



SAMKO TIMBER LIMITED

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

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 7,224,513,285 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.003 FOR EACH RIGHTS SHARE, ON THE BASIS OF THREE (3) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AS AT THE RECORD DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The board of directors (the “**Directors**”) of Samko Timber Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company proposes to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 7,224,513,285 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.003 (the “**Issue Price**”) for each Rights Share on the basis of three (3) Rights Share for every one (1) existing ordinary share in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (“**Shareholders**”) eligible to participate in the Rights Issue (“**Entitled Shareholders**”) as at a time and date to be determined by the Directors for the purpose of determining the Shareholders’ entitlements under the Rights Issue (the “**Record Date**”), fractional entitlements to be disregarded.

2. PRINCIPAL TERMS OF THE RIGHTS ISSUE

2.1 The principal terms of the Rights Issue are set out below:

Number of Rights Shares: : Based on the issued share capital of the Company of 2,408,171,095 Shares as at the date of this announcement and assuming that all the Entitled Shareholders subscribe for their *pro rata* entitlements of the Rights Shares, up to 7,224,513,285 Rights Shares will be issued.

Allotment Ratio : Three (3) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.

Issue Price : The Issue Price of each Rights Share will be S\$0.003, payable in full upon acceptance and/or application. Please refer to paragraph 2.2 below for further details.

Discount : The Issue Price represents a discount of approximately:

(a) 76.9% to the last transacted price of the Shares on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) of S\$0.013 per Share on 5 September

2023, being the last trading day on which trades were done on the Shares prior to this announcement (“**Last Trading Day**”);

- (b) 45.4% to the theoretical ex-rights price (“**TERP**”)⁽¹⁾ of S\$0.006 per Share as calculated based on the last transacted price of the Shares on the Mainboard of the SGX-ST of S\$0.013 per Share on the Last Trading Day; and
- (c) 76.9% to the volume weighted average price of S\$0.013 per Share, as calculated based on the volume weighted average price of the Shares on the Mainboard of the SGX-ST over the five (5) consecutive market days leading up to and including the Last Trading Day.

In determining the Issue Price and the discounts, the Directors had taken into consideration the size of the Rights Issue, precedent transactions, the Company’s share price performance and volume in the past 12 months, the volume weighted average price of the Shares on the Last Trading Day and the TERP computed on the same.

- Use of Proceeds** : The Company intends to utilise the Net Proceeds from the Rights Issue for general working capital purposes.

Please refer to paragraph 3 below for further details.
- Purpose of Issue** : Please refer to paragraph 3 below for further details.
- Previous Equity Fund Raising** : The Company has not undertaken any equity fund raising in the past 12 months prior to the date of this announcement.
- Non-Underwritten Rights Issue** : The Rights Issue will not be underwritten. In the reasonable opinion of the Directors, there is no minimum amount which must be raised from the Rights Issue. After taking into consideration the aforementioned and the costs of engaging an underwriter and having to pay commission in relation to the underwriting, the Directors have decided that it is not feasible nor practical for the Rights Issue to be underwritten by a financial institution. The Rights Issue cannot be withdrawn after the commencement of ex-rights trading.
- Scaling down** : Depending on the level of subscription for the Rights Shares, the Company may, if necessary, scale down the subscription and/or excess applications for the Rights Shares by any of the Shareholders (if such Shareholder chooses to subscribe for his/her/its pro-rata Rights Shares entitlement and/or apply for excess Rights Shares) to avoid placing the relevant Shareholder and parties acting in concert with him/her/it (as defined in the Singapore Code Take-overs and Mergers) in the position of

incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up, whether partly or in full, their Rights Shares entitlements fully, and/or to avoid the transfer of a controlling interest in the Company, which is prohibited under Rule 803 of the Listing Manual, unless prior approval of Shareholders is obtained in a general meeting.

Note:

- (1) The theoretical market price of each Share assuming the completion of the Rights Issue and the Rights Issue is fully subscribed, which is calculated based on the market capitalisation of the Company based on the last transacted price of the Shares on the Mainboard of the SGX-ST of S\$0.013 per Share on the Last Trading Day and the gross proceeds of the Rights Issue, divided by the total number of Shares following the issuance of the Rights Shares.
- 2.2 The Issue Price will be payable in full upon acceptance and/or application. The Rights Shares, when issued and fully paid-up, will rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the Record Date for which falls on or before the date of allotment and issue of the Rights Shares. For this purpose, "Record Date" means, in relation to any dividends, rights, allotments or other distributions, the date and time (to be announced by the Company) on which Shareholders must be registered with the Company or The Central Depository (Pte) Limited ("**CDP**"), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.
- 2.2 The Rights Issue is subject to, *inter alia*, the approval of the Shareholders at an extraordinary general meeting to be convened by the Company (the "**EGM**"), the lodgement of the offer information statement to be issued for the Rights Issue ("**Offer Information Statement**") and the approval of the SGX-ST for the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST not having been withdrawn or revoked prior to the completion of the Rights Issue, further details of which are set out in paragraph 8.1 below.
- 2.3 The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem appropriate. Further details of the Rights Issue will be made available in the Offer Information Statement to be despatched or, as the case may be, electronically disseminated to Entitled Shareholders, or will be disclosed in the Circular or subsequent announcements in due course.

3. PURPOSE OF THE RIGHTS ISSUE AND USE OF PROCEEDS

Whilst the Company has been exploring various means of fundraising including external borrowings and debt instruments, the rising interest rate environment and the creation of security interests for bank borrowings has the Company favouring an equity fundraising as the most optimal and equitable form of fundraising. As disclosed in paragraph 2.1 of this announcement above, the Company has not undertaken any equity fund raising exercise in the past 12 months and is undertaking the proposed Rights Issue to strengthen the financial position and capital base of the Group. In view of the current financial circumstances and the Group's order book, the Company believes that the Net Proceeds from the proposed Rights Issue will strengthen the Company's balance sheet, for which a stronger financial position will provide financial flexibility for the Group and allow the Group to seize opportunities for business growth and expansion in a timely manner and as and when opportunities arise.

In addition, the Rights Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to invest in new equity in the Company.

Assuming that up to 7,224,513,285 Rights Shares are fully subscribed, the estimated net proceeds from the Rights Issue, after deducting the estimated expenses of approximately S\$0.1 million to be incurred in connection with the Rights Issue, would be S\$21.6 million (the “**Net Proceeds**”).

The Company intends to use the Net Proceeds from the Rights Issue for general working capital purposes.

Use of Net Proceeds	Amount	Percentage Allocation (As a percentage of Net Proceeds)
General working capital purposes	S\$21.6 million	100%
Total	S\$21.6 million	100%

Pursuant to Rules 704(30) and 1207(20) of the Listing Manual of the SGX-ST (“**Listing Manual**”), the Company will make periodic announcements on the utilisation of the proceeds from the Rights Issue via SGXNET, as and when the funds from the Rights Issue are materially disbursed whether such a use is in accordance with the stated use and in accordance with the percentage allocated; and provide a status report in the Company’s annual reports on the use of proceeds from the Rights Issue, and where there is any material deviation from the stated use of the proceeds from the Rights Issue, to announce the reasons for such deviation. Where the proceeds from the Rights Issue are used for general working capital purposes, the Company will disclose a breakdown with specific details on the use of the proceeds for working capital in the Company’s announcement(s) and in the Company’s annual reports.

Pending the deployment of the proceeds raised from the Rights Issue for the use(s) mentioned above, the proceeds may be placed as deposits with financial institutions, or invested in short-term money market or debt instruments, or for any other purposes on a short-term basis as the Directors may deem fit in the interests of the Group.

4. ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

The Company proposes to provisionally allot the Rights Shares to Entitled Shareholders, which comprise Entitled Depositors and Entitled Scripholders (each as defined below) on the basis of their shareholdings as at the Record Date.

4.1 Entitled Depositors

Shareholders whose Shares are registered in the name of CDP and whose securities accounts (“**Securities Accounts**”) with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Record Date (“**Depositors**”) will be provisionally allotted entitlements to the Rights Shares on the basis of the number of Shares standing to the credit of their Securities Accounts with CDP as at the Record Date. “Entitled Depositors” are Depositors whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three (3) market days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents.

4.2 Entitled Scripholders

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to 5.00 p.m. (Singapore time) on the Record Date by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue Keppel Bay Tower, #14-07 Singapore 098632 will be registered to determine the provisional entitlements to Rights Shares of the transferee (a "Scripholder", which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP) under the Rights Issue. "Entitled Scripholders" are Scripholders whose registered addresses with the Company are in Singapore as at the Record Date or who have, at least three (3) market days prior to the Record Date, provided the Company's Share Registrar with addresses in Singapore for the service of notices and documents.

4.3 Foreign Shareholders

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the rights to the Rights Shares will NOT be offered to Shareholders with registered addresses outside Singapore as at the Record Date and who have not, at least three (3) market days prior to the Record Date, provided CDP or the Company's Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents, subject to certain limited exceptions and/or unless otherwise reasonably determined by the Directors that the Rights Shares may be offered based on applicable securities legislation ("**Foreign Shareholders**").

Entitlements to provisional allotments of Rights Shares which would otherwise accrue to Foreign Shareholders will, if practicable, be sold "nil-paid" on the SGX-ST after dealings in the provisional allotments of Rights Shares commence, and the Net Proceeds arising therefrom will be dealt with in accordance with the terms set out in the Offer Information Statement.

For the avoidance of doubt, even if a Foreign Shareholder has provided a Singapore address as aforesaid, any offer of the Rights Shares to such Foreign Shareholder will be subject to compliance with applicable securities laws outside Singapore to the extent reasonably practicable.

4.4 CPF Shareholders

Persons who bought their Shares previously using their Central Provident Fund account savings ("**CPF Funds**") must use CPF Funds for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable CPF rules and regulations. Such persons who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares using CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept the Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

4.5 SRS Shareholders

Persons who bought their Shares previously under the Supplementary Retirement Scheme (“**SRS**”) must use monies standing to the credit of their respective SRS accounts for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable SRS rules and regulations. Such persons who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares using SRS monies will need to instruct their respective approved banks, where they hold their accounts under the SRS, to accept the Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement. SRS monies may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

5. TRADING OF PROVISIONAL ALLOTMENTS OF RIGHTS SHARES

Entitlements to subscribe for the Rights Shares will be renounceable and are expected to be tradeable on the Mainboard of the SGX-ST over a period to be determined by the Directors in compliance with the rules of the Listing Manual. Entitled Shareholders will be at liberty to accept (in full or in part), decline, renounce or (in the case of Entitled Depositors only) trade their provisional allotments of the Rights Shares during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for Rights Shares in excess of their respective provisional allotments under the Rights Issue.

6. EXCESS RIGHTS SHARES

Entitlements which are not allotted or taken up for any reason (including any fractional entitlements to the Rights Shares) will be aggregated and used to satisfy applications, if any, for excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

In the allotment of excess Rights Shares applied for from provisional allotments not taken up for any reason, preference will be given to Entitled Shareholders for rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and the allotment of excess Rights Shares. Unless otherwise stated in this announcement, the Company will also not make any allotments and issuance of any excess Right Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

7. ADEQUACY OF WORKING CAPITAL

The Directors are of the opinion that after taking into consideration the Group's present bank facilities, internal resources and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements.

Notwithstanding the present sufficiency of working capital, the Company has decided to undertake the Rights Issue with the objective of strengthening its financial position, enlarging its capital base and further enhancing the financial flexibility of the Group. The Rights Issue will also provide the Shareholders with an opportunity to participate in the growth and expansion of

the Group's business and also to maintain their *pro rata* equity interests in the Company by accepting their *pro rata* entitlements to the Rights Issue, as well as applying for excess Rights Shares at the Issue Price.

The Directors are of the opinion that barring any unforeseen circumstances, and after taking into account the Group's balance cash and cash equivalents and the Net Proceeds the working capital available to the Group is sufficient to meet the Group's present requirements for the next 12 months.

8. APPROVALS

8.1 Listing Approval

The Rights Issue is subject to the receipt of the listing and quotation notice from the SGX-ST for the dealing in and listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST and such approval not having been withdrawn or revoked on or prior to the date of completion of the Rights Issue, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company. An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST.

8.2 Offer Information Statement

The Rights Issue is subject to the lodgment of the Offer Information Statement referred to in section 277 of the Securities and Futures Act 2001 of Singapore (the "SFA"), together with all other necessary accompanying documents, in connection with the Rights Issue with the MAS.

8.3 Other Approvals

The Rights Issue will be subject to and conditional upon, *inter alia*, the satisfaction of the following:

- (a) approval of the Shareholders for the Rights Issue, including the allotment and issue of the Rights Shares at the EGM, having been obtained; and
- (b) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue being obtained and not having been revoked or amended before the completion of the Rights Issue.

Where appropriate, further details will be disclosed in subsequent announcements.

9. NOTIFICATION UNDER SECTION 309B OF THE SFA

The provisional allotments of Rights Shares and the Rights Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

10. CIRCULAR

A Circular setting out, amongst others, the details of, and other relevant information pertaining to, the Rights Issue, together with the notice of the EGM, will be electronically disseminated to the Shareholders in due course.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the date of this announcement, the interests of the Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Riko Setyabudhy Handoko	38,056,990	1.58	-	-
Substantial Shareholders				
Sampoerna Forestry Limited	1,520,673,015	63.15	-	-
First Fortuna Holdings Pte Ltd	150,597,000	6.25	-	-

Save for their interests arising by way of their shareholdings in the Company and/or directorships in the Company, as the case may be, none of the Directors or substantial Shareholders or their respective associates has any direct or indirect interest in the Rights Issue.

Notes:

(1) Based on the Existing Share Capital as at the date of this Circular.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the proposed Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 announcement in its proper form and context.

13. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the Company's securities. The completion of the Rights Issue is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors

are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer

5 September 2023