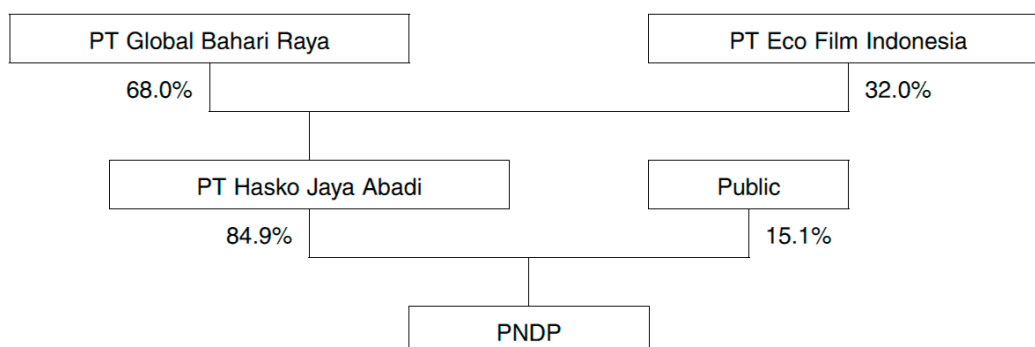
Part VIII of Chapter 9 of the Listing Manual allows a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons where such transactions are of a revenue or trading nature or necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by shareholders is subject to annual renewal.

Transactions conducted under a general mandate approved by shareholders are not separately subject to the abovementioned requirements for immediate announcement and shareholders' approval.

2. CLASSES OF INTERESTED PERSONS

2.1. The General Mandate for the Charter and Freight Services

PNDP is listed on the Indonesian Stock Exchange and is an Indonesian-based company engaged in the shipping industry, providing, *inter alia*, transport and marine charter services. As at the date of this Circular, the shareholding structure of PNDP is as follows:



APPENDIX A – 2018 IPT GENERAL MANDATES

As at the date of this Circular, Mr Eugene Sunarko and Ms Piniaty Liawanto, the son and spouse respectively of Mr Koh Tji Beng @ Ambran Sunarko, collectively hold, indirectly through PT Global Bahari Raya and PT Eco Film Indonesia, more than 30.0% of the shares in PNDP. As Mr Koh Tji Beng @ Ambran Sunarko is a Director of the Company, PNDP is considered to be an Associate of Mr Koh Tji Beng @ Ambran Sunarko, and therefore an interested person. Accordingly, the charter and freight services to be provided by PNDP to the Group will be regarded as interested person transactions under Chapter 9 of the Listing Manual.

Disregarding transactions below S\$100,000 in accordance with Rules 905(3) and 906(2) of the Listing Manual, the aggregate value of all transactions entered into between the Group and PNDP for FY2018 was approximately IDR 722 million, which is approximately 0.88% of the audited consolidated NTA of the Group for FY2017 (being the latest audited consolidated NTA of the Group prior to the entry into the transactions with PNDP).

2.2. The General Mandate for the Acquisition of Palm Logs

PSAT is an Indonesian-based palm oil producer listed on the Indonesian Stock Exchange. The PSAT Group operates palm oil plantations and is a producer of crude palm oil and palm kernel oil. The subsidiaries of the PSAT Group as at the date of this Circular are as follows:

PT Sampoerna Agro Tbk	
PT Aek Tarum	100.00%
PT Sungai Rangit	95.00%
PT Telaga Hikmah	100.00%
PT Gunung Tua Abadi	99.86%
PT Binasawit Makmur	99.00%
PT Usaha Agro Indonesia	99.99%
PT Mutiara Bunda Jaya	99.38%
PT Selatanjaya Permai	99.99%
PT Sawit Selatan	99.95%
PT Sampoerna Bio Fuels	99.99%
PT National Sago Prima*	98.66%
PT Lanang Agro Bersatu*	99.99%
PT Sungai Menang	99.99%
PT Nusantara Sago Prima	99.91%
PT Pertiwi Agro Sejahtera*	99.99%
PT Wawasan Kebun Utama*	99.99%
PT Pangan Agro Nusantara*	99.99%
PT Palma Timur Sejahtera*	99.99%
PT Sentosa Timur Palma*	99.99%
PT Palma Timur Sentosa*	99.99%
PT Industri Hutan Lestari*	99.99%
PT Industri Hutan Unggul *	99.99%
PT Usaha Agro Jaya*	99.99%
PT Usaha Agro Sejahtera*	99.99%
PT Kusuma Mentari Makmur*	99.98%
PT Tebar Tandan Tenerah*	99.98%
PT Hutan Ketapang Industri*	71.35%
PT Nusantara Sarana Alam*	99.99%
PT Agro Planindo Utama*	99.99%
PT Kedurang Prakarsa Nabati*	99.89%
PT Anugerah Palm Indonesia*	99.99%
PT Sugih Amerta Berlabuh*	99.99%
Sampoerna Palma Pte Ltd	100%

* Denotes indirect ownership via subsidiary

APPENDIX A – 2018 IPT GENERAL MANDATES

As at the date of this Circular, Mr Putera Sampoerna, the father of Mr Michael Joseph Sampoerna, a Non-Independent and Non-Executive Director of the Company and the President Commissioner of PSAT, holds indirectly approximately 67.05% of the shares in PSAT. Accordingly, the PSAT Group is regarded to be an interested person of the Company.

Separately, Mr Eka Dharmajanto Kasih, who is the Non-Independent and Non-Executive Chairman of the Company, is also a Commissioner of PSAT. The PSAT Group is regarded to be an interested person of the Company by virtue of the indirect shareholding of Mr Putera Sampoerna and Mr Michael Joseph Sampoerna in PSAT as aforementioned, and not Mr Eka Dharmajanto Kasih's appointment as a Commissioner of PSAT.

There were no transactions entered into between the Group and the PSAT Group for FY2018.

3. RATIONALE FOR AND BENEFIT OF THE 2018 IPT GENERAL MANDATES

3.1. The General Mandate for the Charter and Freight Services

The Group has, from time to time, in the ordinary course of business, chartered tug boats which are used to tow barges from PNDP and other charter and freight services providers, for the transportation of logs from forest harvest sites to the Group's factories. These charters are recurring transactions which are likely to occur frequently.

Based on past experiences and expected requirements, the Group anticipates it will continue to require a certain number of barges and tug boats for its operations. Further, as the lead time in procuring logs varies depending on, amongst other things, the location of the forest harvest sites, weather and river conditions and given the unpredictability of log availability, the Group believes it is critical to have a service provider on standby such that the Group will be able to procure logs as and when it requires for the alignment of its shipping schedule with its production and sale schedule.

The General Mandate for Charter and Freight Services will eliminate the need for the Group to convene a general meeting on each occasion to seek Shareholders' prior approval to allow the Group to enter into such interested person transactions. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an *ad-hoc* basis, improve administrative efficacy and allow manpower resources and time to be channelled towards attaining other business objectives.

3.2. The General Mandate for the Acquisition of Palm Logs

Manufacturers of timber products in Indonesia have increasingly turned to using sengon wood as the primary raw material for timber production. Sengon wood is the preferred raw material for many manufacturers as the tree is highly adaptable to moist soil conditions and has a 5 to 10 year gestation period. In addition, the physical properties of sengon wood also meet the requirements for a wide range of timber products. The price of sengon wood has increased in recent years and the Group has looked at utilising other types of wood, including palm logs, as an alternative source of raw material for timber products.

The Group has experience using palm logs as an alternate source of raw material for timber products and the Group intends to expand the use of palm logs in its products and to explore using palm logs for the production of core veneers as an alternative to sengon wood. The General Mandate for the Acquisition of Palm Logs will provide the Group with the flexibility to purchase palm logs from the PSAT Group's plantations which are situated near to the Group's factories when appropriate.

The General Mandate for the Acquisition of Palm Logs will eliminate the need for the Group to convene a general meeting on each occasion to seek Shareholders' prior approval to allow the Group to enter into such interested person transactions. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an *ad-hoc* basis, improve administrative efficacy and allow manpower resources and time to be channelled towards attaining other business objectives.

APPENDIX A – 2018 IPT GENERAL MANDATES

4. GUIDELINES AND REVIEW PROCEDURES FOR THE 2018 IPT GENERAL MANDATES

4.1. Review procedures

To ensure that all 2018 Mandated Transactions are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, all 2018 Mandated Transactions shall be conducted in accordance with the Group's usual business practices and policies and on terms which are generally not less favourable than those extended by unrelated third parties. The Group has put in place the following review procedures for interested person transactions which will be implemented by the Group for the 2018 Mandated Transactions:

- (a) before entering into 2018 Mandated Transactions, quotations from at least 2 unrelated or independent third parties in respect of the same or substantially the same type of services or goods will be used as comparison wherever appropriate and practicable. While other factors (as set out in Paragraph 4.1(b) below) will be taken into consideration, the rates of prices shall not be higher than the most favourable rate or price of the 2 other comparable quotations obtained from the 2 unrelated or independent third parties; and
- (b) in circumstances where it is not practicable or appropriate to compare against the terms of other transactions or quotations with unrelated or independent third parties or to obtain comparable prices and terms of contemporaneous transactions of similar goods or services of at least 2 other quotations (as set out in Paragraph 4.1(a) above) from unrelated or independent third parties, an Executive Officer of the Group (with no interests in the transaction) shall, in determining whether the rates or prices are fair and reasonable, take into consideration the following factors:
 - (i) known available terms and conditions of recent comparable transactions;
 - (ii) availability of services required;
 - (iii) duration of contract;
 - (iv) strategic purposes of the transaction;
 - (v) volume of transaction;
 - (vi) scope, size, complexity, and resources required;
 - (vii) specifications required;
 - (viii) costing analysis;
 - (ix) historical rates or prices paid by the Group for such services or goods;
 - (x) publicly available data; and/or
 - (xi) track record of the relevant interested person.

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4.2. Approval and review threshold limits

The Group will monitor the categories of all 2018 Mandated Transactions as follows:

(a) for all 2018 Mandated Transactions which are above S\$100,000:

(i)	Approval Limits	Approving Authority
	Value of transaction is less than 3% of the latest audited consolidated NTA of the Group	Chief Financial Officer Failing which, another Executive Officer of the Group who: (aa) does not have any interest (direct or indirect) in relation to the relevant transaction; (bb) is not from the relevant department which raised the purchase request; and (cc) is not a director of the relevant interested person
	Value of transaction is equal to or exceeds 3% of the latest audited consolidated NTA of the Group	Audit Committee
(ii)	where the value of any individual transaction, when aggregated with other transactions entered into with the relevant interested person during the same financial year, is equal to or exceeds 3% of the latest audited consolidated NTA of the Group, it must be approved by the Audit Committee prior to entry; and	
(iii)	where the value of any individual transaction, when aggregated with other transactions entered into with the relevant interested person during the same financial year, is below 3% of the latest audited consolidated NTA of the Group, it must be approved prior to entry in accordance with the approval limits and by the corresponding approving authority as described in Paragraph 4.2(a)(i).	

Any transaction to be made under the 2018 IPT General Mandates shall not be approved by the relevant approving authority unless:

- (aa) where quotations from at least 2 unrelated or independent third parties in respect of the same or substantially the same type of services or goods are obtained, the rates or prices from the relevant interested person (taking into consideration the other factors as set out in Paragraph 4.1(b)) is not higher than the most favourable rate or price of the 2 other comparable quotations obtained from the 2 unrelated or independent third parties; or
- (bb) where Paragraph 4.1(b) applies, the considerations in determining whether the price and terms offered are fair and reasonable as set out in Paragraph 4.1(b) are properly taken into account and documented.
- (b) All approvals must strictly follow the review procedures as stipulated in this Paragraph 4 and must be documented. The documentation, including the reasons for approval where necessary, must be accompanied with supporting documents to serve as audit trails, which will be subject to internal and/or external audit.
- (c) In addition to the above, the Chief Financial Officer (or equivalent person) will review (and document such review) all interested person transactions (including the 2018 Mandated Transactions) which are less than S\$100,000 in value and its register on a quarterly basis or such other period as determined by the Audit Committee.

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- (d) The above threshold limits are adopted by the Company after taking into account, among other things, the nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at with the view to strike a balance between (i) maximising the operation efficiency of the day-to-day operations of the Group, and (ii) maintaining adequate internal controls and governance in relation to the interested person transactions conducted under the 2018 Mandated Transactions. The threshold limits are intended to act as an additional safeguard to supplement the review procedures as set out above.

4.3. Additional controls

In addition to the review procedures set out in Paragraph 4.2, the Group has implemented the following procedures for the 2018 Mandated Transactions:

- (a) the Company's internal auditors will review, on a quarterly basis, all interested person transactions (including the 2018 Mandated Transactions) to ensure that the relevant review procedures have been adhered to and the relevant approvals had been obtained, including the established procedures for monitoring the 2018 Mandated Transactions. The internal auditors will report directly to the Audit Committee. The Company's annual internal audit plan will incorporate a review of such interested person transactions (including the 2018 Mandated Transactions) entered into in the relevant financial year and the findings will be reported to the Audit Committee;
- (b) the Audit Committee will review the quarterly internal audit reports and the review procedures for interested person transactions to determine if they are adequate and/or commercially practicable in ensuring that all interested person transactions (including the 2018 Mandated Transactions) are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, and in accordance with the review procedures outlined above. Furthermore, if during these periodic reviews, the Audit Committee is of the view that the review procedures as set out in Paragraph 4 are no longer sufficient or appropriate to ensure that (i) the 2018 Mandated Transactions will be carried out on normal commercial terms and (ii) will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will adopt new guidelines and review procedures for 2018 Mandated Transactions. All new interested person transactions conducted under the 2018 Mandated Transactions will be reviewed and approved by the Audit Committee prior to entry while a fresh general mandate is being sought from Shareholders. The Audit Committee will request for the opinion of an independent financial adviser (where applicable) or an independent valuer as it deems fit;
- (c) the Chief Financial Officer (or equivalent person) shall maintain a list of Directors and Controlling Shareholders, which shall be updated as and when there are any changes to the Directors and/or Controlling Shareholders, to enable the identification of interested persons; and
- (d) in the event that the Chief Executive Officer, the Chief Financial Officer, any Executive Officer, any Director and/or any member of the Audit Committee has an interest in any interested person transaction, he will abstain from deliberating, reviewing and/or approving (as the case may be) that particular transaction.

In addition to the above, the Company will implement the following additional procedures for interested person transactions, including the 2018 Mandated Transactions:

- (i) the Audit Committee will review all interested person transactions (including the 2018 Mandated Transactions) on a quarterly basis (except where 2018 Mandated Transactions are required under the review procedures to be approved by the Audit Committee prior to the entry thereof) to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) and the guidelines under the 2018 IPT General Mandates are complied with. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction(s) and its supporting documents or such other documents deemed necessary by the Audit Committee. If necessary or appropriate, the Audit Committee has the right to require the appointment of independent sources, advisers, and/or independent valuers to provide additional information or review of controls and its implementation pertaining to the transactions under review and report the findings to the Audit Committee;

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- (ii) the Company will prepare and maintain a register to record all interested person transactions (including the 2018 Mandated Transactions and transactions below S\$100,000) which are entered into by the Group, recording and documenting the identity of the interested persons and the basis, including quotations obtained from unrelated third parties, supporting evidence and details of any other factors considered, to support the basis on which the interested person transactions (including the 2018 Mandated Transactions) were entered into as well as the approving authority. The register shall be prepared, maintained and monitored by personnel of the Company (who shall not be interested in any of the interested person transactions) who is duly delegated to do so by the Audit Committee and any exceptions or departures from the review procedures shall be reported and highlighted to the Audit Committee immediately. The Chief Financial Officer (or the equivalent person) shall review the register on a quarterly basis; and
- (iii) the Audit Committee shall review the list of Directors and Controlling Shareholders of the Company on an annual basis.

4.4. Expiry and renewal of the 2018 IPT General Mandates

If approved by Shareholders at the AGM, the 2018 IPT General Mandates will take effect from the date of receipt of Shareholders' approval and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next AGM. Approval from Shareholders may be sought for the renewal of the 2018 IPT General Mandates at each subsequent AGM of the Company, subject to review by the Audit Committee of its continued application to the interested person transactions.

If the Audit Committee is of the view that the review procedures under the 2018 IPT General Mandates have become inappropriate or are not sufficient to ensure that the interested person transactions under the 2018 IPT General Mandates are transacted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh general mandate from the Shareholders based on new review procedures for the 2018 Mandated Transactions.

4.5. Disclosure

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company will:

- (a) disclose the 2018 IPT General Mandates in the annual report, providing details of the aggregate value of transactions conducted pursuant to the 2018 IPT General Mandates during the relevant financial year; and
- (b) announce the aggregate value of transactions conducted pursuant to the 2018 IPT General Mandates for the financial periods which it is required to report on pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report.

These disclosures will be in the form set out in Rule 907 of the Listing Manual.

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