



## 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 SHARES 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**

**- ADDENDUM TO THE RIGHTS ISSUE ANNOUNCEMENT DATED 5 SEPTEMBER 2023**

---

### 1. INTRODUCTION

The board of directors (the “**Directors**”) of Samko Timber Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 5 September 2023 (the “**Rights Issue Announcement**”) in relation to, *inter alia*, the proposed 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 Shares for every one (1) existing ordinary share in the capital of the Company held by Entitled Shareholders as at a time and date to be determined by the Directors for the purpose of determining the Entitled Shareholders’ entitlements under the Rights Issue, fractional entitlements to be disregarded.

*Unless otherwise defined, capitalised terms used herein shall bear the same meanings as ascribed to them in the Rights Issue Announcement.*

### 2. IRREVOCABLE UNDERTAKING

2.1 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	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Riko Setyabudhy Handoko	38,056,990	1.58	-	-
<b>Substantial Shareholders</b>				
Sampoerna Forestry Limited	1,520,673,015	63.15	-	-
First Fortuna Holdings Pte Ltd	150,597,000	6.25	-	-

**Notes:**

(1) Based on the Existing Share Capital (as defined below) as at the date of this announcement.

- 2.2 As at the date of this announcement, Sampoerna Forestry Limited ("**Sampoerna**" or "**Undertaking Shareholder**"), holds 1,520,673,015 Shares, representing 63.15% of the Existing Share Capital. To demonstrate its support for the Rights Issue as well as its commitment to the Company, Sampoerna had on 31 October 2023, given an irrevocable undertaking ("**Irrevocable Undertaking**") to, *inter alia*:
- (a) subscribe and/or procure the subscription and payment for the whole of its entitlement under the Rights Issue of 4,562,019,045 Rights Shares at an issue price of S\$0.003 each, aggregating S\$13,686,057.14;
  - (b) ensure that none of the Shares that it owns or control as at the date of the Irrevocable Undertaking are disposed of during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares; and
  - (c) vote in favour of the Rights Issue, including the allotment and issue of the Rights Shares, at the EGM (including an adjournment thereof).
- 2.3 Sampoerna has also procured a written confirmation from its relevant financial institution that it has sufficient financial resources to fulfil its obligations under the Irrevocable Undertaking.
- 2.4 The Irrevocable Undertaking will be subject to and conditional upon the following:
- (a) the approval in-principle having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue) for the listing of and quotation for the Rights Shares on the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
  - (b) the approval of the shareholders of the Company for the Rights Issue, including the allotment and issue of the Rights Shares, at the EGM;
  - (c) the lodgment of an offer information statement in connection with the Rights Issue, together with all other accompanying documents (if applicable), by the Company, with the Authority; and
  - (d) 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.

### 3. CLARIFICATION TO THE TERMS OF THE RIGHTS ISSUE

In view of the Irrevocable Undertaking given by the Undertaking Shareholder:

- 3.1 Paragraph 2.1 of the Rights Issue Announcement should be amended to be read as follows:

"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 ("**Existing Share Capital**") 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, the Company will issue:~~

(a) up to 7,224,513,285 Rights Shares in the Maximum Subscription Scenario (as defined below); and

(b) up to 4,562,019,045 Rights Shares in the Minimum Subscription Scenario (as defined below).

**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**”)<sup>(1)</sup> 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 (as defined below) 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, the Irrevocable Undertaking given by the Undertaking Shareholder 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.”

3.2 Paragraph 3 of the Rights Issue Announcement should be amended to be read as follows:

**“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.

As at the date of this announcement, the issued and paid-up share capital of the Company comprises 2,408,171,095 Shares (the “Existing Share Capital”). The Company does not have any treasury shares and there are no outstanding warrants or convertible securities issued by the Company pursuant to which new Shares may be issued on exercise or conversion.

~~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”).~~

Based on the Existing Share Capital and assuming: (a) none of the Entitled Shareholders (excluding the Undertaking Shareholder) subscribe for their *pro rata* entitlements of Rights Shares; and (b) only the Undertaking Shareholder subscribes for its *pro rata* entitlement of 4,562,019,045 Rights Shares (entitlement *pro rata vis-à-vis* all other Shareholders), up to 4,562,019,045 Rights Shares will be issued under the Rights Issue (the “Minimum Subscription Scenario”).

Based on the Existing Share Capital and assuming that all the Entitled Shareholders subscribe in full for their *pro rata* Rights Shares (entitlements *pro rata vis-à-vis* all other Shareholders) under the Rights Issue, 7,224,513,285 Rights Shares will be issued under the Rights Issue (the “Maximum Subscription Scenario”).

In the event of the Maximum Subscription Scenario, the Rights Issue, based on the Existing Share Capital and the Issue Price, will raise approximately S\$21.7 million and the estimated net proceeds, after deducting estimated costs and expenses of S\$0.2 million relating to the Rights Issue (“Net Proceeds”), is approximately S\$21.5 million.

In the event of the Minimum Subscription Scenario, the Rights Issue, based on the Existing Share Capital and the Issue Price will raise approximately S\$13.7 million and

the estimated Net Proceeds, after deducting estimated costs and expenses of S\$0.2 million relating to the Rights Issue, is approximately S\$13.5 million.

The Company intends to use the Net Proceeds from the Rights Issue for general working capital purposes which includes, but not limited to, operating costs of the Group, payment of professional fees, payment of trade-related debts, and payment of staff salaries. The Company envisages more cash to be utilised for its operating activities as the Group is in its recovery and business expansion phase.

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

<b>Use of Net Proceeds</b>	<b>Maximum Subscription Scenario</b>		<b>Minimum Subscription Scenario</b>	
	<b>Amount (\$ million)</b>	<b>Percentage of Net Proceeds (%)</b>	<b>Amount (\$ million)</b>	<b>Percentage of Net Proceeds (%)</b>
General working capital purposes	S\$21.5 million	100%	S\$13.5 million	100%
<b>Total</b>	<b>S\$21.5 million</b>	<b>100%</b>	<b>S\$13.5 million</b>	<b>100%</b>

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.”

3.3 Paragraph 7 of the Rights Issue Announcement should be amended to be read as follows:

**“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.

As disclosed in the Company's response to the SGX-ST's query 6 on its results announcement for the half year ended 30 June 2023 dated 21 September 2023, the Board believes that:

- a) the Net Proceeds from the Rights Issue will strengthen the Company's financial position and provide the financial flexibility to seize opportunities for business growth.
- b) the Company and the Group have the ability to operate as a going concern due to the following:
  - 1) Sampoerna's continued support of the Group by participating in the Rights Issue, showing its confidence and optimism about the future prospect of the Group;
  - 2) lenders' continued support of the Group as there is no loans repayment default and the Group has been servicing the repayments of the loan principal and its interest as and when they fall due and utilisation of borrowing facilities continues as usual, as of 11 August 2023 when the Company announced its half year results and also as at the date of the said announcement;
  - 3) the Group expects to complete the construction of the factory buildings and infrastructures for Mangole project in the second half of 2023, along with the installation of some machineries needed for production and expects that the Mangole project will commence production and increase the Group's production capacity for high quality Plywood and certified Wood Pellet at a lower production cost due to the ample supply of wood and the adoption of the latest production machineries and equipment;
  - 4) as the pandemic subsidies and supply chains begin to stabilize, the Group will be able to reduce the freight costs due to the decrease in container costs as shortages of shipping containers ease;
  - 5) to improve the performance and liquidity, the Board is exploring other options to raise additional funding through disposal of non-core assets and will continue to monitor the situation and may undertake these actions as and when necessary;
- c) the Company will continue to improve its operating performance and generate sufficient cash flows from its operations to meet the working capital requirements, and will negotiate with the lenders to reduce the financial covenant ratios requirement, upon the completion of the Rights Issue; and

- d) the Group will have sufficient working capital to pay its debts as and when they fall due, and the lenders will continue to support the Group and are not aware of any adverse circumstances that might cause the Group's bank facilities to be withdrawn. Although the Company's subsidiary, PT Sumber Graha Sejahtera, is still in breach of the financial covenant ratios requirement, and prompting a thorough review of the financial stability, four major lenders (PT Bank OCBC NISP Tbk, PT Bank Mandiri Tbk, PT Bank Central Asia Tbk, and PT Bank Capital Tbk) have rolled over short-term borrowing facilities up to 2024, demonstrating not only their confidence in the Group's ability to rectify the financial situation, but also their long-term commitment to support the Group's growth and success in a volatile business environment.

As at 30 June 2023, PT Sumber Graha Sejahtera had breached certain clauses relating to financial covenant ratios under the following loan agreements:

- (a) Clause 5 of the Loan Facilities Agreement between PT Bank OCBC NISP Tbk and PT Sumber Graha Sejahtera dated 29 April 2020, requiring a group of subsidiaries to maintain liquidity, gearing, solvency and loan to value ratios;
- (b) Clause 13 of the Loan Facilities Agreement between PT Bank Central Asia Tbk and PT Sumber Graha Sejahtera dated 16 June 2021, requiring a group of subsidiaries to maintain liquidity, gearing and solvency ratios;
- (c) Clause 17 of the Investment Loans Facilities Agreement between PT Bank Mandiri Tbk and PT Sumber Graha Sejahtera dated 9 September 2021 and Clause 17 of the Working Capital Loans Facilities Agreement dated 9 September 2021, requiring a group of subsidiaries to maintain liquidity, gearing and solvency ratios, and to maintain positive net worth;
- (d) Clause 10 of the Loan Facilities Agreement between PT Bank Woori Saudara Indonesia 1906 Tbk and PT Sumber Graha Sejahtera dated 29 September 2021, requiring a group of subsidiaries to maintain solvency and loan to value ratios;
- (e) Clause 9 of the Loan Facilities Agreement between PT Bank Capital Tbk and PT Sumber Graha Sejahtera dated 19 April 2022, requiring a group of subsidiaries to maintain gearing and solvency ratios;
- (f) Clause 10 of the Loan Facilities Agreement between PT Bank UOB Indonesia and PT Sumber Graha Sejahtera dated 28 November 2022, requiring a group of subsidiaries to maintain liquidity, gearing and solvency ratios; and
- (g) Clause 7 of the Loan Facilities Agreement between PT Bank CTBC Indonesia and PT Sumber Graha Sejahtera dated 8 May 2023, requiring a group of subsidiaries to maintain liquidity, gearing and solvency ratios.

The loans are used for capital expenditures, general working capital purposes, pre-shipment financing, post import financing non letter of credit or trade purchase financing, and foreign exchange lines.

The lenders have granted PT Sumber Graha Sejahtera waivers of having to comply with such covenant ratios up to 31 December 2022. However, the lenders have yet to issue waivers for the breaches after 31 December 2022.

Notwithstanding this, the Board is not aware of any legal and/or financial implications on the breach of the financial covenants ratios since the breaches are technical in nature and PT Sumber Graha Sejahtera has been servicing the repayments of the loan principal and its interest as and when they fall due and the utilisation of the borrowing facilities continues as usual as at the date of this announcement.

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 (in the event of the Minimum Subscription Scenario), the working capital available to the Group is sufficient to meet the Group's present requirements for the next 12 months."

- 3.4 Save as set out in this Announcement, the terms of the Rights Issue remain unchanged from that announced in the Rights Issue Announcement.

#### **4. CIRCULAR AND EGM**

The notice of the EGM to be convened and a circular to Shareholders containing details on, among others, the Rights Issue will be made available to Shareholders in due course. Further announcements on the Rights Issue will be made by the Company as and when appropriate.

#### **5. 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.

#### **6. 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

31 October 2023