

OFFER INFORMATION STATEMENT DATED 21 NOVEMBER 2016

(Lodged with the Monetary Authority of Singapore (the "Authority") on 21 November 2016)

THIS OFFER INFORMATION STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

A copy of this Offer Information Statement (as defined herein), together with a copy of each of the PAL, the ARE and the ARS (each as defined herein), has been lodged with the Authority. The Authority assumes no responsibility for the contents of this Offer Information Statement, the PAL, the ARE and the ARS. Lodgment of this Offer Information Statement with the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Rights Shares (as defined herein) being offered, or in respect of which an invitation is made, for investment.

In-principle approval has been obtained from Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing of and quotation for the Rights Shares (as defined herein) on the Main Board of the SGX-ST, subject to certain conditions. Official quotation of the Rights Shares on the Main Board of the SGX-ST will commence after all conditions imposed by the SGX-ST are satisfied, including all the certificates relating thereto have been issued and the notification letters from The Central Depository (Pte) Limited ("CDP") having been despatched.

In-principle approval granted by the SGX-ST for the listing of and quotation for the Rights Shares is not to be taken as an indication of the merits of Samko Timber Limited ("Company"), its subsidiaries, the Shares (as defined herein), the Rights Issue (as defined herein), the Rights Shares or the Nil-paid Rights (as defined herein). The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and/or opinions expressed in this Offer Information Statement.

No Rights Shares shall be allotted or allocated on the basis of this Offer Information Statement later than six (6) months after the date of lodgment of this Offer Information Statement with the Authority.

Electronic Applications (as defined herein) through ATMs (as defined herein) may only be made through ATMs of:

- (i) **Oversea-Chinese Banking Corporation Limited ("OCBC"); and**
- (ii) **United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (together, "UOB Group", and together with OCBC, the "Participating Banks").**

Electronic Applications through ATMs of banks other than the two Participating Banks will not be accepted.

Payment for acceptance and (if applicable) application may also be made by way of Cashier's Order or Banker's Draft. Please read the sections "Important Notice" and "List of Participating Banks" and Appendix 5 or, as the case may be, Appendix 7 of this Offer Information Statement for further information.



SAMKO TIMBER LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200517815M)

RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,001,032,474 NEW ORDINARY SHARES (THE "RIGHTS SHARES") IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.035 FOR EACH RIGHTS SHARE, ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY SEVEN (7) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED ("RIGHTS ISSUE")

IMPORTANT DATES AND TIMES

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| Last date and time for splitting | : | 2 December 2016 at 5.00 p.m. |
| Last date and time for acceptance and payment | : | 8 December 2016 at 5.00 p.m. for acceptance and payment through CDP or the Share Transfer Agent (as defined herein) (9.30 p.m. for Electronic Applications through ATMs of OCBC and UOB Group) |
| Last date and time for acceptance and payment by renounees | : | 8 December 2016 at 5.00 p.m. (9.30 p.m. for Electronic Applications through ATMs of OCBC and UOB Group) |
| Last date and time for excess application and payment | : | 8 December 2016 at 5.00 p.m. for excess application and payment through CDP or the Share Transfer Agent (9.30 p.m. for Electronic Applications through ATMs of OCBC and UOB Group) |

IMPORTANT NOTICE

Capitalised terms used below which are not otherwise defined herein shall have the same meanings as ascribed to them under the “**Definitions**” section of this Offer Information Statement.

For Entitled Scripholders, acceptances of the Rights Shares and (if applicable) applications for excess Rights Shares may be made through the Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd..

For Entitled Depositors, acceptances of the Rights Shares and (if applicable) applications for excess Rights Shares may be made through CDP or by way of Electronic Application.

Electronic Applications through ATMs may only be made through ATMs of (i) OCBC; and (ii) UOB Group. Electronic Applications through ATMs of banks other than the two Participating Banks will not be accepted.

For Renounees of Entitled Shareholders or Purchasers whose purchases are settled through finance companies or Depository Agents, acceptances of the Rights Shares represented by the provisional allotment of Rights Shares purchased must be done through the respective finance companies or Depository Agents. Such Renounees and Purchasers are advised to provide their respective finance companies or Depository Agents, as the case may be, with the appropriate instructions no later than the deadlines set by them in order for such intermediaries to make the relevant acceptances on their behalf by the Closing Date. Any acceptance of the Rights Shares by such Renounees and Purchasers made directly through CDP, the Share Transfer Agent and/or the Company, or by way of Electronic Applications, will be rejected.

Investors who hold Shares through a finance company and/or Depository Agent should read the section “Important Notice to Investors who hold Shares through a Finance Company and/or Depository Agent” of this Offer Information Statement for important details relating to the application and acceptance procedures.

The existing Shares of the Company are quoted on the Main Board of the SGX-ST.

Persons wishing to subscribe for the Rights Shares offered by this Offer Information Statement or purchase Nil-paid Rights should, before deciding whether to so subscribe or purchase, carefully read this Offer Information Statement in its entirety in order to make an informed assessment of, *inter alia*, the assets and liabilities, profits and losses, financial position, performance and prospects of the Company and the Group (as defined herein) and the rights and liabilities attaching to the Rights Shares and the Nil-paid Rights. They should also make, and will be deemed to have made, their own independent enquiries and investigations of any bases and assumptions upon which financial projections, if any, are made or based, and carefully consider this Offer Information Statement in the light of their personal circumstances (including financial and taxation affairs).

No person has been authorised to give any information or to make any representations, other than those contained in this Offer Information Statement, in connection with the Rights Issue or the issue of the Nil-paid Rights or the Rights Shares and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. Save as expressly stated in this Offer Information Statement, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance, financial position, prospects or policies of the Company or the Group. Neither the delivery of this Offer Information Statement nor the issue of the Nil-paid Rights or the Rights Shares shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the affairs of the Company or the Group, or any of the information contained herein since the date hereof. Where such changes occur after the date hereof and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same via SGXNET and, if required, lodge a supplementary or replacement document with the Authority. All Entitled Shareholders, their Renounees and Purchasers should take note of any such announcement or supplementary or replacement document and, upon the release of such announcement or lodgment of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes.

The Company makes no representation to any person regarding the legality of an investment in the Nil-paid Rights, the Rights Shares and/or the Shares by such person under any investment or any other laws or regulations. No information in this Offer Information Statement should be considered to be business, financial, legal or tax advice. Each prospective investor should consult his own professional or other adviser for business, financial, legal or tax advice regarding an investment in the Nil-paid Rights, the Rights Shares and/or the Shares.

Nothing in this Offer Information Statement or the accompanying documents shall be construed as a recommendation to accept or purchase the Nil-paid Rights, the Rights Shares and/or the Shares. Prospective applicants for the Rights Shares should rely on their own investigation of the financial condition and affairs of, and their own appraisal and determination of the merits of investing in, the Company and the Group and shall be deemed to have done so.

This Offer Information Statement and its accompanying documents have been prepared solely for the purpose of the acceptance and subscription of the Rights Shares under the Rights Issue, and may not be relied upon by any persons (other than Entitled Shareholders to whom this Offer Information Statement and its accompanying documents are despatched by the Company, their Renounees and purchasers of the provisional allotments of Rights Shares) or for any other purpose.

This Offer Information Statement and its accompanying documents may not be used for the purpose of, and do not constitute, an offer, invitation to, or solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation.

The distribution of this Offer Information Statement and/or its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions. Entitled Shareholders or any other person having possession of this Offer Information Statement and/or its accompanying documents are advised to keep themselves informed of and observe such prohibitions and restrictions at their own expense and without liability to the Company or any other person involved in the Rights Issue. Please refer to the section “Eligibility of Shareholders to Participate in the Rights Issue” of this Offer Information Statement for further information.

**IMPORTANT NOTICE TO INVESTORS
WHO HOLD SHARES THROUGH A FINANCE COMPANY AND/OR
DEPOSITORY AGENT**

Investors who have subscribed for or purchased Shares through a finance company and/or Depository Agent can only accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares by instructing their respective finance companies and/or Depository Agents, to do so on their behalf.

Any acceptance and/or application made directly by the above-mentioned investors through CDP, the Share Transfer Agent or the Company, or by way of Electronic Applications, will be rejected.

The above-mentioned investors, where applicable, will receive notification letter(s) from their respective finance companies and/or Depository Agents, and should refer to such notification letter(s) for details of the last date and time to submit applications to their respective finance companies and/or Depository Agents. Such investors are advised to provide their respective finance companies or Depository Agents, as the case may be, with the appropriate instructions no later than the deadlines set by them in order for such intermediaries to make the relevant acceptance and (if applicable) application on their behalf by the Closing Date.

Investors who hold Shares through a finance company and/or a Depository Agent must instruct the relevant finance company and/or Depository Agent to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares on their behalf in accordance with the terms and conditions in this Offer Information Statement.

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DEFINITIONS

For the purpose of this Offer Information Statement, the PAL, the ARE and the ARS, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

- “9M2015”** : The nine-month period ended 30 September 2015
- “9M2016”** : The nine-month period ended 30 September 2016
- “ARE”** : Application and acceptance form for Rights Shares and excess Rights Shares to be issued to an Entitled Depositor in respect of the provisional allotment of Rights Shares of such Entitled Depositor under the Rights Issue
- “ARS”** : Application and acceptance form for Rights Shares to be issued to a Purchaser in respect of his purchase of Rights traded on the SGX-ST through the book-entry (scripless) settlement system
- “ATM”** : Automated teller machine
- “Authority”** : Monetary Authority of Singapore
- “Beneficial Owners”** : Beneficial owners of Shares whose Shares are registered in the name of (a) a registered Shareholder whose share certificates have not been deposited with CDP, or a transferee who has tendered to the Share Transfer Agent registrable transfers of Shares and the certificates relating thereto for registration up to the Books Closure Date or (b) a Shareholder with Shares standing to the credit of its Securities Account(s) as at the Books Closure Date
- “Books Closure Date”** : 5.00 p.m. on 21 November 2016, being the time and date at and on which the Register of Members and the Share Transfer Books of the Company will be closed to determine the provisional allotments of Rights Shares of Entitled Shareholders under the Rights Issue
- “CDP”** : The Central Depository (Pte) Limited
- “Closing Date”** : (i) 5.00 p.m. on 8 December 2016, being the last time and date for acceptance of and/or excess application and payment for the Rights Shares under the Rights Issue through CDP or the Share Transfer Agent (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company subsequent to the issue of this Offer Information Statement); or
- (ii) 9.30 p.m. on 8 December 2016, being the last time and date for acceptance of and/or excess application and payment for the Rights Shares under the Rights Issue through the ATMs of the Participating Banks, namely OCBC and UOB Group (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company subsequent to the issue of this Offer Information Statement)
- “Code”** : The Singapore Code on Take-overs and Mergers, as amended or modified or supplemented from time to time

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| “Companies Act” | : | Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time |
| “Company” | : | Samko Timber Limited |
| “Constitution” | : | The constitution comprising the Memorandum and Articles of Association of the Company |
| “Directors” | : | The directors of the Company, as at the date of this Offer Information Statement |
| “Electronic Application” | : | Acceptance of the Rights Shares and (if applicable) application for excess Rights Shares made through (i) an ATM of a Participating Bank, namely, OCBC or UOB Group; or (ii) the SGX-SSH Service, as the case may be, in accordance with the terms and conditions of this Offer Information Statement. For the purposes of this Offer Information Statement, any reference to an application by way of an Electronic Application without reference to such an Electronic Application being made through an ATM of a Participating Bank, namely, OCBC or UOB Group, shall, where the Entitled Depositor is a Depository Agent, be taken to include an application made via the SGX-SSH Service |
| “Entitled Depositors” | : | Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents |
| “Entitled Scripholders” | : | Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Share Transfer Agent valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three Market Days prior to the Books Closure Date, provided the Share Transfer Agent with addresses in Singapore for the service of notices and documents |
| “Entitled Shareholders” | : | Entitled Depositors and Entitled Scripholders |
| “Entitlement Application” | : | The Undertaking Shareholder’s provisional allotments under the Rights Issue, being 428,747,361 Rights Shares |
| “Excess Application” | : | The application by the Undertaking Shareholder for excess Rights Shares |
| “Existing Issued Share Capital” | : | The existing issued and paid-up share capital of the Company comprising 1,401,445,464 Shares as at the Latest Practicable Date |
| “Foreign Purchasers” | : | Persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are outside Singapore at the time of purchase |

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| “Foreign Shareholders” | : | Shareholders with registered addresses with the Share Transfer Agent or CDP, as the case may be, outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided the Share Transfer Agent or CDP, as the case may be, addresses in Singapore for the service of notices and documents |
| “FY” | : | Financial year ended or, as the case may be, ending 31 December |
| “GDP” | : | Gross domestic product |
| “Group” | : | The Company and its subsidiaries, collectively |
| “IDX” | : | The Indonesian Stock Exchange (previously known as the Jakarta Stock Exchange) |
| “Irrevocable Undertaking” | : | The irrevocable undertaking dated 9 September 2016 given by the Undertaking Shareholder to the Company, details of which are set out in paragraph 7 of the section entitled “Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 – The Offer and Listing” of this Offer Information Statement |
| “Issue Price” | : | The issue price of each Rights Share, being S\$0.035 |
| “Latest Practicable Date” | : | 14 November 2016, being the latest practicable date prior to the lodgment of this Offer Information Statement with the Authority |
| “Listing Manual” | : | The listing manual of the SGX-ST, as amended, modified or supplemented from time to time |
| “Market Day” | : | A day on which the SGX-ST is open for trading in securities |
| “Maximum Scenario” | : | The scenario whereby based on the Existing Issued Share Capital and assuming that the Rights Issue is fully subscribed for and no new Shares are issued on or prior to completion of the Rights Issue, up to 1,001,032,474 Rights Shares will be issued pursuant to the Rights Issue |
| “Maximum SFL Scenario” | : | The scenario whereby based on the Existing Issued Share Capital and no new Shares are issued on or prior to completion of the Rights Issue, and the Undertaking Shareholder subscribes for 914,285,714 Rights Shares (such that the aggregate amount payable by the Undertaking Shareholder for the Rights Shares is the Maximum Subscription Amount) |
| “Maximum Subscription Amount” | : | The maximum aggregate amount of S\$32.0 million payable by the Undertaking Shareholder pursuant to the Entitlement Application and the Excess Application |
| “Minimum SFL Scenario” | : | The scenario whereby based on the Existing Issued Share Capital and no new Shares are issued on or prior to completion of the Rights Issue, and the Undertaking Shareholder subscribes for 857,142,857 Rights Shares (such that the aggregate amount payable by the Undertaking Shareholder for the Rights Shares is the Minimum Subscription Amount) |

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| “Minimum Subscription Amount” | : | The minimum aggregate amount of S\$30.0 million payable by the Undertaking Shareholder pursuant to the Entitlement Application and the Excess Application |
| “Nil-paid Rights” | : | Provisional allotments of Rights Shares, being rights to subscribe for five (5) Rights Shares for every seven (7) existing Shares held by Entitled Shareholders as at the Books Closure Date |
| “NRIC” | : | National Registration Identity Card |
| “OCBC” | : | Oversea-Chinese Banking Corporation Limited |
| “Offer Information Statement” | : | This document together with (where the context requires) the PAL, the ARE, the ARS and all other accompanying documents, including any supplementary or replacement document, issued or to be issued by the Company and lodged with the Authority in connection with the Rights Issue |
| “PAL” | : | The provisional allotment letter issued to Entitled Scripholders, setting out their provisional allotments of Rights Shares under the Rights Issue |
| “Participating Banks” | : | OCBC and UOB Group |
| “PT SGS” | : | PT Sumber Graha Sejahtera, a subsidiary of the Company |
| “Purchaser” | : | A person who purchases the provisional allotments of Rights Shares through the book-entry (scripless) settlement system |
| “Record Date” | : | In relation to any dividends, rights, allotments or other distributions, the time and date on which the names of Shareholders must be registered in the Register of Members or the Securities Accounts of Depositors must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions |
| “Register of Members” | : | Register of members of the Company |
| “Renouncee” | : | Person to whom an Entitled Shareholder renounces his provisional allotment of Rights Shares under the Rights Issue |
| “Rights Issue” | : | The renounceable non-underwritten rights issue of up to 1,001,032,474 Rights Shares at the Issue Price, on the basis of five (5) Rights Shares for every seven (7) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded |
| “Rights Shares” | : | Up to 1,001,032,474 new Shares to be allotted and issued by the Company pursuant to the Rights Issue |
| “Securities Account” | : | Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent |
| “SFA” | : | Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time |

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| “SGXNET” | : | Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |
| “Share Transfer Agent” | : | Boardroom Corporate & Advisory Services Pte. Ltd. |
| “Shareholders” | : | Registered holders of Shares in the Register of Members, except that where such registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and 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. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts |
| “Shareholder’s Loan” | : | An unsecured, interest free loan of US\$5 million by the Undertaking Shareholder to the Company |
| “Shares” | : | Ordinary shares in the capital of the Company |
| “Singapore” | : | The Republic of Singapore |
| “Substantial Shareholder” | : | A person who has an interest or interests in not less than five (5) per cent. of the total votes attached to all the issued voting Shares |
| “Undertaken Rights Shares” | : | The Rights Shares which the Undertaking Shareholder has undertaken to subscribe and pay for and/or procure subscription and payment for, pursuant to the Irrevocable Undertaking |
| “Undertaking Shareholder” | : | Sampoerna Forestry Limited |
| “Unit Share Market” | : | The unit share market of the SGX-ST, which allows the trading of single shares |
| “UOB Group” | : | UOB and its subsidiary, Far Eastern Bank Limited |
| “U.S.” or “United States” | : | The United States of America, its territories and possessions, any State of the United States and the District of Columbia |
| “VAT” | : | Value added tax |
| “IDR” or “Rupiah” | : | Indonesian Rupiah |
| “S\$” and “cents” | : | Singapore dollars and cents, respectively |
| “US\$” | : | United States dollars |
| “%” or “per cent.” | : | Percentage or per centum |

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in the SFA.

The term “**subsidiary**” shall have the same meaning ascribed to it in Section 5 of the Companies Act.

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 and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Offer Information Statement, the ARE, the ARS and the PAL 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, the SFA or the Listing Manual, or any modification thereof and used in this Offer Information Statement, the ARE, the ARS and the PAL shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or the Listing Manual, or such modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Offer Information Statement, the ARE, the ARS and the PAL shall be a reference to Singapore time and date unless otherwise stated. Any reference to a date and/or time in this Offer Information Statement, the ARE, the ARS and the PAL in relation to the Rights Issue (including but not limited to the Closing Date and the last dates and times for splitting, acceptance and payment, renunciation and payment, and excess application and payment) shall include such other dates(s) and/or time(s) as may be announced from time to time by or on behalf of the Company.

Any discrepancies in figures included in this Offer Information Statement between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Offer Information Statement may not be an arithmetic aggregation of the figures that precede them.

SUMMARY OF RIGHTS ISSUE

The following is a summary of the principal terms and conditions of the Rights Issue and is derived from, and should be read in conjunction with, the full text of this Offer Information Statement, and is qualified in its entirety by reference to information appearing elsewhere in this Offer Information Statement.

Basis of provisional allotment : The Rights Issue will be made on a renounceable non-underwritten basis to Entitled Shareholders. Each Entitled Shareholder is entitled to subscribe for five (5) Rights Shares for every seven (7) existing Shares standing to the credit of the Securities Account of the Entitled Depositor or held by the Entitled Scrip holder, as the case may be, as at the Books Closure Date

Issue Price : S\$0.035 for each Rights Share, payable in full upon acceptance and/or application.

The Issue Price represents (a) a discount of approximately 59% to the closing price of S\$0.085 per Share on the SGX-ST on 9 September 2016, being the last Market Day before the date of announcement of the Rights Issue; and (b) a discount of approximately 45% to the theoretical ex-rights price of S\$0.064 (being the theoretical market price of each Share assuming the completion of the Rights Issue, and which is calculated based on the closing price of S\$0.085 per Share on the SGX-ST on 9 September 2016, being the last Market Day before the date of announcement of the Rights Issue, and the total number of Shares following the completion of the Rights Issue).

Status of Rights Shares : The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of allotment and issue of the Rights Shares.

Number of Rights Shares to be issued : Based on the issued share capital of the Company as at the Latest Practicable Date of 1,401,445,464 Shares (excluding treasury shares), the Company will issue up to 1,001,032,474 Rights Shares.

Eligibility to participate in the Rights Issue : As there may be prohibitions or restrictions against the offering of Rights Shares in certain jurisdictions, only Entitled Shareholders are eligible to participate in the Rights Issue. Please refer to the section entitled "Eligibility of Shareholders to Participate in the Rights Issue" of this Offer Information Statement for details on the eligibility of Shareholders to participate in the Rights Issue.

Listing of the Rights Shares : The SGX-ST has, on 23 October 2016, granted its in-principle approval for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST, subject to certain conditions. In-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, the Shares, the Rights Issue, the Rights Shares or the Nil-paid Rights. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and/or opinions expressed in this Offer Information Statement.

Trading of the Rights Shares and the Nil-paid Rights : Upon the listing and quotation of the Rights Shares on the Main Board of the SGX-ST, the Rights Shares will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Main Board of the SGX-ST, each board lot of Shares will comprise 100 Shares.

A trading period for the Nil-paid Rights has been set from 24 November 2016 at 9.00 a.m. to 2 December 2016 at 5.00 p.m. During the provisional allotments trading period, for the purposes of trading on the Main Board of the SGX-ST, each board lot of Nil-paid Rights will comprise 100 Nil-paid Rights.

All dealings in, and transactions (including transfers) of, the Rights Shares and the Nil-paid Rights effected through the SGX-ST and/or CDP shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", as the same may be amended from time to time, copies of which are available from CDP.

Trading of Odd Lots of Shares : Eligible Shareholders who hold odd lots of Shares (that is, lots other than board lots of 100 Shares) and who wish to trade in odd lots are able to trade odd lots of Shares on the SGX-ST's Unit Share Market. The Unit Share Market is a ready market for trading of odd lots of Shares with a minimum size of one (1) Share.

Acceptance, excess application and payment procedures : Entitled Shareholders will be at liberty to accept, decline or renounce their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Entitled Depositors will also be able to trade on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST their provisional allotments of Rights Shares.

In the allotment of excess Rights Shares, preference will be given to Shareholders for the 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 of the Company, including the Undertaking Shareholder, will rank last in priority for rounding of odd lots and allotments of excess Rights Shares.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of Rights Shares and for the applications for excess Rights Shares, including the different modes of acceptance or application and payment, are contained in Appendices 5, 6 and 7 of this Offer Information Statement and in the PAL, the ARE and the ARS.

Estimated Net Proceeds from the Rights Issue : The estimated net proceeds from the Rights Issue based on the Maximum Scenario and the Minimum SFL Scenario, after taking into account the estimated expenses of approximately S\$0.4 million for the Rights Issue, are expected to be approximately S\$34.6 million and S\$29.6 million respectively.

- Non-underwritten** : The Rights Issue is not underwritten. The Company has received the Irrevocable Undertaking from the Undertaking Shareholder that it will, *inter alia*, irrevocably (i) subscribe for and pay in full for all its provisional allotments under the Rights Issue, being 428,747,361 Rights Shares, and (ii) subscribe and pay in full for excess Rights Shares, such that the aggregate amount payable by the Undertaking Shareholder pursuant to (i) and (ii) shall not be less than the Minimum Subscription Amount and not more than the Maximum Subscription Amount. In view of the Irrevocable Undertaking and the savings in underwriting costs which the Company will enjoy, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.
- Irrevocable Undertaking** : In support of the Rights Issue, the Undertaking Shareholder has given an irrevocable undertaking to the Company to, *inter alia*, in accordance with the terms and conditions of the Rights Issue and not later than the Closing Date subscribe and pay for and/or procure subscription and payment for its Undertaken Rights Shares.
- Please refer to paragraph 7 of the section entitled “Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 – The Offer and Listing” of this Offer Information Statement for further details of the terms of the Irrevocable Undertaking.
- Governing law** : Laws of Singapore.

EXPECTED TIMETABLE OF KEY EVENTS

| | | |
|---|---|--|
| Shares trade ex-Rights | : | 17 November 2016 from 9.00 a.m. |
| Lodgment of this Offer Information Statement | : | 21 November 2016 |
| Books Closure Date | : | 21 November 2016 at 5.00 p.m. |
| Despatch of this Offer Information Statement (together with the ARE or PAL (as the case may be)) to the Entitled Shareholders | : | 24 November 2016 |
| Commencement of trading of Nil-paid Rights | : | 24 November 2016 from 9.00 a.m. |
| Last date and time for trading of Nil-paid Rights | : | 2 December 2016 at 5.00 p.m. |
| Last date and time for splitting of Rights | : | 2 December 2016 at 5.00 p.m. |
| Last date and time for acceptance of and payment for Rights Shares ⁽¹⁾ | : | 8 December 2016 at 5.00 p.m. for acceptance and payment through CDP or the Share Transfer Agent (9.30 p.m. for Electronic Applications through ATMs of OCBC and UOB Group ⁽²⁾) |
| Last date and time for acceptance of and payment for Rights Shares by renounees ⁽¹⁾ | : | 8 December 2016 at 5.00 p.m. |
| Last date and time for application and payment for excess Rights Shares ⁽¹⁾ | : | 8 December 2016 at 5.00 p.m. for application and payment through CDP or the Share Transfer Agent (9.30 p.m. for Electronic Applications through ATMs of OCBC and UOB Group ⁽²⁾) |
| Expected date for issuance of Rights Shares | : | 15 December 2016 |
| Expected date for crediting of Rights Shares | : | 19 December 2016 |
| Expected date for refund of unsuccessful applications (if made through CDP) | : | 19 December 2016 |
| Expected date for commencement of trading of Rights Shares | : | 19 December 2016 |

Note:

- (1) Investors who have subscribed for or purchased Shares through a finance company and/or Depository Agent, where applicable, will receive notification letter(s) from their respective finance companies and/or Depository Agents, and should refer to such notification letter(s) for details of the last date and time to submit applications to their respective finance companies and/or Depository Agents. Any acceptance and/or application made directly by these investors through CDP, the Share Transfer Agent or the Company, or by way of Electronic Applications, will be rejected.
- (2) Electronic Applications through ATMs may only be made through ATMs of (i) OCBC; and (ii) UOB Group. Electronic Applications through ATMs of banks other than the two Participating Banks will not be accepted.

The above timetable is indicative only and is subject to change. As at the date of this Offer Information Statement, the Company does not expect the timetable to be modified. However, the Company may, with the approval of the SGX-ST, modify the above timetable subject to any limitations under any applicable laws. In such an event, the Company will publicly announce the same through a SGXNET announcement to be posted on the website of the SGX-ST at <http://www.sgx.com>.

RISK FACTORS

The risks described below should be carefully considered before making an investment decision in relation to the Nil-paid Rights, the Rights Shares or the Shares. The risks described below are not the only ones relevant to the Company, the Group, the Nil-paid Rights, the Rights Shares or the Shares. Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this Offer Information Statement before deciding whether to invest in the Rights Shares. The Group may be affected by a number of risks that may relate to the industries and countries in which the Group operates as well as those that may generally arise from, inter alia, economic, business, market and political factors, including the risks set out herein. The risks described below are not intended to be exhaustive. There may be additional risks not presently known to the Group, or that the Group may currently deem immaterial, which could affect its operations, possibly materially. If any of the following considerations and uncertainties develops into actual events, the business, financial conditions or results of operations of the Company and the Group could be materially and adversely affected. In such cases, the trading price of the Shares could decline and a prospective investor may lose all or part of his investment in the Shares.

This Offer Information Statement contains forward-looking statements relating to events that involve risks and uncertainties. Please refer to the Section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Information Statement.

RISKS RELATING TO THE GROUP'S FINANCIAL CONDITION

The Group's loan agreements contain restrictive covenants that limit the Group's liquidity and corporate activities, and impose conditions on the payment of dividends

The Group's loan agreements impose operating and financial restrictions on the Group. These restrictions limit or may limit (in certain circumstances, such as if certain ratios are not maintained) the Group's ability to:

- incur additional indebtedness;
- distribute dividends;
- change the Group's business;
- change the ownership of the Company or of its subsidiaries;
- dispose of the Group's assets; and/or
- engage in mergers or acquisitions.

The Group may also under certain circumstances, need to seek permission from its lenders to engage in certain corporate actions.

Under the Group's loan agreements, certain subsidiaries of the Group have granted security interests over certain of their key assets. In the event of a default under the Group's loan agreements, the lenders could exercise their rights over such secured assets, resulting in the loss of such assets which are required for the Group's operations, which would in turn have a material adverse effect on the Group's business, financial condition and results of operations. The Group's debt arrangements also contain cross default provisions and a default under any debt arrangement would constitute a default under other debt arrangements. If a breach is not waived by a lender and a default is declared, that may in turn cause an event of default in each of the other debt arrangements of the Group and result in a substantial amount of the Group's indebtedness becoming immediately due. If such an event were to occur, the Group's business, financial condition and results of operations will be adversely affected.

The credit facilities of the Company and its subsidiaries also impose various financial and non-financial covenants on the Company and its subsidiaries. As first announced by the Company on 4 May 2016, PT SGS, a subsidiary of the Company, had not met certain financial covenant ratios set out in the loan facilities granted by PT Bank OCBC NISP, Tbk ("**OCBC NISP**") and Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**"). As at the Latest Practicable Date, the subsidiary has not defaulted on any loan repayment or interest payment. PT SGS is currently in discussions with the lenders to

obtain a waiver from complying with the financial covenant ratios. During this time, any declaration of dividends and drawdown on the existing loan facilities are subject to approval of the lenders. Please refer to paragraph 8 of the section entitled “Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 – Operating and Financial Review and Prospects” for further details in relation of the loan facilities.

During the quarter ended 30 June 2016, the Group secured a new IDR60 billion bank loan facility from a new lender. The existing lenders of the Group had given their consent for the Group to use this bank loan facility on the condition that if there is no improvement in the results of the subsidiary by the third quarter of 2016, the Group will increase the equity capital of the relevant subsidiary. The Group plans to increase the equity of the said subsidiary after the completion of the Rights Issue.

The Group’s substantial leverage could adversely affect its general financial condition

The Group has a substantial amount of indebtedness. As at 30 September 2016, the Group had total borrowings of approximately IDR998 billion. The Group’s ability to meet payment obligations will depend on the success of its business strategy and its ability to generate sufficient cash flow to refinance its obligations, which are subject to uncertainties and contingencies beyond its control.

Furthermore, the Group’s indebtedness could restrict its operations. Among other things, its indebtedness may limit its ability to obtain additional financing for working capital, capital expenditures, strategic acquisitions and general corporate purposes, require the Group to dedicate all or a substantial portion of its cash flow to service its debt, which will reduce funds available for other business purposes, limit the Group’s flexibility in planning for or reacting to changes in the markets in which it competes, place the Group at a competitive disadvantage relative to competitors with less indebtedness, render the Group more vulnerable to general adverse economic and industry conditions, and make it more difficult for the Group to satisfy its financial obligations or be able to refinance maturing indebtedness.

The Group currently suffers net losses and has negative working capital

The Group incurred net losses after tax and minority interests of approximately IDR227 billion in the nine months ended 30 September 2016 and had net current liabilities of approximately IDR350 billion as at 30 September 2016. There is no assurance that the Group will achieve positive operating profits or positive operating cash flows in FY2016 and the extent of the recovery in the Group’s financial performance in FY2016 (if any) is uncertain. Therefore, the Rights Issue is an important step to address in part such insufficiency and provide short term liquidity to the Group. While proceeds from the Rights Issue will provide the Group with additional funding, the Group’s cash position is also dependent on, among others, the improvement in the Group’s operating performance and its ability to refinance its obligations. Please refer to paragraph 7 in the Section entitled “Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 – Operating and Financial Review and Prospects” of this Offer Information Statement for further details.

The Group’s business, financial condition, results of operations and prospects may be adversely affected by fluctuations in exchange rates

The value of the Rupiah relative to other currencies is subject to changes in Indonesian Government’s policies, economic and political developments in Indonesia, as well as supply and demand variables in the foreign currency markets and other factors. The Rupiah has historically been subject to depreciation against the U.S. dollar, the Japanese Yen and the currencies of other developed countries.

The Rupiah has generally been freely convertible and transferable (except that Indonesian banks may not transfer Rupiah to accounts held by non-Indonesians under certain circumstances). However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. The current floating exchange rate policy of Bank Indonesia may be modified and additional depreciation of the Rupiah against other currencies, including the U.S. dollar, may occur. The Indonesian Government may take additional action to stabilize, maintain or increase the value of the Rupiah, which may not be successful.

Fluctuations in exchange rates may adversely affect the Group's business, financial condition, results of operations and prospects in various ways. For example, a significant portion of the Group's indebtedness is denominated in U.S. dollars while its reporting currency is denominated in Rupiah. In 2015, the strengthening U.S. dollar exerted pressure on the Rupiah. Such fluctuations in exchange rates, especially in the relative values of the U.S. dollar and the Rupiah, will increase the Group's payment obligations. In addition, the Group's export sales may also be adversely affected as a result of the strengthening of the Rupiah.

RISKS RELATING TO THE GROUP'S INDUSTRY AND ITS BUSINESS

Domestic, regional or global economic changes may adversely affect the Group's business, financial condition, results of operations and prospects

The Group's production operations are located in Indonesia, while its products are sold to customers in various countries, including countries in the Asia Pacific region, Europe, the Middle East, as well as the United States. An economic decline in Indonesia and the countries which the Group exports its products to could adversely affect the Group's results of operations and future growth. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. There remains a concern that the debt crisis in Europe will impinge upon the health of the global financial system. In addition, following United Kingdom's intention to withdraw from the European Union as a result of a referendum held in June 2016, it is expected that there will be a period of uncertainty and volatility in the international securities markets which could have an adverse impact on the market price of the Shares. These events could adversely affect the Group insofar as they result in lower demand for the Group's products, increase in counterparty risks and increased difficulty in securing financing that may be required by the Group. The global financial crisis in 2008 resulted in the failure of many Indonesian companies, through the inability or otherwise, to repay their debts when due, including the Group. Any economic downturn in Indonesia could lead to additional defaults by Indonesian borrowers and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The performance and the growth of the Group's business are dependent on the health of the overall Indonesian economy. Real GDP grew by 5.6% in 2013, 5.0% in 2014 and 4.79% in 2015. The primary factors which contributed to the GDP growth in 2013 and 2014 were the increases in government consumption and household consumption. Against the backdrop of instability in the Eurozone, collapse in crude oil prices and instability in the financial markets, Indonesia reported its slowest GDP growth in six years in 2015. According to The World Bank Group, assuming the smooth implementation of the infrastructure projects forming part of the Indonesian Government's stimulus package, Indonesia's GDP is projected to grow at an annual rate of 5.2% in 2016. Inflation also remained relatively high, with an annual inflation rate of approximately 8.4% in both 2013 and 2014, and 6.38% in 2015.

A loss of investor confidence in financial systems of emerging and other and other markets, or other factors, may cause increased volatility in the Indonesian financial markets and a slowdown in economic growth or negative economic growth in Indonesia. Any such increased volatility or slowdown or negative growth could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The price of logs, the Group's principal raw material, as well as the prices of its products, are susceptible to price fluctuations

Historically, prices for logs (which are the primary raw material for the Group's processed wood products) and processed wood products have been volatile and the Group has limited influence over the timing and extent of the price changes for logs and processed wood products. The prices of logs as well as the Group's processed wood products are affected by numerous factors including local and global economic factors such as changes in currency exchange rates, economic growth rates, foreign and domestic interest rates and trade policies, prevailing fuel and logistics costs and general demand for wood and processed wood products.

A decrease in the demand for the Group's processed wood products would reduce the prices for its products and, consequently, its revenue and profitability and may adversely affect its financial condition and results of operations. In addition, if there is any increase in the cost of logs and the Group is unable to pass on such increase to customers, profit margins will be adversely affected.

The Group faces competition from other firms in the wood products processing industry

The Group competes in the local and overseas export markets with a large number of companies. While the principal basis for competition is price, it also competes on the basis of customer service, quality and product type. The Group's principal competition is from manufacturers within the wood products processing industries located primarily within the Asia-Pacific region. In particular, it faces competition from many small companies, some of which may not adhere to environmental and other industry standards to the same extent as the Group does, resulting in their potentially operating at lower costs. The amount of competition the Group faces from other companies may be influenced by certain government policies. For instance, in 2015, as a result of the incentives and measures put into place by the Indonesian government to encourage the growth of value-added industries pursuant to the implementation of the Masterplan for Acceleration and Expansion of Indonesia's Economic Development, the Group noted a rise in the number of new entrants in the wood products processing industries.

Competition in the wood products processing industry is influenced by factors including energy and labour costs, plant efficiencies and productivity, foreign currency fluctuations and other factors. Some of the Group's competitors may have lower energy and labour costs, or may be subject to less stringent environmental and other governmental regulations. In addition, variations in the exchange rates between Rupiah and local currencies in each of the Group's export markets also affect the relative competitive position of its products when compared to competitors in other countries. The Group's ability to compete in the markets to which it exports its products is also dependent upon prevailing tariffs for access to such markets as well as the cost of transportation of its products to such markets. If the Group is unable to compete effectively, or if competition increases in the future, its revenue could decline, which could have a material adverse effect on its business, financial condition, results of operations and cash flows.

The wood products processing industry faces competition from non-timber product substitution

In addition to competition from within the wood products processing industry, the wood products processing industry faces competition from non-timber product substitution. Like other participants in the wood products processing industry, the Group faces competition from firms that manufacture timber substitutes, such as composite wood, metals, plastics, ceramics, imitation wood and other materials that are used as alternative materials mainly in construction and in the manufacture of furniture. The demand for processed timber products as compared to other materials is also affected by changes in consumer trends and tastes with respect to end products. There can be no assurance that non-timber product substitution will not increase, which could decrease demand for the Group's products and have a material adverse effect on its revenue, financial condition and results of operations.

The Group may be affected by limited transportation capacity, increases in the price of transportation services and/or transportation disruptions

The Group relies on transportation services provided by other parties for the transportation of its veneers and processed wood products within Indonesia, to transport its veneers both within and between the Indonesian islands, and to transport finished products from the Group's production facilities to its customers in Indonesia and around the world. In particular, the face/back veneers used in the Group's production activities are primarily produced by its processing plant in Palopo, Sulawesi, and shipped to its processing plants in Tangerang and Surabaya for further processing. The Group's customers rely on third party transportation providers to export the Group's products from local ports.

Transportation availability and prices for transportation services are affected by demand and supply factors and factors such as increases in fuel prices which are largely outside the Group's and its customers' control. The availability and price of transportation services for the Group's veneers and its processed wood products may adversely affect sales of its products, thereby adversely affecting the Group's results of operations.

Any increase in fuel or energy prices would increase the Group's operating costs

Fuel prices are affected by various economic and political factors beyond the Group's control. In particular, factors such as the rising global demand for, or supply shortages of, crude oil may result in upward pressure on the price of the petroleum-based fuels the Group uses. The primary petroleum-based products the Group utilizes in its operations are diesel fuel and lubricants in connection with the operation of production line machinery and electricity generators. The costs for the glues that the Group purchases and produces for its end products are dependent on methanol prices, which are in turn affected by the international prices of fuel. Increases in fuel prices may also lead to the Group's third party transport service providers increasing transportation charges which would result in an increase in the Group's cost of sales and selling expenses.

The Group's processing facilities require significant amounts of energy, primarily electricity, to operate. Energy prices in Indonesia are subject to volatility. Over the past few years, the Indonesian Government has gradually increased electricity tariffs. Any increase in energy costs would increase the Group's cost of sales and decrease its competitiveness as compared to its competitors who have access to cheaper sources of energy.

If the Group's energy and fuel costs increase as a result of increases in fuel or energy prices and the Group is not able to pass on such increases to the Group's customers, its business, financial condition and results of operations may be adversely affected.

The Group may not be successful in implementing its future business plans

The Group's future business plans involve numerous risks, including but not limited to the incurrence of substantial working capital requirements, capital expenditure and financial resources. Various factors such as general economic conditions, market sentiment, market competition and availability of resources, may affect the Group's future business plans and growth prospects. There is no guarantee that the Group will be able to successfully implement its business plans, or that the implementation of these plans will achieve cash flow that will be commensurate with the Group's investment costs. If the Group fails to achieve a sufficient level of revenue or if it fails to manage its costs efficiently, the Group will not be able to recover its investment and its future financial performance and financial condition may be adversely affected.

A significant portion of the Group's sales are for use in the housing and building construction sectors which exposes it to downturns in these sectors

The Group's principal products are plywood and laminated veneer lumber. Demand for plywood and laminated veneer lumber globally depends significantly upon the residential and commercial construction market, industrial manufacturing market and home improvement market. If the level of housing and building construction markets declines, the demand for the Group's products may decrease, thereby adversely affecting its revenue.

The Group's operations are cash intensive and it may not have sufficient cash flow to both fund its cash flow and pay dividends.

The Group funds its operations principally through cash flow from operations, short term working capital facilities (including bank overdrafts, letters of credit and revolving credits), long term bank loans, capital leases and finance leases.

The Group expends a significant amount of cash in its operations, principally on raw materials particularly logs, acquisition of fixed assets, repair and maintenance of wood products processing facilities and equipment, energy, fuel, chemical glues and labour.

As at 30 September 2016, the Group had cash and cash equivalents of approximately IDR72 billion. If the Group fails to generate sufficient revenue from its operations, or if it fails to maintain sufficient cash and banking facilities, the Group may not have sufficient cash flow to both fund its operations and pay dividends.

Environmental groups, non-governmental organizations and interested individuals may seek to delay or prevent timber companies and wood products processing companies generally, from harvesting logs or processing wood products and may adversely affect the costs of logs to be purchased by the Group and/or demand for the Group's products.

Environmental groups, non-governmental organizations and interested individuals may seek, from time to time, to challenge or impair the ability of forestry companies generally to harvest timber or wood products processing companies generally from processing wood products. For example, groups and individuals may stage protests that disrupt the harvesting or production plans of timber companies and may file or threaten to file lawsuits that seek to prevent timber companies generally from harvesting timber or wood products processing companies generally from processing wood products. Any delay in or restriction on harvesting or production activities imposed due to the intervention of environmental groups, non-governmental organizations or such interested individuals, or any boycott of tropical wood products or other action may generate negative perceptions about timber companies and wood products processing companies generally. Such events may also disrupt the supply of logs required by the Group which may increase the costs of the logs, which in turn could have a material adverse effect on the Group's business and results of operations.

The Group's export business could be adversely affected if environmental groups are successful in lobbying government bodies to restrict imports of wood products not manufactured exclusively from renewable sources

Several environmental groups, particularly in Europe and North America, have lobbied government bodies to restrict imports of wood products not manufactured exclusively from renewable sources. Certain environmental groups have also sought to influence large corporate purchasers and their shareholders, as well as other consumers, to choose wood products derived from renewable resources. Prohibitions on imports of the Group's products in these countries could have a material adverse effect on its business, results of operations and cash flows.

The Group may suffer material losses in excess of insurance proceeds or in respect of losses which are uninsured

The Group maintains insurance policies for its assets and properties in line with general market practices. However, the Group's assets and properties could suffer damage caused by fire or other causes or the Group may suffer public liability claims, all of which may result in losses that may not be fully compensated by insurance proceeds. In addition, certain types of risks (such as war risk, terrorist acts and losses caused by the outbreak of contagious diseases) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, the Group could be required to pay compensation and/or lose capital invested in the affected assets and properties as well as anticipated future revenue due to the loss of such assets and properties. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future. Such an event would adversely affect the Group's financial condition and results of operations.

Labour unrest or activism could adversely affect the Group, its customers and Indonesian companies in general, which in turn could affect business, financial condition, results of operations and prospects

The Group's operations are labour intensive. The Group may, in the future, experience labour unrest, activism, disputes or actions involving its employees any of which could have a material adverse effect on its business, financial condition, results of operations and prospects.

In addition, laws permitting the formation of labour unions, combined with weak economic conditions, have resulted, and may continue to result, in labour unrest in Indonesia. On 25 March 2003, the Indonesian Government enacted Law No. 13 of 2003 on Labour (the "**Labour Law**"). The Labour Law, among other things and subject to certain procedural requirements, gives the right to employees to strike in the event that negotiations between the employer and the employees have failed. Changes in Indonesia's employment regulations may also be expected in the future. Due to the active involvement of various non-governmental organizations, employees' awareness of Indonesian employment

regulations has also increased. The Labour Law, existing Indonesian employment regulations and any labour regulations and laws adopted in Indonesia in the future may have an impact on the business environment, including the Group's, which may limit the Group's ability to downsize or implement flexible labour policies.

Labour unrest and activism in Indonesia could disrupt the Group's operations, the operations of the Group's suppliers or contractors and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the IDX or other stock exchanges and the value of the Rupiah relative to other currencies. Any of such events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Wage inflation in Indonesia may adversely affect the Group's business

The Group's business is heavily reliant on labour for the maintenance and upkeep of its operations. Any significant national inflation of wages would have a significant impact on the Group's operating costs, which could have a material adverse effect on business, financial condition, results of operations and prospects. In October 2015, the Indonesian Government announced its minimum wage policy, which called for yearly wage increases using a formula based on the country's annual inflation and GDP growth. The minimum wage policy further adds to rising cost as the Group's customers and suppliers are similarly affected. As such, the minimum wage policy may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group operates in a legal and regulatory system in which the application and enforcement of various laws and regulations may be uncertain

Indonesia's legal system is a civil law system based on written statutes. However, at times, the interpretation, application or enforcement of laws and regulations may be unclear and the content of applicable laws and regulations may not be immediately available to the public.

Judicial decisions in Indonesia, in particular those rendered by the Supreme Court, are persuasive but they do not constitute binding precedent. They are also not systematically and publicly available as in developed countries. Many of Indonesia's commercial and civil laws and rules on judicial process are based on pre-independence Dutch law and have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts are often unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of many Indonesian laws and regulations depends, in large part, upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy. Indonesian judges operate in an inquisitorial legal system and have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. In practice, Indonesian court decisions may omit, or may not be decided upon, a legal and factual analysis of the issues presented in a case.

Further, public and judiciary supervision of administrative and law enforcement authorities are not well established. Consequently, there are instances of these authorities changing their interpretation of the law without public consultation or prior notice. Uncertainty regarding the application and enforcement of various laws and regulations to the Group's business, its entitlement to the various licenses it requires to operate its business, the Group's entitlement to various land rights, or other legal or regulatory matters relating to its business could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be affected by adverse weather conditions and natural disasters

Logs are the primary raw material for the Group's processed wood products. The availability of logs may be adversely affected by unfavorable weather conditions including drought, floods, prolonged periods of rainfall, hailstorms, windstorms and hurricanes. In 2015, the longer El Nino season led to a shortage in logs, which contributed to the increase of the Group's raw material costs by 9% year-on-year.

Bad weather may also adversely affect the Group's production activities and the condition, accessibility or availability of transportation infrastructure and services, which are critical for the supply of logs to its processing plants and the transportation of its finished products to the Group's markets. When the Group transports logs, veneers and finished products by land or ocean freight, bad weather conditions could result in delayed or lost containers and/or shipments. Accordingly, adverse weather conditions and natural disasters could materially and adversely affect the Group's results of operations and financial performance.

The Indonesian archipelago is one of the most volcanically active regions in the world. Because Indonesia is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive earthquakes, tsunamis, tidal waves and volcanic eruptions. A significant earthquake or other geological disturbance in any of Indonesia's more populated cities and financial centres could severely disrupt the Indonesian economy and undermine investor confidence and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Group may adversely affect the business, financial condition, results of operations and prospects of the Group.

The Group may be adversely affected by acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Group. The Company cannot predict the occurrence of these events and the extent to which they will, directly or indirectly, impact distributions to the Shareholders, the wood products processing industry or the business, financial condition, results of operations and prospects of the Group in the future. An increased threat of terrorism, terrorist events, airline strikes, hostilities between countries or natural disasters may have an adverse impact on production costs and demand for the Group's products. The outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely impact the business, financial condition and results of operations of the Group.

Epidemics that are beyond the Group's control may adversely affect the economies of Indonesia and the countries which the Group exports its products to. Countries in various regions have faced threats of epidemics such as Severe Acute Respiratory Syndrome, H5N1 avian flu, swine flu and Middle East respiratory syndrome, the Zika virus and Ebola virus disease. The outbreak of such infectious diseases could have a negative impact on the economy and business activities in the affected countries, their surrounding regions and globally, and could thereby adversely impact the revenues and results of the Group. There can be no assurance that any precautionary measures taken by governments against infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concerns in the Group's targeted markets could have an adverse effect on the business, financial condition, results of operations and prospects of the Group.

RISKS RELATING TO AN INVESTMENT IN THE NIL-PAID RIGHTS, THE RIGHTS SHARES AND THE SHARES

An active trading market in the Nil-paid Rights may not develop

An active trading market in the Nil-paid Rights may not develop on the SGX-ST during the trading period for such Nil-paid Rights. In addition, because the trading price of the Nil-paid Rights and the Rights Shares depends on the trading price of the Shares, the Nil-paid Rights and the Rights Shares price may be volatile and subject to the same risks as noted elsewhere in this Offer Information Statement.

Shareholders who do not or are not able to accept their provisional allotment of Rights Shares will experience a dilution in their ownership of the Company

If Shareholders do not or are not able to accept their provisional allotment of Rights Shares, their proportionate ownership of the Company will be reduced. They may also experience a dilution in the value of their Shares. Even if a Shareholder sells his Nil-paid Rights, or such Nil-paid Rights are sold on his behalf, the consideration he receives, if any, may not be sufficient to compensate him fully for the dilution of his ownership of the Company as a result of the Rights Issue.

Foreign Shareholders should note that if it is practicable to do so, the Company may, at its absolute discretion, arrange for provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold Nil-paid on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. In addition, where the amount of net proceeds to be distributed to any single Foreign Shareholder or persons acting to the account or benefit of any such persons is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Directors, the Share Transfer Agent, or CDP and their respective officers in connection therewith.

Investors may experience future dilution in the value of their Shares

The Company may need to raise additional funds in the future to finance the expansion of the Group's business and strengthen its capital base, repayment of borrowings and/or to finance future investments. If additional funds are raised through the issuance by the Company of new Shares other than on a *pro rata* basis to existing Shareholders, the percentage ownership of existing Shareholders may be reduced and existing Shareholders may experience dilution in the value of their Shares.

The Company's Share price may fluctuate

The market price for the Shares on the SGX-ST (including the Nil-paid Rights and the Rights Shares) could be subject to significant fluctuations. Any fluctuation may be due to the market's perception of the likelihood of completion of the Rights Issue and/or be in response to various factors some of which are beyond the Group's control. Examples of such factors include but are not limited to: (i) variation in its operating results; (ii) changes in securities analysts' estimates of the Group's financial performance; (iii) fluctuations in stock market prices and volume; (iv) general changes in rules/regulations with regard to the industry that the Group operates in, including those that affect the demand for the Group's services; and (v) economic, stock and credit market conditions. Any of these events could result in a decline in the market price of the Shares (including the Nil-paid Rights and the Rights Shares) during and after the Rights Issue.

The issue price is fixed at S\$0.035 for each Rights Share. There is no assurance that the market price of the Rights Shares, upon or subsequent to the listing and quotation thereof on the SGX-ST, will remain at or above the issue price, or that the Rights Shares can be disposed of at or above the issue price.

ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

1. ENTITLED SHAREHOLDERS

Entitled Shareholders have been provisionally allotted Rights Shares under the Rights Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are entitled to participate in the Rights Issue and to receive this Offer Information Statement, together with the ARE or the PAL, as the case may be, at their respective addresses. Entitled Depositors who do not receive this Offer Information Statement and the AREs may obtain them from CDP for the period up to the Closing Date. Entitled Scripholders who do not receive this Offer Information Statement and the PALs may obtain them from the Share Transfer Agent for the period up to the Closing Date.

Entitled Shareholders are at liberty to accept, decline or renounce their provisional allotments of Rights Shares and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Entitled Depositors will also be able to trade on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST their provisional allotments of Rights Shares.

All dealings in and transactions of the provisional allotments of Rights Shares through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs, which are issued to Entitled Scripholders, will not be valid for delivery pursuant to trades done on the SGX-ST.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of Rights Shares and for the applications for excess Rights Shares, including the different modes of acceptance or application and payment, are contained in Appendices 5, 6 and 7 to this Offer Information Statement and in the PAL, the ARE and the ARS.

2. FOREIGN SHAREHOLDERS

This Offer Information Statement and its accompanying documents have been lodged with the Authority in Singapore. This Offer Information Statement and its accompanying documents have not been and will not be registered, lodged or filed in any jurisdiction other than Singapore. The distribution of this Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, this Offer Information Statement and its accompanying documents have not been and will not be despatched to Foreign Shareholders or into any jurisdiction outside Singapore.

Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue and no provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application therefor by any Foreign Shareholders will be valid.

This Offer Information Statement and its accompanying documents will also not be despatched to Foreign Purchasers. Subject to compliance with applicable laws, Foreign Purchasers who wish to accept any provisional allotments of Rights Shares credited by CDP to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers. Further, any Renouncee of an Entitled Scripholder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the provisional allotment of Rights Shares renounced to him. Subject to certain limited exceptions, the Company reserves the right to treat as invalid any application or purported application, or decline to register such application or purported application which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which the Company believes may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore or (c) purports to exclude any deemed representation or warranty.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date and sent to them at their own risk by ordinary post, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder or persons acting to the account or benefit of any such persons is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Directors, the Share Transfer Agent or CDP and their respective officers in connection therewith.

Where such provisional allotments are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company, may in its absolute discretion, decide and no Foreign Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Directors, the Share Transfer Agent or CDP and their respective officers in respect of such sales or the proceeds thereof, of such provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotments cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be issued to satisfy excess applications or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Directors, the Share Transfer Agent or CDP and their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Shareholders and any other person having possession of this Offer Information Statement and its accompanying documents are advised to keep themselves informed of and to observe all legal requirements applicable thereto at their own expense and without liability to the Company or any other person involved in the Rights Issue. No person in any territory outside Singapore receiving this Offer Information Statement and its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without violating any registration or other regulation or legal requirements in such territory.

The Rights Shares which are not otherwise taken up or allotted for any reason shall be used to satisfy applications for excess Rights Shares (if any) 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, preference will be given to 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 of the Company, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares.

TRADING

1. LISTING OF AND QUOTATION FOR RIGHTS SHARES

In-principle approval has been obtained from the SGX-ST for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST, subject to certain conditions. The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, the Rights Issue, the Shares or the Rights Shares.

Upon listing and quotation on the Main Board of the SGX-ST, the Rights Shares will be traded under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Rights Shares effected through the SGX-ST and/or CDP shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", as the same may be amended from time to time. Copies of the above are available from CDP.

2. ARRANGEMENTS FOR SCRIPLESS TRADING

Entitled Scripholders and their Renounees who wish to accept the Rights Shares provisionally allotted to them and (if applicable) apply for excess Rights Shares, and who wish to trade the Rights Shares issued to them on the SGX-ST under the book-entry (scripless) settlement system, should open and maintain Securities Accounts with CDP in their own names (if they do not already maintain such Securities Accounts) in order that the number of Rights Shares and, if applicable, the excess Rights Shares that may be allotted and issued to them may be credited by CDP into their Securities Accounts. Entitled Scripholders and their Renounees who wish to accept the Rights Shares and/or apply for the excess Rights Shares and have their Rights Shares credited into their Securities Accounts must fill in their Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) in the relevant forms comprised in the PAL. Entitled Scripholders and their Renounees who fail to fill in their Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) or who provide incorrect or invalid Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) or whose particulars provided in the forms comprised in the PAL differ from those particulars in their Securities Accounts currently maintained with CDP, will be issued physical share certificates in their own names for the Rights Shares allotted to them and if applicable, the excess Rights Shares allotted to them. Such physical share certificates, if issued, will be forwarded to them by ordinary post at their own risk but will not be valid for delivery pursuant to trades done on the SGX-ST under the book entry (scripless) settlement system, although they will continue to be *prima facie* evidence of legal title.

If an Entitled Scripholder's address stated in the PAL is different from his address registered with CDP, he must inform CDP of his updated address promptly, failing which the notification letter on successful allotment and other correspondence will be sent to his address last registered with CDP.

A holder of physical share certificate(s) or an Entitled Scripholder who has not deposited his share certificate(s) with CDP but wishes to trade on the SGX-ST, must deposit his respective certificate(s) with CDP, together with the duly executed instrument(s) of transfer in favour of CDP (including any applicable fees), and have his Securities Account credited with the number of Rights Shares or existing Shares, as the case may be, before he can effect the desired trade.

3. TRADING OF ODD LOTS

Shareholders should note that the Shares are quoted on the Main Board of the SGX-ST in board lot sizes of 100 Shares.

For the purposes of trading on the Main Board of the SGX-ST, each board lot of Shares will comprise 100 Shares.

During the provisional allotments trading period, for the purposes of trading on the Main Board of the SGX-ST, each board lot of Nil-paid Rights will comprise 100 Nil-paid Rights.

Eligible Shareholders who hold odd lots of Shares (that is, lots other than board lots of 100 Shares) and who wish to trade in odd lots are able to trade odd lots of Shares on the SGX-ST's Unit Share Market. The Unit Share Market is a ready market for trading of odd lots of Shares with a minimum size of one (1) Share.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Information Statement, statements made in press releases, public announcements and oral statements that may be made by the Company or its officers, Directors or employees acting on its behalf, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by words that have a bias towards the future or are forward-looking such as, without limitation, “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or other similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s expected financial position, operating results, business strategies, plans and prospects are forward-looking statements. These forward-looking statements, including but not limited to statements as to the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Offer Information Statement regarding matters that are not historical facts, are only predictions. These forward-looking statements involve known and unknown risks including those risks described in the section entitled “Risk Factors”, uncertainties and other factors that may cause the Group’s actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Given the risks, uncertainties and other factors that may cause the Group’s actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Information Statement, undue reliance must not be placed on these statements. The Group’s actual results, performance or achievements may differ materially from those anticipated in these forward-looking statements. None of the Company or any other person represents or warrants that the Group’s actual future results, performance or achievements will be as discussed in those statements.

Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. Where such developments, events or circumstances occur and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same via SGXNET and, if required, lodge a supplementary or replacement document with the Authority.

TAKE-OVER LIMITS

The Code regulates the acquisition of ordinary shares of public companies, including the Company. Unless exempted, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting rights in the Company or if such person holds, either on his own or together with parties acting in concert with him, between 30.0% to 50.0% (both inclusive) of the voting rights in the Company, and acquires additional Shares representing more than 1.0% of the voting rights in the Company in any six (6)-month period, must extend a take-over offer for the remaining Shares in the Company in accordance with the provisions of the Code.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Code as a result of any acquisition of Rights Shares pursuant to the Rights Issue should consult the Securities Industry Council and/or their professional advisers immediately.

SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

IDENTITY OF DIRECTORS, ADVISERS AND AGENTS

Directors

1. Provide the names and addresses of each of the directors or equivalent persons of the relevant entity.

| Name of Directors | Address |
|-------------------------------|--|
| Aris Sunarko @ Ko Tji Kim | 7500A Beach Road #14-308/312, The Plaza Singapore 199591 |
| Riko Setyabudhy Handoko | 7500A Beach Road #14-308/312, The Plaza Singapore 199591 |
| Michael Joseph Sampoerna | 7500A Beach Road #14-308/312, The Plaza Singapore 199591 |
| Eka Dharmajanto Kasih | 7500A Beach Road #14-308/312, The Plaza Singapore 199591 |
| Koh Tji Beng @ Ambran Sunarko | 7500A Beach Road #14-308/312, The Plaza Singapore 199591 |
| Ng Cher Yan | 7500A Beach Road #14-308/312, The Plaza Singapore 199591 |
| Sim Idrus Munandar | 7500A Beach Road #14-308/312, The Plaza Singapore 199591 |
| Wee Ewe Lay Laurence John | 7500A Beach Road #14-308/312, The Plaza Singapore 199591 |

Advisers

2. Provide the names and addresses of —
 - (a) the issue manager to the offer, if any;
Not applicable
 - (b) the underwriter to the offer, if any; and
Not applicable

- (c) **the legal adviser for or in relation to the offer, if any.**

Legal Adviser to the Company as to Singapore law

Allen & Overy LLP
50 Collyer Quay
#09-01 OUE Bayfront
Singapore 049321

Registrars and Agents

3. **Provide the names and addresses of the relevant entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.**

Share Registrar and Share Transfer Agent : Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Receiving Banker : Oversea-Chinese Banking Corporation Limited
65 Chulia Street #06-00
OCBC Centre
Singapore 049513

OFFER STATISTICS AND TIMETABLE

Offer Statistics

1. **For each method of offer, state the number of the securities being offered.**

Based on the Maximum Scenario, the Company will issue up to 1,001,032,474 Rights Shares under the Rights Issue.

Based on the Minimum SFL Scenario, the Company will issue 857,142,857 Rights Shares under the Rights Issue.

Method and Timetable

2. **Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to —**

(a) **the offer procedure; and**

(b) **where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.**

Please see paragraphs 3 to 7 of the section entitled "Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 – Offer Statistics and Timetable" of this Offer Information Statement.

3. **State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgment of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.**

Please refer to the section entitled "Expected Timetable of Key Events" of this Offer Information Statement for the time at, date on, and period during which the Rights Issue will be kept open.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of Rights Shares and for the applications for excess Rights Shares, including the different modes of acceptance or application and payment, are contained in Appendices 5, 6 and 7 of this Offer Information Statement and in the PAL, the ARE and the ARS.

At the date of this Offer Information Statement, the Company does not expect the timetable under the section entitled “Expected Timetable of Key Events” of this Offer Information Statement to be modified. However, the Company may, upon consultation with its advisers and with the approval of the SGX-ST, modify the timetable subject to any limitation under any applicable laws. In that event, the Company will publicly announce the same through a SGXNET announcement to be posted on the website of the SGX-ST at <http://www.sgx.com>.

4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.

The Rights Shares are payable in full upon acceptance and/or application. Details of the methods of payment for the Rights Shares are contained in Appendices 5, 6 and 7 of this Offer Information Statement and in the ARE, the ARS and the PAL (as the case may be).

Please refer to the section entitled “Expected Timetable of Key Events” of this Offer Information Statement for the last date and time for payment for the Rights Shares and if applicable, excess Rights Shares.

5. State, where applicable, the methods of and time limits for—

(a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and

(b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.

The Rights Shares will be provisionally allotted to Entitled Shareholders on or about 23 November 2016 by crediting the provisional allotments of the Rights Shares into the Securities Accounts of the Entitled Depositors or through the despatch of the PALs to Entitled Scripholders.

In the case of Entitled Scripholders and their Renounees with valid acceptances and successful applications of excess Rights Shares and who have, *inter alia*, failed to furnish or furnished incorrect or invalid Securities Account numbers in the relevant form in the PAL, share certificates representing such number of Rights Shares will be sent by ordinary post, at their own risk, to their mailing addresses in Singapore as maintained with the Company within ten (10) Market Days after the Closing Date.

In the case of Entitled Depositors, Purchasers, Entitled Scripholders and their Renounees (who have furnished valid Securities Account numbers in the relevant form comprised in the PAL) with valid acceptances and successful applications of excess Rights Shares, share certificates representing such number of Rights Shares will be sent to CDP within ten (10) Market Days after the Closing Date and CDP will thereafter credit such number of Rights Shares to their relevant Securities Accounts. CDP will then send a notification letter to the relevant subscribers stating the number of Rights Shares credited to their Securities Account.

Please refer to Appendices 5, 6 and 7 of this Offer Information Statement and the ARE, the ARS and the PAL (as the case may be) for further details.

6. **In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.**

Please refer to Appendices 5, 6 and 7 of this Offer Information Statement and the ARE, the ARS and the PAL (as the case may be) for details on the procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of Rights Shares and for the applications for excess Rights Shares, including the different modes of acceptance or application and payment, and the treatment of the provisional allotments of Rights Shares which are not accepted.

7. **Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).**

Results of the Rights Issue

The Company will announce the results of the Rights Issue as soon as it is practicable after the Closing Date through a SGXNET announcement to be posted on the Internet at the SGX-ST's website <http://www.sgx.com>.

Manner of refund

When any acceptance for Rights Shares and/or excess application is invalid or unsuccessful, the amount paid on acceptance and/or application will be returned or refunded, in full or in part, to such applicants without interest or any share of revenue or other benefit arising therefrom within three (3) business days after the commencement of trading of the Rights Shares at their own risk by any one or a combination of the following:

1. where the acceptance and/or application has been made through CDP, by means of a crossed cheque in Singapore currency drawn on a bank in Singapore and sent by ordinary post at their own risk to their mailing addresses as maintained in the records of CDP or in such other manner as they may have agreed with CDP for the payment of any cash distribution;
2. where the acceptance and/or application has been made through the Share Transfer Agent, by means of a crossed cheque in Singapore currency drawn on a bank in Singapore and sent by ordinary post at their own risk to their mailing addresses as maintained with the Company; or
3. where acceptance and/or application has been made by way of an Electronic Application through an ATM of OCBC or UOB Group, by crediting their bank accounts with the relevant Participating Banks at their own risk, the receipt by such bank being a good discharge of the Company's and CDP's obligations.

Please refer to Appendices 5, 6 and 7 of this Offer Information Statement and the PAL, the ARE and the ARS (as the case may be) for further details.

KEY INFORMATION

Use of Proceeds from Offer and Expenses Incurred

1. **In the same section, provide the information set out in paragraphs 2 to 7 of this Part.**

See paragraphs 2 to 7 of the section entitled "Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 – Key Information" of this Offer Information Statement.

2. **Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.**

Based on the Maximum Scenario and the Minimum SFL Scenario, the estimated net proceeds from the Rights Issue after taking into account the estimated expenses of approximately S\$0.4 million for the Rights Issue are expected to be approximately S\$34.6 million and S\$29.6 million respectively. Based on the Maximum Scenario and the Minimum SFL Scenario, the gross proceeds from the Rights Issue are approximately S\$35 million and S\$30 million.

All net proceeds from the Rights Issue will go to the Company.

3. **Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.**

The Rights Issue has been proposed by the Company to raise funds to (i) improve its working capital position, and (ii) strengthen the financial position and capital base of the Company and Group. In connection with the foregoing, the Company plans to repay an unsecured, interest free loan of US\$5 million extended by the Undertaking Shareholder to the Company (the “Shareholder’s Loan”), and review and undertake a workforce rationalisation programme so as to achieve and further improve its staffing and cost efficiencies.

For illustrative purposes, the table below sets out the proposed use of the net proceeds by the Company based on the Maximum Scenario and the Minimum SFL Scenario:

| Purpose | Maximum Scenario % of Net Proceeds | Minimum SFL Scenario % of Net Proceeds |
|---|---------------------------------------|---|
| 1) Repayment of Shareholder’s Loan | 21 | 24 |
| 2) Workforce rationalisation and associated costs | 46 | 54 |
| 3) General corporate and working capital purposes | 33 | 22 |
| Total | 100 | 100 |

The above allocations are based on the Maximum Scenario and the Minimum SFL Scenario only. In the event the net proceeds falls in between the Maximum Scenario and the Minimum SFL Scenario, the Company will make the necessary announcements on the revised allocations once the final net proceeds have been determined. It is anticipated that the allocations will not deviate significantly from the above illustrations.

As at the Latest Practicable Date, the Company has not identified specific instances in which the net proceeds would be used for such general corporate and working capital purposes. However, it is currently envisaged that the net proceeds may potentially be used for the implementation of an Enterprise Resource Planning system and certain corporate reorganisation exercises.

While these potential uses cited above are not exhaustive and the Company may apply the net proceeds towards other working capital or general corporate purposes, it may be noted that the Company has also undertaken to the SGX-ST to disclose a breakdown with specific details on the use of proceeds for working capital in the Company’s announcements on use of proceeds and in the Company’s annual report.

Pending the deployment of the net proceeds from the Rights Issue, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group. The Company will make periodic announcements on the utilisation of such proceeds from the Rights Issue as the funds from the Rights Issue are materially disbursed and provide a status report on the use of the proceeds in the Company's annual report.

In the reasonable opinion of the Directors, there is no minimum amount that must be raised from the Rights Issue.

4. For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.

Based on the Maximum Scenario, for each dollar of the gross proceeds of up to approximately S\$35 million that will be raised by the Company from the Rights Issue, the Company anticipates that it will use:

- (i) approximately 20 cents for the repayment of the Shareholder's Loan;
- (ii) approximately 46 cents for the workforce rationalisation programme and associated costs;
- (iii) approximately 33 cents for general corporate and working capital purposes; and
- (iv) approximately 1 cent to pay for the expenses incurred in connection with the Rights Issue.

Based on the Minimum SFL Scenario, for each dollar of the gross proceeds of up to approximately S\$30 million that will be raised by the Company from the Rights Issue, the Company anticipates that it will use:

- (i) approximately 24 cents for the repayment of the Shareholder's Loan;
- (ii) approximately 53 cents for the workforce rationalisation programme and associated costs;
- (iii) approximately 22 cents for general corporate and working capital purposes; and
- (iv) approximately 1 cent to pay for the expenses incurred in connection with the Rights Issue.

5. If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.

The net proceeds from the Rights Issue will not be used, directly or indirectly, to acquire or refinance the acquisition of an asset that is not in the ordinary course of business.

6. If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.

The net proceeds from the Rights Issue will not be used to finance or refinance the acquisition of another business.

7. **If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.**

The Company anticipates that approximately S\$7.1 million will be used for the repayment of the Shareholder's Loan (the proceeds of which were used for general working capital and investment purposes). The Shareholder's Loan is due for repayment in December 2016.

8. **In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.**

Not applicable as the Rights Issue is not underwritten and no placement or selling agent has been appointed by the Company in relation to the Rights Issue.

Information on the Relevant Entity

9. **Provide the following information:**

- (a) **the address and telephone and facsimile numbers of the relevant entity's registered office and principal place of business (if different from those of its registered office);**

| | | |
|---|---|---|
| Registered Office and Principal Place of Business | : | 7500A Beach Road #08-305/307 The Plaza Singapore 199591 |
| Telephone number | : | +65 6298 2189 |
| Facsimile number | : | +65 6298 2187 |

- (b) **the nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group;**

Overview

Samko Timber Limited is a limited liability company incorporated in Singapore, and is the holding company of the Group.

The Group is a vertically integrated wood resource processor which is supported by 35,659 hectares of industrial forest plantation in Sumatra, and operates eight wood products processing plants, thirteen satellite veneer plants and a chemical glue facility across Java, Sumatra and Sulawesi.

The Group produces various sizes and grades of processed wood products which comprise principally of primary processed wood products such as primary plywood, laminated veneer lumber and piano parts. The Group also produces a wide range of secondary processed wood products such as processed plywood, truck body components and solid wood moldings. Its products also include several types and grades of chemical glues primarily used in the manufacture of its processed wood products. The Group's products are sold to customers in more than 28 countries, including in the Asia Pacific region, Europe, the Middle East and the United States.

Products

Processed wood products

The Group's processed wood products are produced in varying grades, sizes, thicknesses and appearances, depending on the particular needs of its customers. The following are the principal wood products which the Group currently produces:

Primary processed wood products:

- Primary plywood: Plywood is made from thin sheets of veneers stacked together with the direction of each ply's grain differing from its neighbour's by 90 degrees (cross-banding). The plies are bonded under heat and pressure with strong chemical glues, usually phenol formaldehyde resin, making plywood a type of composite material. The Group markets its primary plywood under brand names including "PALEM", "TUNAS", "JAGO", "WAYANG" and "GMELINA".
- Laminated veneer lumber: Laminated veneer lumber is an engineered wood product. As with plywood, it is made from thin sheets of veneers. Unlike plywood where the direction of each ply's grain differs from its neighbours', the grain of all veneers in laminated veneer lumber run parallel to the long direction. They are typically used for headers, beams, rimboard, and edge-forming material. The Group markets its laminated veneer lumber under the brand name "KALPIS".
- Piano parts: The Group produces various parts of grand pianos for Kawai Musical Instruments Manufacturing Co. Ltd..

Secondary processed wood products:

- Other processed plywood: The Group's other principal processed plywood products are scarf plywood, filmfaced plywood, fancy plywood and paper overlay plywood. Scarf plywood is produced by joining together pieces of primary plywood with a scarf joint to produce plywood of larger dimensions. Film-faced plywood is primary plywood which is laminated with a thin layer of film. Film-faced plywood is used in interior design and decoration as well as for concrete castings. Fancy plywood is primary plywood which is covered by a layer of fancy veneer. Paper overlay plywood is primary plywood which is covered by a layer of paper overlay.
- Truck body components: The Group produces truck body components as an original equipment manufacturer for Nakamura Shinko Mokuzai Co Ltd. Truck body components are produced by joining extended length plywood with the Group's patented V-joint joining technology.

Chemical glues

The Group produces various grades of thermosetting resins generally classified as urea-formaldehyde resin, melamine-formaldehyde resin and phenol-formaldehyde resin. Thermosetting resins generally cure and adhere with the aid of heat and compression. Urea-formaldehyde resin and melamine-formaldehyde resin are used as chemical glues in the Group's wood products intended for interior uses. Phenol-formaldehyde resin which has a greater resistance to moisture and humidity is a construction-grade material used as a chemical glue in the Group's wood products intended for exterior uses. Phenol-formaldehyde resin is typically slower-curing and more expensive than other types of chemical glues manufactured by the Group.

- (c) **the general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since —**
- (i) **the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or**
 - (ii) **the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;**

Key Developments in FY2013

In August 2013, the Company announced that it had increased its investment in Samko Trading Pte. Ltd. ("**Samko Trading**"), a wholly-owned subsidiary, by way of a debt to equity conversion. The Company subscribed for an additional 3,800,000 new ordinary shares of S\$1.00 each in consideration of the total debt of S\$3.8 million owing by Samko Trading to the Company

In November 2013, the Company announced that PT SGS had procured from OCBC NISP (a) 5-year term loan facilities of up to US\$3 million and IDR52 billion for capital expenditure financing, and (b) a bank guarantee facility of up to IDR10 billion for tender, advance payment and performance bond requirements. The facilities were secured by (i) land, building, machineries, equipment, inventory, certain bank balances and receivable of PT SGS and its subsidiaries, and (ii) corporate guarantees from the Company and six subsidiaries of PT SGS.

Key Developments in FY2014

In June 2014, the Company announced that its subsidiaries, PT SGS and Samko Trading, had obtained certain financing facilities. PT SGS had obtained from OCBC NISP and OCBC Bank (a) 5-year Term Loan Facilities amounting to IDR329 billion and US\$24 million respectively. The tenure of the facilities include (i) a grace period of 2 years in which no repayment of the principal amount is required during this period and (ii) the ability to further extend the tenure of the facilities for another two years to a total of seven years, subject to certain terms and conditions; and (b) Revolving Loan Facilities amounting to IDR100 billion and US\$10 million respectively. The facilities were obtained for the purposes of, amongst others, refinancing PT SGS' existing term-loan facilities and revolving facilities granted by OCBC NISP and to partially fund the Group's capital expenditure in the expansion of the production facilities. The facilities were secured by (i) land, building, machinery and equipment, inventory, receivable, collection and reserve accounts of PT SGS and its subsidiaries, and (ii) corporate guarantees from the Company and eight subsidiaries of PT SGS. OCBC Bank granted Samko Trading a multi-currency specific advance facility of US\$20 million, for the purposes of refinancing Samko Trading's existing convertible loan granted by The Enterprise II Limited and for the company's working capital purposes.

Key Developments in FY2015

In March 2015, the Company announced that Samko Trading had entered into a joint venture agreement with NS Trading Co Ltd, Japan, with the intention of leveraging on the Japanese truck body concept in the production of wooden truck bodies sold in the Indonesian market.

In August 2015, the Company announced that its subsidiaries, PT SGS and PT Sejahtera Usaha Bersama had entered into interested person transactions with PT Wijaya Triutama Plywood Industri ("**Wijaya**") to purchase veneers from Wijaya. Wijaya is a company in which the Company's Executive Director, Mr Aris Sunarko @ Ko Tji Kim, and then Non-Independent and Non-Executive Director, Mr Koh Tji Kiong @ Amir Sunarko, hold 40% and 10% equity interests, respectively. The total value of all interested person transactions with Mr Aris Sunarko, Mr Amir Sunarko and their associates for the financial year ended 31 December 2015, including the veneers which had been purchased from Wijaya for IDR13 billion, was IDR 21 billion. The aggregate value of the interested person transactions amounted to approximately 4.85% of the Group's latest audited net tangible assets of approximately IDR568 billion as at 31 December 2014.

Key Developments in 9M2016

In January 2016, the Company announced that Mr Riko Setyabudhy Handoko will be appointed as Chief Executive Officer of the Company. Mr Aris Sunarko @ Ko Tji Kim will remain as Executive Director and a member of the Board Risk Committee of the Company.

In May 2016, the Company announced that Mr Koh Tji Beng @ Ambran Sunarko, brother of the Company's Executive Director, Mr Aris Sunarko @ Ko Tji Kim, was appointed as a Non-Independent and Non-Executive Director of the Company.

In June 2016, the Company announced that Mr Aris Sunarko @ Ko Tji Kim, the Executive Director of the Company, will be appointed as the Executive Chairman of the Company and Mr Riko Setyabudhy Handoko, the Chief Executive Officer of the Company, will be appointed as an Executive Director of the Company.

In August 2016, the Company announced that it had, on 15 August 2016, entered into a conditional agreement with Mr Koh Tji Kiong @ Amir Sunarko, pursuant to which the Company has agreed to sell all the 766,275,582 shares in PT SLJ Global Tbk ("**PT SLJ**"), which it holds indirectly through its wholly owned subsidiary, PT SGS, to Mr Amir Sunarko at IDR125 for each PT SLJ Share, for a total consideration of IDR96 billion (the "**Proposed Disposal**"). The Proposed Disposal is in line with the Company's plan to improve the liquidity and financial position of the Group as it would enable to the Company to rationalise its financial and capital resources, strengthen its balance sheet and divest a non-core asset which is not under its control and allow the Group to focus on its core businesses. As Mr Amir Sunarko is the brother of directors Mr Aris Sunarko @ Ko Tji Kim and Mr Koh Tji Beng @ Ambran Sunarko, the Proposed Disposal is an interested person transaction pursuant to the Listing Manual. Further, as the relative figure for the Proposed Disposal, computed on the bases set out in Rule 1006(a), (b) and (c) of the Listing Manual, exceeds 20%, the Proposed Disposal is a Major Transaction pursuant to the Listing Manual.

In September 2016, the Company announced that it is proposing to undertake the Rights Issue and will be seeking approval from Shareholders at an extraordinary general meeting for the Rights Issue and Proposed Disposal. Pursuant to the Undertaking Shareholder fulfilling its obligations under the Irrevocable Undertaking (whether under the Minimum SFL Scenario or the Maximum SFL Scenario), the Undertaking Shareholder may acquire more than 1% of the voting rights of the Company within a period of six months, thereby triggering a requirement for the Undertaking Shareholder and parties acting in concert with him (collectively, the "**Concert Parties**") to make a mandatory offer under Rule 14.1 of the Code. As such, the Company will also be seeking the approval of independent shareholders (Shareholders other than the Undertaking Shareholder and parties acting in concert with him) to waive their rights to receive a mandatory offer from the Undertaking Shareholder and parties acting in concert with him (the "**Whitewash Resolution**"). The Company also announced that they will be submitting an application to the SIC to seek a waiver of the obligations of the Concert Parties to make a mandatory offer as a result of the Undertaking Shareholder's obligations pursuant to the Irrevocable Undertaking.

Key Developments from 30 September 2016 to the Latest Practicable Date

In October 2016, the Company announced that the Group is undertaking a corporate reorganisation in order to streamline the Group's operations. The corporate reorganisation involves, amongst others, a tax review of the Company's Indonesian subsidiaries.

In November 2016, the Company announced that all resolutions in relation to the Proposed Disposal, the Rights Issue and the Whitewash Resolution had been passed by Shareholders of the Company.

In May 2016, the Company announced that PT SGS, a subsidiary of the Company, had not met certain financial covenant ratios set out in the loan facilities with OCBC NISP and OCBC Bank. PT SGS is currently in discussions with the lenders to obtain a waiver from complying with the financial covenant ratios. During this time, any declaration of dividends and drawdown on the existing facilities are subject to approval of the lenders.

Save as disclosed in this Offer Information Statement and in public announcements released by the Company prior to the Latest Practicable Date, there has been no material change to the affairs of the Group during the period from 30 September 2016 to the Latest Practicable Date.

- (d) **the equity capital and the loan capital of the relevant entity as at the latest practicable date, showing —**
- (i) **in the case of the equity capital, the issued capital; or**
- (ii) **in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;**

As at the Latest Practicable Date, the issued share capital of the Company is approximately IDR2,189 billion divided into 1,401,445,464 Shares. There were no shares held as treasury shares as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company does not have any debentures issued and outstanding.

- (e) **where —**
- (i) **the relevant entity is a corporation, the number of shares of the relevant entity owned by each substantial shareholder as at the latest practicable date; or**
- (ii) **the relevant entity is not a corporation, the amount of equity interests in the relevant entity owned by each substantial interest-holder as at the latest practicable date;**

The interests of the Substantial Shareholders as at the Latest Practicable Date are set out below:

| Name | Direct Interest | | Deemed Interest | |
|--|------------------|-------|------------------|-------|
| | Number of Shares | % | Number of Shares | % |
| Sampoerna Forestry Limited | 600,246,305 | 42.83 | — | — |
| First Fortuna Holdings Pte Ltd | 150,597,000 | 10.75 | — | — |
| Koh Tji Kiong @ Amir Sunarko ⁽¹⁾ | 129,473,231 | 9.24 | 33,846,346 | 2.42 |
| Cindy Sunarko or Koh Tji Beng @ Ambran Sunarko | 148,473,230 | 10.59 | — | — |
| Aris Sunarko @ Ko Tji Kim ⁽²⁾ | 34,698,231 | 2.48 | 190,100,346 | 13.56 |

Notes:

- (1) Mr Koh Tji Kiong @ Amir Sunarko is deemed to be interested in the 33,846,346 shares held by Hasan Holdings Pte Ltd, by virtue of Section 7 of the Companies Act.
- (2) Mr Aris Sunarko @ Ko Tji Kim is deemed to be 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.

- (f) **any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgment of the offer information statement, a material effect on the financial position or profitability of the relevant entity or, where the relevant entity is a holding company or holding entity of a group, of the group;**

As at the date of this Offer Information Statement, the Directors are not aware of any legal or arbitration proceedings to which any member of the Group is a party of or which is pending or known to be contemplated which may have or which have had in the 12 months immediately preceding the date of lodgment of this Offer Information Statement, a material effect on the financial position or profitability of the Group.

(g) where any securities or equity interests of the relevant entity have been issued within the 12 months immediately preceding the latest practicable date—

(i) if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or

No securities or equity interests of the Company have been issued for cash by the Company within the 12 months immediately preceding the Latest Practicable Date.

(ii) if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests; and

No securities or equity interests of the Company have been issued for services by the Company within the 12 months immediately preceding the Latest Practicable Date.

(h) a summary of each material contract, other than a contract entered into in the ordinary course of business, to which the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgment of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the relevant entity or any other member of the group, as the case may be.

Save for the Irrevocable Undertaking, the details of which are set out under paragraph 7 of the section entitled “Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 – The Offer and Listing” of this Offer Information Statement, the Group has not entered into any material contracts not in the ordinary course of business for the period of two years immediately preceding the date of lodgment of this Offer Information Statement.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Operating Results

1. Provide selected data from—

(a) the audited income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, the audited consolidated income statement of the relevant entity or the audited combined income statement of the group, for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and

(b) any interim income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any interim consolidated income statement of the relevant entity or interim combined income statement of the group, for any subsequent period for which that statement has been published.

Please refer to Appendix 1 of this Offer Information Statement.

2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:

(a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;

(b) earnings or loss per share; and

- (c) earnings or loss per share, after any adjustment to reflect the sale of new securities.

Please refer to Appendix 1 of this Offer Information Statement.

3. In respect of—`

- (a) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and

- (b) any subsequent period for which interim financial statements have been published,

provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.

Save as disclosed below and in this Offer Information Statement, the Directors are not aware of any significant factor, including any unusual or infrequent event or new development which materially affected profit or loss before tax of the Group. A summary of the operations, business and financial performance of the Group for FY2013, FY2014, FY2015 and 9M2016 is set out below:

FY2014 compared to FY2013

The Group reported a net profit of IDR3 billion in FY2014 as compared to a net profit of IDR19 billion in FY2013. The decrease in net profit was attributable mainly to higher operating and finance costs incurred, exceptional workers' voluntary separation expenses paid, which amounted to IDR6 billion and foreign exchange losses incurred in FY2014 of IDR28billion, albeit with a lower foreign exchange loss in FY2014 as compared to FY2013.

The increase in revenue from IDR3,049 billion in FY2013 to IDR3,282 billion in FY2014 was due mainly to an increase in export prices and sales volume.

The increase in cost of sales from IDR2,559 billion in FY2013 to IDR2,750 billion in FY2014 was due mainly to an increase in cost of raw materials, higher labour costs (as a result of the increase in minimum wage in Indonesia) and other production costs (as a consequent of a reduction in fuel subsidies by the Indonesian government).

The Group's gross profit increased by 9% from IDR490 billion in FY2013 to IDR532 billion in FY2014. This was mainly due to higher revenue generated particularly from export sales.

Other income increased from IDR14 billion in FY2013 to IDR18 billion in FY2014. Other income in FY2013 comprised mainly an insurance claim on damaged equipment of IDR10 billion. In FY2014, other income comprised mainly of gain on sales of property, plant and equipment of IDR5 billion, gain in the valuation of biological assets of IDR6 billion, insurance claim for damaged stock amounting to IDR1 billion and other miscellaneous income.

The increase in selling expenses from IDR120 billion in FY2013 to IDR146 billion in FY2014 was due mainly to an increase in freight costs, which was in line with the increase in export activities.

The increase in general and administration expenses from IDR229 billion in FY2013 to IDR271 billion in FY2014 was due mainly to an increase in staff costs, training expenses, research and development costs of products which was expensed, professional fees and corporate travelling and transportation expenses.

The increase in finance expenses from IDR49 billion in FY2013 to IDR66 billion in FY2014 was due mainly to an increase in interest expense as a result of drawdown of additional loans for capital expenditure and working capital.

The decrease in other expenses from IDR76 billion in FY2013 to IDR50 billion in FY2014 was due mainly to a decrease in foreign exchange losses in FY2014.

Consequently, the profit before tax in FY2014 was IDR17 billion as compared to a profit before tax of IDR31 billion in FY2013.

FY2015 compared to FY2014

The Group reported a net loss of IDR478 billion in FY2015 as compared to a net profit of IDR3 billion in FY 2014 mainly due to higher production costs and lower production volume.

The increase in revenue from IDR3,282 billion in FY2014 to IDR3,463 billion in FY2015 was due mainly to an increase in export sales volume and selling prices. Export sales continued to perform well, while its domestic sales deteriorated owing to weaker economic condition in Indonesia. Domestic average selling prices remained stable, however, the sale volume decreased by 4% in FY2015.

The increase in cost of sales from IDR2,750 billion in FY2014 to IDR3,119 billion in FY2014 was due mainly to an increase in production costs as a result of an increase in log prices and direct material costs, increase in labour wages and other overhead costs such as electricity charges and depreciation of machinery and equipment.

The Group's gross profit decreased by 35% from IDR532 billion in FY2014 to IDR344 billion in FY2015. This was mainly due to an increase in cost of sales which outpaced the increase in the Group's revenue. The Group's production volume had also slowed down in FY2015 compared to FY2014 given the challenging market outlook, thus contributing to higher unit production costs.

Other income decreased from IDR18 billion in FY2014 to IDR5 billion in FY2015. Other income in FY2015 came mainly from gain on disposal of property, plant and equipment of IDR3 billion as well as one-off insurance claims of IDR1 billion. In addition, the Group reported a loss of IDR3 billion in fair value changes in biological assets. In FY2014, other income comprised mainly of a one-off insurance claim of IDR1 billion, gain on disposal of property, plant and equipment of IDR5 billion and gain in fair value changes in biological assets of IDR6 billion.

The increase in selling expenses from IDR146 billion in FY2014 to IDR162 billion in FY2015 was due mainly to an increase in freight costs, which was in line with the increase in export activities.

The increase in general and administration expenses from IDR271 billion in FY2014 to IDR319 billion in FY2015 was due mainly to an increase in staff costs and provision for pension costs.

The increase in finance expenses from IDR66 billion in FY2014 to IDR91 billion in FY2015 was due mainly to an increase in interest expense as a result of drawdown of additional loans for capital expenditure and working capital.

The increase in other expenses from IDR50 billion in FY2014 to IDR227 billion in FY2015 was due mainly to an increase in foreign exchange loss and provisions made for impairment of assets. The Group incurred exchange losses of IDR90 billion in FY2015. The strengthening of the US dollar had resulted in mainly unrealised foreign exchange losses from translation of the Group's US dollar denominated loans. Further, due to deteriorating market outlooks, the Group impaired non-performing assets, charged out doubtful debts/advances and write down of inventors which were below its realisable value and slow moving. In FY2015, the Group made provisions for: (i) impairment of intangible assets of IDR35 billion; (ii) irrevocable advances to suppliers of IDR19 billion and doubtful receivables of IDR10 billion; and (iii) write-down of inventories amounting to IDR55 billion.

Consequently, the loss before tax in FY2015 was IDR451 billion as compared to a profit before tax of IDR17 billion in FY2014.

9M2016 compared to 9M2015

The Group reported a net loss of IDR227 billion in 9M2016 as compared to IDR272 billion for 9M2015. The losses came mainly from lower sales volume and lower selling prices, higher unit production costs as production volume declined, increase in raw material costs, higher interest expense and one off tax assets written off arising from reorganisation of operations, offset by net fair value gain of investment in PT SLJ Global Tbk.

The decrease in revenue from IDR2,474 billion in 9M2015 to IDR2,348 billion in 9M2016 was due mainly to a slowdown in export sales, which domestic sales volume and price remained largely flat. Domestic sales volume decreased due to the long “Lebaran” holidays, while export sales volume was affected by a general slowdown in demand. Average selling prices decreased by 6% compared to previous periods.

The increase in cost of sales from IDR2,149 billion in 9M2015 to IDR2,187 billion in 9M2016 was due mainly to higher unit production costs as production volume declined and an increase in raw material costs.

Consequently, the Group’s gross profit decreased from IDR325 billion in 9M2015 to IDR161 billion in 9M2016.

The increase in other income from IDR4 billion in 9M2015 to IDR119 billion in 9M2016 was due to the following factors:

- (a) exchange gain of IDR6 billion - the weakening of the US dollar resulted in mainly unrealised foreign exchange gain from translation of the Group’s US dollar denominated loans;
- (b) write-back of allowance for advance to suppliers of IDR1 billion; and
- (c) fair value gain of investment in PT SLJ Global Tbk of IDR57 billion as the Group re-designated its investment in this associate as investment in available for sales financial assets given that the Group no longer has significant influence over the associate’s financial and operating policies. The investment is being carried at the transaction price agreed in the proposed disposal of the investment.

The decrease in selling expenses from IDR118 billion in 9M2015 to IDR94 billion in 9M2016 was due mainly to a decrease in freight costs, as a result of lower export sales.

The increase in general and administration expenses from IDR229 billion in 9M2015 to IDR236 billion in 9M2016 was due mainly to higher provision for pension costs as compared to 9M2015.

The increase in finance expenses from IDR66 billion in 9M2015 to IDR77 billion in 9M2016 was due mainly to an increase in interest expense as a result of drawdown of additional loans for working capital.

The decrease in other expenses from IDR180 billion in 9M2015 to IDR57 billion in 9M2016 was due mainly to the absence of foreign exchange losses and inventories written-down in 9M2016.

Financial Position

- 4. Provide selected data from the balance sheet of the relevant entity or, if it is the holding company or holding entity of a group, the group as at the end of -**
- (a) the most recent completed financial year for which audited financial statements have been published; or**
 - (b) if interim financial statements have been published for any subsequent period, that period.**

Please refer to Appendix 2 of this Offer Information Statement.

5. The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant entity or the group, as the case may be, and shall in addition include the following items:
- (a) number of shares after any adjustment to reflect the sale of new securities;
 - (b) net assets or liabilities per share; and
 - (c) net assets or liabilities per share after any adjustment to reflect the sale of new securities.

Please refer to Appendix 2 of this Offer Information Statement.

Liquidity and Capital Resources

6. Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of —
- (a) the most recent completed financial year for which financial statements have been published; and
 - (b) if interim financial statements have been published for any subsequent period, that period.

Please refer to Appendix 3 of this Offer Information Statement.

7. Provide a statement by the directors or equivalent persons of the relevant entity as to whether, in their reasonable opinion, the working capital available to the relevant entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgment of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.

In the reasonable opinion of the Directors, the Group is able to settle its day-to-day operating expenses and its accrued operating liabilities at the date of lodgment of this Offer Information Statement (after taking into account the existing banking facilities available to the Group and the Group's internal resources and operating cash flows) and accordingly in this respect, the working capital of the Group is sufficient for its present requirements.

Taking into consideration the Rights Issue, which will raise, based on the Maximum Scenario and Minimum SFL Scenario, net proceeds of approximately S\$34.6 million and S\$29.6 million respectively, the Group expects to meet its commitments and pay its debts when they fall due.

8. If the relevant entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the relevant entity's financial position and results or business operations, or the investments by holders of securities in the relevant entity, provide -
- (a) a statement of that fact;
 - (b) details of the credit arrangement or bank loan; and
 - (c) any action taken or to be taken by the relevant entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).

PT SGS, a subsidiary of the Company, has not met certain financial covenant ratios set out in the loan facilities granted by OCBC NISP and OCBC Bank.

The loan facilities comprise:

- (i) 5-year Term Loan Facilities amounting to IDR329 billion and US\$24 million respectively. The tenure of the facilities include (i) a grace period of 2 years in which no repayment of the principal amount is required during this period; and (ii) the ability to further extend the tenure of the facilities for another two years to a total of seven years, subject to certain terms and conditions; and
- (ii) Revolving Loan Facilities amounting to IDR100 billion and US\$10 million respectively.

The facilities were obtained for the purposes of, amongst others, refinancing PT SGS' existing term-loan facilities and revolving facilities granted by OCBC NISP and to partially fund the Group's capital expenditure in the expansion of the production facilities. The facilities were secured by (i) land, building, machinery and equipment, inventory, receivable, collection and reserve accounts of PT SGS and its subsidiaries, and (ii) corporate guarantees from the Company and eight subsidiaries of PT SGS.

As at the Latest Practicable Date, the PT SGS has not defaulted on any loan repayment or interest payment and utilisation of the loan facilities is as normal. PT SGS is currently in discussions with the lenders to obtain a waiver from complying with the financial covenant ratios. During this time, any declaration of dividends and drawdown on the existing loan facilities are subject to approval of the lenders.

Save for the foregoing, to the best of the Directors' knowledge, the Group is not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Group's financial position and results or business operations, or the investments by holders of securities in the Company.

Trend Information and Profit Forecast or Profit Estimate

9. **Discuss, for at least the current financial year, the business and financial prospects of the relevant entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.**

Business and Financial Prospects of the Group

The uncertain global economic outlook and depreciation of currencies in certain export markets, fuelled by fears of the European debt crisis contagion, continued collapse in crude oil prices, volatile financial markets, withdrawal of the United Kingdom from the European Union and slowing growth, is likely to have an adverse effect on the Group's export sales.

In 2015, Indonesia reported its slowest GDP growth in six years at 4.79%. Although government and private spending on infrastructure projects in Indonesia is expected to spur the local economy, the slowdown in the Indonesian economy is likely to result in reduced demand for the Group's products sold in the Indonesian market. Furthermore, labour cost pressures in Indonesia, where the Group's facilities are located, came to the fore after the Indonesian Government announced its minimum wage policy in October 2015, which called for yearly wage increases using a formula based on the nation's annual inflation and GDP growth. The issue of rising costs is further compounded as the Group's customers and suppliers are similarly affected by the increase in labour cost pressures. In response, the Group has conducted a strategic business review and has drawn up a workforce rationalisation programme so as to improve staffing and cost efficiencies. Although the Group believes that the workforce rationalisation programme and other cost cutting measures it may implement will be beneficial in the long term, these cost cutting measures will result in significant non-ordinary expenses in the meantime, and the Group continues to remain cautious of the rising production costs.

The slowdown in the Indonesian economy, coupled with the strengthening US dollar has exerted heavy pressure on the Rupiah in recent times. From IDR12,440, the Rupiah lost ground throughout the year to close 11% weaker at IDR13,795 against the US dollar at the end of 2015. The Rupiah has further weakened in the course of 2016 to IDR13,343 against the US dollar as at the Latest Practicable Date. Despite the Group's US dollar export sales which provide natural hedging to the foreign currency fluctuation exposure, as the Group currently has US\$42 million in US dollar borrowings, the weakening of the Rupiah is likely to materially negatively affect the Group's financial results.

Uncertainties, Demands, Commitments or Events

There are uncertainties, demands, commitments or events that may have a material and adverse impact on the business, results of operations, financial condition and prospects of the Group. This section is only a summary, and is not an exhaustive description, of all the uncertainties, demands, commitments or events. There may be additional uncertainties, demands, commitments or events not presently known to the Group, or that the Group may currently deem immaterial, which could affect its business, results of operations, financial condition and prospects.

Prospective investors should carefully consider and evaluate each of the considerations set out in the section entitled "Risk Factors" of this Offer Information Statement and all other information contained in this Offer Information Statement before deciding to invest in the Rights Shares or the Rights. The risks described in the section entitled "Risk Factors" of this Offer Information Statement are not intended to be exhaustive. There may be additional risks not presently known to the Company, or that the Company may currently deem immaterial, which could affect its operations. If any of the considerations and uncertainties as described in the section entitled "Risk Factors" of this Offer Information Statement develops into actual events, the business, results of operations and financial condition of the Company and the Group could be materially and adversely affected. In that event, the trading price of the Rights Shares or the Rights could decline due to any of these considerations and uncertainties, and investors may lose all or part of their investments in the Rights Shares or the Rights.

10. **Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.**

No profit forecast is disclosed in this Offer Information Statement.

11. **Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.**

No profit forecast or profit estimate is disclosed in this Offer Information Statement.

12. **Where a profit forecast is disclosed, include a statement by an auditor of the relevant entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the relevant entity, and is presented in accordance with the accounting standards adopted by the relevant entity in the preparation of its financial statements.**

No profit forecast is disclosed in this Offer Information Statement.

13. **Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part —**

- (a) **a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the relevant entity after due and careful enquiry and consideration; or**

- (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

No profit forecast is disclosed in this Offer Information Statement.

- 14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part —

- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or
- (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

No profit forecast is disclosed in this Offer Information Statement.

Significant Changes

- 15. Disclose any event that has occurred from the end of —

- (a) the most recent completed financial year for which financial statements have been published; or
- (b) if interim financial statements have been published for any subsequent period, that period,

to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if it is the holding company or holding entity of a group, the group, or, if there is no such event, provide an appropriate negative statement.

Save as disclosed in paragraph 9(c) of the section entitled “Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 – Key Information” of this Offer Information Statement, there is no event that has occurred from 30 September 2016 to the Latest Practicable Date which has not been publicly announced which may have a material effect on the Group’s results and financial condition.

Meaning of “published”

- 16. In this Part, “published” includes publication in a prospectus, in an annual report or on the SGXNET.

Noted.

THE OFFER AND LISTING

Offer and Listing Details

1. **Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgment of the offer information statement, the method by which the offer price is to be determined must be explained.**

Issue Price : S\$0.035 for each Rights Share, payable in full on acceptance and/or application.

The expenses incurred in the Rights Issue will not be specifically charged to subscribers or applicants for the Rights Shares.

An administrative fee will be incurred for each successful Electronic Application made through the ATMs of OCBC and UOB Group. Such administrative fee shall be borne by the applicants for the Rights Shares.

2. **If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.**

The Shares are, and the Rights Shares will be, traded on the Main Board of the SGX-ST.

3. **If—**

- (a) **any of the relevant entity's shareholders or equity interest-holders have pre-emptive rights to subscribe for or purchase the securities being offered; and**
- (b) **the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived,**

indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.

As there may be prohibitions or restrictions against the offering of Rights Shares in certain jurisdictions, only Entitled Shareholders are eligible to participate in the Rights Issue. Please refer to the section entitled "Eligibility of Shareholders to Participate in the Rights Issue" of this Offer Information Statement for further information.

4. **If securities of the same class as those securities being offered are listed for quotation on any securities exchange—**
 - (a) **in a case where the first-mentioned securities have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities -**
 - (i) **for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and**

- (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or**

The highest and lowest traded prices and the volume of the Shares traded on the SGX-ST during each of the last 12 calendar months immediately preceding the Latest Practicable Date and for the period from 1 November 2016 to the Latest Practicable Date are as follows:

| Month | Price Range | | Volume of Shares Traded |
|--|-------------|----------|-------------------------|
| | High (\$) | Low (\$) | ('000) |
| November 2015 | 0.120 | 0.110 | 851 |
| December 2015 | 0.118 | 0.099 | 14,466 |
| January 2016 | 0.110 | 0.087 | 456 |
| February 2016 | 0.088 | 0.087 | 130 |
| March 2016 | 0.088 | 0.088 | — |
| April 2016 | 0.088 | 0.088 | — |
| May 2016 | 0.099 | 0.080 | 140 |
| June 2016 | 0.092 | 0.085 | 2 |
| July 2016 | 0.085 | 0.085 | — |
| August 2016 | 0.085 | 0.085 | — |
| September 2016 | 0.089 | 0.085 | 1 |
| October 2016 | 0.089 | 0.077 | 202 |
| 1 November 2016 to the Latest Practicable Date | 0.077 | 0.036 | 1,093 |

Source: Yahoo Finance. Yahoo Finance has not consented for the purposes of Section 249 and Section 277 of the SFA to the inclusion of the information above which is publicly available, and is thereby not liable for such information under Sections 253 and 254 of the SFA. The Company has included the above information in its proper form and context and has not verified the accuracy of the content of such information.

- (b) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities—**

- (i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and**
- (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;**

Not applicable, as the Shares have been listed for quotation on the Main Board of the SGX-ST for more than 12 months immediately preceding the Latest Practicable Date.

- (c) **disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and**

No significant trading suspension of the Shares has occurred on the SGX-ST during the 3 years immediately preceding the Latest Practicable Date.

- (d) **disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.**

Please refer to paragraph 4(a) of the section entitled “Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 – The Offer and Listing” of this Offer Information Statement for the volume of Shares traded during each of the last 12 calendar months immediately preceding the Latest Practicable Date and for the period from 1 November 2016 to the Latest Practicable Date.

5. **Where the securities being offered are not identical to the securities already issued by the relevant entity, provide—**

- (a) **a statement of the rights, preferences and restrictions attached to the securities being offered; and**
- (b) **an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or *pari passu* with the securities being offered.**

The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of allotment and issue of the Rights Shares.

Plan of Distribution

6. **Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.**

Basis of Provisional Allotment

The Rights Issue is made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of five (5) Rights Shares for every seven (7) existing Shares held by Entitled Shareholders as at the Books Closure Date at the Issue Price, being S\$0.035 per Rights Share, fractional entitlements to be disregarded.

The Rights Shares will not be offered through any broker or dealer.

Entitled Shareholders are at liberty to accept (in full or in part), decline, or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of the Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Provisional allotments which are not taken up for any reason shall be used to satisfy applications for excess Rights Shares (if any) or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

Fractional entitlements to the Rights Shares, if any, will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with provisional allotments of the Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy applications for excess Rights Shares (if any) or disposed of or otherwise 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, preference will be given to Shareholders for the 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 of the Company, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares.

The distribution of this Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or unless relevant securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than in Singapore, the Rights Issue is only offered to Entitled Shareholders and the Rights Shares will not be offered to Foreign Shareholders. This Offer Information Statement and its accompanying documents have not been and will not be despatched to Foreign Shareholders or into any jurisdiction outside Singapore. Please refer to the section entitled "Eligibility of Shareholders to Participate in the Rights Issue" of this Offer Information Statement for further details.

The allotment and issuance of the Rights Shares pursuant to the Rights Issue are governed by the terms and conditions as set out in this Offer Information Statement, including Appendices 5, 6 and 7 of this Offer Information Statement, the PAL, the ARE and the ARS.

In view of the Irrevocable Undertaking and the savings in underwriting costs which the Company will enjoy, the Company has decided to proceed with the Rights Issue on a non-underwritten basis. Please refer to paragraph 7 of the section entitled "Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 – The Offer and Listing" of this Offer Information Statement for further details on the Irrevocable Undertaking

7. Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.

Not applicable. The Rights Issue is not underwritten. However, the Undertaking Shareholder, namely Sampoerna Forestry Limited, has provided an Irrevocable Undertaking to the Company.

As at the date of the Irrevocable Undertaking, the Undertaking Shareholder has direct interests in an aggregate of 600,246,305 Shares, representing in aggregate approximately 42.8% of the total number of issued Shares.

To show its support for the Company and the Rights Issue, the Undertaking Shareholder has given an undertaking, pursuant to which it has irrevocably undertaken to the Company that, *inter alia*:

- (a) as at 5.00 p.m. on the Books Closure Date, it will own 600,246,305 Shares;
- (b) it will subscribe for and pay for all of his provisional allotments under the Rights Issue, being 428,747,361 Rights Shares; and
- (c) it will subscribe and pay in full for excess Rights Shares which are not subscribed or otherwise taken up and/or applied for by the other Entitled Shareholders, on the basis that it will rank last in priority in the allotment of excess Rights Shares which are not taken up by the other Entitled Shareholders, provided that the aggregate amount payable by the Undertaking Shareholder pursuant to (b) and (c) shall not be less than the Minimum Subscription Amount and not more than the Maximum Subscription Amount.

ADDITIONAL INFORMATION

Statements by Experts

- 1. Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.**

Not applicable. No statement or report made by an expert is included in this Offer Information Statement.

- 2. Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert—**

- (a) state the date on which the statement was made;**
- (b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and**
- (c) include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.**

Not applicable. No statement or report made by an expert is included in this Offer Information Statement.

- 3. The information referred to in paragraphs 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26(2) or (3) applies.**

Consents from Issue Managers and Underwriters

- 4. Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.**

Not applicable. No issue manager or underwriter was appointed for the Rights Issue.

Other Matters

- 5. Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly—**

- (a) the relevant entity's business operations or financial position or results; or**
- (b) investments by holders of securities in the relevant entity.**

Save as disclosed in this Offer Information Statement and the Company's annual reports, circulars and SGXNET announcements, the Directors are not aware of any other matter which could materially affect, directly or indirectly, the Group's business operations, financial position, or results or investments by holders of securities in the Company.

ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF RIGHTS ISSUE

- 1. Provide—**

- (a) the particulars of the rights issue;**

Please refer to the section "Summary of Rights Issue" of this Offer Information Statement for the particulars of the Rights Issue.

- (b) **the last day and time for splitting of the provisional allotment of the securities to be issued pursuant to the rights issue;**

2 December 2016 at 5.00 p.m.

- (c) **the last day and time for acceptance of and payment for the securities to be issued pursuant to the rights issue;**

8 December 2016 at 5.00 p.m. for acceptance and payment through CDP or the Share Transfer Agent (9.30 p.m. for Electronic Applications through ATMs of OCBC and UOB Group).

- (d) **the last day and time for renunciation of and payment by the renounee for the securities to be issued pursuant to the rights issue;**

8 December 2016 at 5.00 p.m.

Entitled Depositors who wish to renounce their provisional allotments of Rights Shares in favour of a third party should note that CDP requires at least three (3) Market Days to effect such renunciation. As such, Entitled Depositors who wish to renounce are advised to do so early to allow sufficient time for the renounee to accept his provisional allotment of Rights Shares.

- (e) **the terms and conditions of the offer of securities to be issued pursuant to the rights issue;**

The allotment and issue of the Rights Shares pursuant to the Rights Issue are governed by the terms and conditions as set out in this Offer Information Statement, in particular Appendices 5, 6 and 7 of this Offer Information Statement and in the PAL, the ARE and the ARS.

- (f) **the particulars of any undertaking from the substantial shareholders or substantial equity interest-holders, as the case may be, of the relevant entity to subscribe for their entitlements; and**

Please refer to paragraph 7 of the section entitled “Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 – The Offer and Listing” of this Offer Information Statement for details of the terms of the Irrevocable Undertaking.

- (g) **if the rights issue is or will not be underwritten, the reason for not underwriting the issue.**

In view of the Irrevocable Undertaking and the savings enjoyed for not having to bear underwriting fees, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

REVIEW OF WORKING CAPITAL

Provide a review of the working capital for the last three financial years and the latest half year, if applicable.

The summary of the working capital of the Group as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016 is set out below.

| | (Audited) As at 31 December 2013 IDR million | (Audited) As at 31 December 2014 IDR million | (Audited) As at 31 December 2015 IDR million | (Unaudited) As at 30 September 2016 IDR million |
|----------------------------------|---|---|---|--|
| Current assets | 818,315 | 1,066,458 | 1,011,013 | 843,384 |
| Current liabilities | 633,028 | 798,126 | 1,040,270 | 1,193,349 |
| Net current assets (liabilities) | 185,287 | 268,332 | (29,257) | (349,965) |

9M2016 compared to FY2015

Current assets decreased by IDR168 billion from IDR1,011 billion as at 31 December 2015 to IDR843 billion as at 30 September 2016, mainly due to (i) lower domestic trade receivables; (ii) lower inventory level as production volume decreased; (iii) a decrease in VAT receivables and the prepayment of corporate income tax. The decrease in VAT receivables was mainly due to one off VAT receivables written off amounting to IDR13 billion in 3Q 2016 due to the re-organisation of the Group as announced on 7 October 2016.

Current liabilities increased by IDR153 billion from IDR1,040 billion as at 31 December 2015 to IDR1,193 billion. This was mainly due to a shareholder's loan of IDR65 billion and an increase in the short-term borrowings as well as long-term borrowings due within 12 months totaling IDR99 billion, offset by lower trade and other payables.

FY2015 compared to FY2014

Current assets decreased from IDR1,066 billion as at 31 December 2014 to IDR1,011 billion as at 31 December 2015, mainly due to (i) write down of inventories of IDR28 billion; (ii) lower advances to suppliers particularly for log and veneer purchases; and (iii) a decrease in cash utilisation for operations, with such decreases more than offsetting higher trade receivables and the increase in VAT receivables and prepayments.

Current liabilities increased from IDR798 billion as at 31 December 2014 to IDR1,040 billion as at 31 December 2015, mainly due to (i) increase in trade and other payables which followed the changes in normal business operating conditions; (ii) increase in advances from export customers; and (iii) increase in short-term borrowings as well as long-term borrowings due within 12 months, with such increases being offset by the decrease in other liabilities from a decrease in VAT payables as a result of lower domestic sales, which were partially offsetted by the increase in accrual of salaries and related benefits costs due mainly to salary adjustments.

FY2014 compared to FY2013

Current assets increased from IDR818 billion as at 31 December 2013 to IDR1,066 billion as at 31 December 2014, mainly due to (i) higher inventories level for work in progress stocks and finished goods as production grew; (ii) higher trade receivables from higher domestic sales in the fourth quarter of FY2014, which traditionally has longer trade credit period as compared to export sales; (iii) increase in VAT receivables as well as prepayment for income tax and insurance, with the increase in VAT receivables mainly due to spending on capital expenditure and the recovery taking a longer period under the tax system in Indonesia, and taxation was prepaid based on the preceding year's performance where the Group reported higher profit as compared to FY2014; and (iv) higher cash generated owing mainly to net new loan obtained.

Current liabilities increased from IDR633 billion as at 31 December 2013 to IDR798 billion as at 31 December 2014, mainly due to (i) an increase in trade payables of IDR50 billion as a result of an increase in business activities; (ii) increase in the accrual of salaries, bonuses and related benefits costs; (iii) increase in VAT payables and accrual of freight costs, with the increase in VAT payables being in line with the increase in domestic sales in the fourth quarter of FY2014 and the freight costs accruals due mainly to timing differences in payment; and (iv) increase in short-term borrowings as well as long-term borrowings due within 12 months.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP
FOR FY2013, FY2014, FY2015, 9M2015 AND 9M2016**

| | (Audited) FY2013 | (Audited) FY2014 | (Audited) FY2015 | (Unaudited) 9M2015 | (Unaudited) 9M2016 |
|---|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| | IDR million | IDR million | IDR million | IDR million | IDR million |
| Revenue | 3,048,823 | 3,281,792 | 3,463,008 | 2,473,937 | 2,348,356 |
| Cost of Sales | (2,559,097) | (2,750,106) | (3,119,201) | (2,148,727) | (2,187,328) |
| Gross Profit | 489,726 | 531,686 | 343,807 | 325,210 | 161,028 |
| Other items of income | | | | | |
| Interest income | 920 | 651 | 544 | 419 | 432 |
| Other income | 13,778 | 17,844 | 5,019 | 4,354 | 118,611 |
| Other items of expenses | | | | | |
| Selling expenses | (119,517) | (145,596) | (162,236) | (117,807) | (93,837) |
| General & administrative expenses | (228,508) | (271,384) | (319,210) | (228,556) | (236,289) |
| Finance expense | (48,824) | (66,336) | (91,442) | (65,565) | (76,839) |
| Other expenses | (76,163) | (50,292) | (227,256) | (180,330) | (56,930) |
| Profit (loss) before tax | 31,412 | 16,573 | (450,774) | (262,275) | (183,824) |
| Taxation | (12,663) | (13,898) | (27,636) | (9,296) | (43,289) |
| Net profit (loss) for the year/ period | 18,749 | 2,675 | (478,410) | (271,571) | (227,113) |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| Net actuarial gain (loss) on post- employment benefits | 32,765 | (33,650) | 3,890 | (4,054) | (4,031) |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Foreign currency translation (loss) gain | (2,951) | 3,805 | 14,576 | (15,073) | 6,356 |
| Total comprehensive income for the year/ period | 48,563 | (27,170) | (459,944) | (290,698) | (224,788) |
| Net profit(loss) attributable to: | | | | | |
| Owners of the Company | 12,866 | 4,863 | (477,723) | (271,202) | (224,311) |
| Non-controlling interests | 5,883 | (2,188) | (687) | (369) | (2,802) |
| | 18,749 | 2,675 | (478,410) | (271,571) | (227,113) |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | 42,868 | (24,744) | (459,354) | (290,293) | (221,981) |
| Non-controlling interests | 5,695 | (2,426) | (590) | (405) | (2,807) |
| | 48,563 | (27,170) | (459,944) | (290,698) | (224,788) |

Earnings per Share

| | (Audited) FY2013 | (Audited) FY2014 | (Audited) FY2015 | (Unaudited) 9M2015 | (Unaudited) 9M2016 |
|--|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| | IDR million | IDR million | IDR million | IDR million | IDR million |
| Earnings/(loss) per Share attributable to equity holders of the parent (in Rupiah) | 9 | 3 | (341) | (194) | (160) |
| Adjusted earnings/(loss) per Share (in Rupiah) after the Rights Issue assuming the Maximum Scenario ⁽¹⁾ | 5 | 2 | (199) | (113) | (93) |
| Adjusted earnings/(loss) per Share (in Rupiah) after the Rights Issue assuming the Minimum SFL Scenario ⁽²⁾ | 6 | 2 | (212) | (120) | (99) |
| Dividends per Share | - | - | - | - | - |

Note:

- (1) Adjusted for 1,001,032,474 Rights Shares that were assumed to have been issued on the first day of the financial year or, as the case may be, financial period. Does not take into account the effects of the use of proceeds from the Rights Issue on the earnings of the Group.
- (2) Adjusted for 857,142,857 Rights Shares that were assumed to have been issued on the first day of the financial year or, as the case may be, financial period. Does not take into account the effects of the use of proceeds from the Rights Issue on the earnings of the Group.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP FOR
FY2015 AND 9M2016**

| | (Audited) 31 December 2015 IDR million | (Unaudited) 30 September 2016 IDR million |
|---|--|---|
| Non-current assets | | |
| Property, plant and equipment | 662,542 | 608,896 |
| Investment in subsidiary companies | – | – |
| Investment in an associate ⁽¹⁾ | – | – |
| Available for sale investment ⁽¹⁾ | – | 95,689 |
| Biological assets | 55,603 | 55,802 |
| Land use rights | 66,874 | 68,806 |
| Deferred tax assets | 65,316 | 69,984 |
| Other non-current assets | 31,986 | 5,754 |
| | 882,321 | 904,931 |
| Current assets | | |
| Inventories | 567,975 | 460,441 |
| Trade and other receivables | 238,709 | 209,582 |
| Prepaid operating expenses | 74,849 | 62,227 |
| Advances to suppliers | 30,880 | 26,047 |
| Restricted deposits | 7,525 | 13,538 |
| Cash and cash equivalents | 91,075 | 71,549 |
| | 1,011,013 | 843,384 |
| Current Liabilities | | |
| Trade and other payable | 339,414 | 290,263 |
| Other liabilities | 125,719 | 237,071 |
| Advances from customers | 27,497 | 18,083 |
| Provision for taxation | 11,401 | 12,763 |
| Loans and borrowings | 536,239 | 635,169 |
| | 1,040,270 | 1,193,349 |
| Net current liabilities | (29,257) | (349,965) |
| Non-current liabilities | | |
| Long term borrowings | 456,644 | 363,267 |
| Post-employment benefits | 240,275 | 260,880 |
| Deferred tax liabilities | 569 | 31 |
| | 697,488 | 624,178 |
| Net (liabilities) assets | 155,576 | (69,212) |
| Equity attributable to owners of the Company | | |
| Share capital | 2,188,645 | 2,188,645 |
| Accumulated losses | (2,370,739) | (2,599,063) |
| Other reserves | 326,823 | 333,166 |
| | 144,729 | (77,252) |
| Non-controlling interests | 10,847 | 8,040 |
| | 155,576 | (69,212) |

| | (Audited) 31 December 2015 IDR million | (Unaudited) 30 September 2016 IDR million |
|---|--|---|
| Before the Rights Issue | | |
| Number of Shares ('000) | 1,401,445 | 1,401,445 |
| Net asset value per Share (in Rupiah) | 103 | (55) |
| After the Rights Issue assuming the Maximum Scenario | | |
| Adjusted number of Shares ('000) | 2,402,478 | 2,402,478 |
| Adjusted net asset value per Share (in Rupiah) after the Rights Issue assuming the Maximum Scenario | 196 | 104 |
| After the Rights Issue assuming the Minimum SFL Scenario | | |
| Adjusted number of Shares ('000) | 2,258,588 | 2,258,588 |
| Adjusted net asset value per Share (in Rupiah) after the Rights Issue assuming the Minimum SFL Scenario | 188 | 89 |

**CONSOLIDATED STATEMENT OF CASH FLOW OF THE GROUP FOR
FY2015 AND 9M2016**

| | (Audited) FY2015 IDR million | (Unaudited) 9M2016 IDR million |
|--|------------------------------------|--------------------------------------|
| Cash flows from operating activities | | |
| Loss before tax | (450,774) | (183,824) |
| Adjustments: | | |
| Depreciation of property, plant and equipment | 131,986 | 83,787 |
| Interest expense | 84,742 | 72,584 |
| Post-employment benefits expense | 48,077 | 39,960 |
| Net VAT receivable written-off | – | 12,530 |
| Amortisation of land use rights | 3,905 | 3,013 |
| Allowance for doubtful receivables | 10,409 | 1,808 |
| Gain on disposal of property, plant and equipment | (3,351) | (402) |
| Interest income | (544) | (432) |
| (Recovery of) allowance for advance to suppliers | 18,710 | (4,071) |
| Foreign exchange (gain) loss | 70,795 | (24,804) |
| Net fair value gain on available for sale investment | – | (95,689) |
| Impairment of intangible assets | 34,915 | – |
| Inventories written-down | 54,609 | – |
| Net loss on change in fair value of biological assets | 2,589 | – |
| Amortisation of intangible assets | 992 | – |
| Operating cash flow before changes in working capital | 7,060 | (95,540) |
| Changes in working capital | | |
| Inventories | (26,511) | 107,534 |
| Trade and other receivables | (14,592) | 27,319 |
| Prepaid operating expenses | (2,928) | (25,790) |
| Advance to suppliers | 15,742 | 2,296 |
| Trade and other payable | 84,290 | (49,151) |
| Other liabilities | (15,750) | 12,756 |
| Advance from customers | 12,452 | (9,414) |
| Other non-current assets | (22,433) | 420 |
| Cash flow used in operations | 37,330 | (29,570) |
| Income tax paid, net of refund | (38,196) | (7,698) |
| Post-employment benefit paid | (5,578) | (13,108) |
| Net cash used in by operating activities | (6,444) | (50,376) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (91,677) | (18,619) |
| Additions of biological assets | (2,692) | (199) |
| Proceed from disposal of property, plant and equipment | 9,553 | 2,633 |
| Interest received | 544 | 432 |
| Advance received from sale of investment | – | 20,000 |
| Additions of land use rights | (2,178) | – |
| Investment in a subsidiary | (3,028) | – |
| Additional controlling interest from a subsidiary | 2,019 | – |
| Net cash (used in) provided by investing activities | (87,459) | 4,247 |

| | (Audited) FY2015 IDR million | (Unaudited) 9M2016 IDR million |
|--|---|---|
| Cash flows from financing activities | | |
| Drawdown of loans and borrowings | 2,134,138 | 1,480,655 |
| Repayment of loans and borrowings | (1,984,829) | (1,510,240) |
| Interest paid | (75,043) | (61,810) |
| Withdrawal (placement) of restricted deposits | 330 | (6,151) |
| Proceed from shareholder's loan | – | 64,990 |
| Net cash provided by (used in) financing activities | <u>74,596</u> | <u>(32,556)</u> |
| Net decrease in cash and cash equivalents | (19,307) | (78,685) |
| Effects of exchange rate changes on cash and cash equivalents | 3,309 | (279) |
| Cash and cash equivalents at beginning of year/period | <u>107,073</u> | <u>91,075</u> |
| Cash and cash equivalents at end of year/period | <u><u>91,075</u></u> | <u><u>12,111</u></u> |
| For the purposes of presenting the consolidated statement of cash flow, the consolidated cash and cash equivalents comprise the following: | | |
| Cash and cash equivalent | 91,075 | 71,549 |
| Less: Bank overdraft | – | (59,438) |
| | <u><u>91,075</u></u> | <u><u>12,111</u></u> |

FY2015

During FY2015, the Group generated cash inflow of IDR75 billion from financing activities and incurred outflow of IDR9 billion and IDR85 billion from operating and investing activities, respectively. Net cash decreased by IDR19 billion.

The Group's cash used in operations was lower than in the previous year. This was attributable mainly to better debtors and inventories turnover compared to FY2014. The Group's operations did not generate an increase in net cash during the year due mainly to the lower gross profit attained.

The Group's cash used in the investing activities were mainly for acquisitions of property, plant and equipment and expenditure on trees planting and land use rights for the Group's upstream activities.

The Group's cash flow in the financing activities relates mainly to net drawdown of additional loans. The repayments of bank borrowings and its interests were in accordance with the repayments schedule.

9M2016

During 9M2016, the Group generated cash inflow of IDR4 billion from investing activities and incurred cash outflow of IDR50 billion and IDR33 billion from operating and financing activities, respectively. Net cash decreased by IDR79 billion.

The Group's cash from operations was affected by lower sales and lower gross as well as re-organisation expenses incurred such as workers separation expenses and post-retirement benefits.

The Group's cash used in the investing activities were mainly for acquisitions of property, plant and equipment, offset by the advance received from the sale of investment in PT SLJ Global Tbk.

The Group's cash flow in the financing activities relates mainly to net repayment of loans interests.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2016

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

Unaudited Third Quarter Financial Statements and Dividend Announcement for the Period Ended 30 September 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF THIRD QUARTER RESULTS

- 1(a) Consolidated statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | 3-month ended | | | 9-month ended | | |
|---|-------------------|-------------------|-------------|-------------------|-------------------|-------------|
| | 30/09/2016 | 30/09/2015 | Change | 30/09/2016 | 30/09/2015 | Change |
| | <i>Rp'million</i> | <i>Rp'million</i> | % | <i>Rp'million</i> | <i>Rp'million</i> | % |
| Revenue | 681,521 | 824,929 | (17) | 2,348,356 | 2,473,937 | (5) |
| Cost of sales | (637,464) | (734,638) | (13) | (2,187,328) | (2,148,727) | 2 |
| Gross profit | 44,057 | 90,291 | (51) | 161,028 | 325,210 | (50) |
| Other items of income | | | | | | |
| Interest income | 157 | 143 | 10 | 432 | 419 | 3 |
| Other income | 64,007 | 2,584 | 2,377 | 118,611 | 4,354 | 2,624 |
| Other items of expenses | | | | | | |
| Selling expenses | (21,993) | (43,114) | (49) | (93,837) | (117,807) | (20) |
| General & administrative expenses | (74,165) | (81,314) | (9) | (236,289) | (228,556) | 3 |
| Finance expenses | (21,677) | (24,623) | (12) | (76,839) | (65,565) | 17 |
| Other expenses | (40,604) | (102,145) | (60) | (56,930) | (180,330) | (68) |
| Loss before tax | (50,218) | (158,178) | (68) | (183,824) | (262,275) | (30) |
| Taxation | (54,009) | 230 | n.m | (43,289) | (9,296) | 366 |
| Net loss for the period | (104,227) | (157,948) | (34) | (227,113) | (271,571) | (16) |
| Other comprehensive income: | | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | | |
| Net actuarial loss on post-employment benefits | (1,326) | (1,344) | (1) | (4,031) | (4,054) | (1) |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Foreign currency translation gain (loss) | (344) | (15,184) | (98) | 6,356 | (15,073) | n.m |
| Total comprehensive income for the period | (105,897) | (174,476) | (39) | (224,788) | (290,698) | (23) |
| Net loss attributable to: | | | | | | |
| Owners of the Company | (103,250) | (157,214) | (34) | (224,311) | (271,202) | (17) |
| Non-controlling interests | (977) | (734) | 33 | (2,802) | (369) | 659 |
| | (104,227) | (157,948) | (34) | (227,113) | (271,571) | (16) |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the Company | (104,920) | (173,737) | (40) | (221,981) | (290,293) | (24) |
| Non-controlling interests | (977) | (739) | 32 | (2,807) | (405) | 593 |
| | (105,897) | (174,476) | (39) | (224,788) | (290,698) | (23) |

n.m : not meaningful

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

The following items have been included in arriving at loss before tax:

| | 3-month ended | | | 9-month ended | | |
|--|---------------|------------|--------|---------------|------------|--------|
| | 30/09/2016 | 30/09/2015 | Change | 30/09/2016 | 30/09/2015 | Change |
| | Rp'million | Rp'million | % | Rp'million | Rp'million | % |
| Depreciation of property, plant and equipment | (27,538) | (35,441) | (22) | (83,787) | (99,151) | (15) |
| Workers separation expenses *) | (27,280) | - | n.m | (42,614) | - | n.m |
| Interest expense | (20,403) | (23,330) | (13) | (72,584) | (60,514) | 20 |
| Post employment benefits expenses | (13,163) | (9,871) | 33 | (39,960) | (29,613) | 35 |
| Net VAT receivable written-off | (12,721) | - | n.m | (12,721) | - | n.m |
| Amortisation of land use rights | (1,048) | (1,323) | (21) | (3,013) | (3,270) | (8) |
| Allowance for doubtful receivables | (185) | (609) | (70) | (1,808) | (3,266) | (45) |
| Gain on disposal of property, plant and equipment | 94 | 1,520 | (94) | 402 | 1,686 | (76) |
| Interest income | 157 | 143 | 10 | 432 | 419 | 3 |
| Recovery of allowance for advance to suppliers | 1,338 | - | n.m | 4,071 | - | n.m |
| Gain (loss) on foreign exchange, net | 5,927 | (50,551) | n.m | 18,449 | (88,942) | n.m |
| Net fair value gain on available for sale investment | 56,648 | - | n.m | 95,689 | - | n.m |
| Impairment of intangible assets | - | (34,915) | (100) | - | (34,915) | (100) |
| Allowance for irrecoverable advance to suppliers | - | (9,428) | (100) | - | (9,428) | (100) |
| Inventories written-down | - | (2,357) | (100) | - | (32,596) | (100) |
| Amortisation of intangible assets | - | (333) | (100) | - | (992) | (100) |

*) Included in "Other expenses"

n.m : not meaningful

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 30/09/2016 | 31/12/2015 | 30/09/2016 | 31/12/2015 |
| | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> |
| Non-current assets | | | | |
| Property, plant and equipment | 608,896 | 662,542 | 83 | 149 |
| Investment in subsidiary companies | - | - | 126,076 | 126,076 |
| Investment in an associate ⁽¹⁾ | - | - | - | - |
| Available for sale investment ⁽¹⁾ | 95,689 | - | - | - |
| Biological assets | 55,802 | 55,603 | - | - |
| Land use rights | 68,806 | 66,874 | - | - |
| Deferred tax assets | 69,984 | 65,316 | - | - |
| Other non-current assets | 5,754 | 31,986 | - | 9 |
| | 904,931 | 882,321 | 126,159 | 126,234 |
| Current assets | | | | |
| Inventories | 460,441 | 567,975 | - | - |
| Trade and other receivables | 209,582 | 238,709 | 99,430 | 37,620 |
| Prepaid operating expenses | 62,227 | 74,849 | 1,213 | 447 |
| Advances to suppliers | 26,047 | 30,880 | - | - |
| Restricted deposits | 13,538 | 7,525 | - | - |
| Cash and cash equivalents | 71,549 | 91,075 | 1,736 | 2,411 |
| | 843,384 | 1,011,013 | 102,379 | 40,478 |
| Current liabilities | | | | |
| Trade and other payables | 290,263 | 339,414 | 11,543 | 7,540 |
| Other liabilities | 237,071 | 125,719 | 67,762 | 3,636 |
| Advances from customers | 18,083 | 27,497 | - | 723 |
| Provision for taxation | 12,763 | 11,401 | - | - |
| Loans and borrowings | 635,169 | 536,239 | - | - |
| | 1,193,349 | 1,040,270 | 79,305 | 11,899 |
| Net current (liabilities) assets | (349,965) | (29,257) | 23,074 | 28,579 |
| Non-current liabilities | | | | |
| Loans and borrowings | 363,267 | 456,644 | - | - |
| Post-employment benefits | 260,880 | 240,275 | - | - |
| Deferred tax liabilities | 31 | 569 | - | - |
| | 624,178 | 697,488 | - | - |
| Net (liabilities) assets | (69,212) | 155,576 | 149,233 | 154,813 |
| Equity attributable to owners of the Company | | | | |
| Share capital | 2,188,645 | 2,188,645 | 2,188,645 | 2,188,645 |
| Accumulated losses | (2,599,063) | (2,370,739) | (2,039,412) | (2,033,832) |
| Other reserves | 333,166 | 326,823 | - | - |
| | (77,252) | 144,729 | 149,233 | 154,813 |
| Non-controlling interests | 8,040 | 10,847 | - | - |
| | (69,212) | 155,576 | 149,233 | 154,813 |

SAMKO TIMBER LIMITED

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Notes:

- (1) Represents the Group's 24.6% investment in PT SLJ Global Tbk, a company quoted in Indonesia Stock Exchange (IDX). During the period, the Group re-designated its investment in this associate as available for sale investment as the Group no longer has significant influence over the associate's financial and operating policies. The investment is being carried at the transaction price agreed in the proposed disposal of the investment as announced on 15 August 2016.

(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

| As at 30/09/2016 | | As at 31/12/2015 | |
|-------------------|-------------------|-------------------|-------------------|
| Secured | Unsecured | Secured | Unsecured |
| <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> |
| 575,731 | 59,438 | 536,239 | - |

Amount repayable after one year

| As at 30/09/2016 | | As at 31/12/2015 | |
|-------------------|-------------------|-------------------|-------------------|
| Secured | Unsecured | Secured | Unsecured |
| <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> |
| 363,267 | - | 456,644 | - |

Details of collaterals

As at 30 September 2016, our bank borrowings are secured by the following:

- (1) Land use rights, buildings, machinery and equipment, inventories, account receivables, collection and restricted deposits of a subsidiary, and corporate guarantees from the Company and certain subsidiaries of the Company. The loan facilities from our major lenders also include a clause demanding mandatory repayment of all the loan facilities if (i) there is any reduction in direct and/or indirect shareholding interests of PT Sumber Graha Sejahtera ("PT SGS") by Sampoerna Strategic Group, or (ii) the representatives appointed by Sampoerna Strategic Group are no longer present in PT SGS; or (iii) Mr Putera Sampoerna and his family is directly or indirectly no longer the controlling ultimate beneficiary owner of PT SGS and the Company. All other assets of the subsidiaries are on negative pledge to the financial institution and some restriction on dividend payment is imposed; and
- (2) All assets acquired under finance leases are secured against the assets under lease.

As mentioned in the previous quarters, a subsidiary of the Company has not met certain financial covenant ratios as set out in the loan agreement with one of its lenders. The subsidiary continues to breach such financial covenants in this quarter but it did not default on any loan principal and interest repayments as of to-date.

The subsidiary is currently in discussion with this lender to obtain the waiver to comply with those financial covenants. The discussion is progressing well and management is confident that this lender will grant the waiver. At this moment, any declaration of dividends and any drawdown of new loan from the existing loan facilities is subject to approval of this lender.

During the last quarter, the Group secured a new Rp60 billion bank loan facility from a new lender. The existing lenders had given their consent for the Group to use this bank loan facility on the condition that if there is no improvement in the results of the subsidiary by 3rd quarter 2016, the Group will increase the equity capital of the relevant subsidiary. The Group plans to increase the equity of the said subsidiary after the completion of rights issue exercise as announced on 9 September 2016. The Group expects to raise between S\$29.6 million (Rp276 billion) and S\$34.6 million (Rp323 billion) through the rights issue.

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

1(c) Consolidated statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group | 9-month ended | |
|--|-------------------|-------------------|
| | 30/09/2016 | 30/09/2015 |
| | <i>Rp'million</i> | <i>Rp'million</i> |
| Cash flows from operating activities | | |
| Loss before tax | (183,824) | (262,275) |
| Adjustments: | | |
| Depreciation of property, plant and equipment | 83,787 | 99,151 |
| Interest expense | 72,584 | 60,514 |
| Post-employment benefits expense | 39,960 | 29,613 |
| Net VAT receivable written-off | 12,530 | - |
| Amortisation of land use rights | 3,013 | 3,270 |
| Allowance for doubtful receivables | 1,808 | 3,266 |
| Gain on disposal of property, plant and equipment | (402) | (1,686) |
| Interest income | (432) | (419) |
| (Recovery of) allowance for advance to suppliers | (4,071) | 9,428 |
| Foreign exchange (gain) loss | (24,804) | 73,094 |
| Net fair value gain on available for sale investment | (95,689) | - |
| Impairment of intangible assets | - | 34,915 |
| Inventories written-down | - | 32,596 |
| Amortisation of intangible assets | - | 992 |
| Operating cash flow before changes in working capital | (95,540) | 82,459 |
| Changes in working capital : | | |
| Inventories | 107,534 | (98,274) |
| Trade and other receivables | 27,319 | (31,023) |
| Prepaid operating expenses | (25,790) | (20,031) |
| Advances to suppliers | 2,296 | (3,392) |
| Trade and other payable | (49,151) | 82,088 |
| Other liabilities | 12,756 | (14,507) |
| Advance from customers | (9,414) | 5,626 |
| Other non-current assets | 420 | (19,018) |
| Cash flow used in operations | (29,570) | (16,072) |
| Income tax paid, net of refund | (7,698) | (21,913) |
| Post-employment benefit paid | (13,108) | - |
| Net cash flows used in operating activities | (50,376) | (37,985) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment (Note (i)) | (18,619) | (73,930) |
| Additions of biological assets | (199) | (2,276) |
| Proceeds from disposal of property, plant and equipment | 2,633 | 1,686 |
| Interest received | 432 | 419 |
| Additions of land use rights | - | (2,060) |
| Advance received from sale of investment | 20,000 | - |
| Net cash flows used in investing activities | 4,247 | (76,161) |

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

| Group | 9-month ended | |
|--|-------------------|-------------------|
| | 30/09/2016 | 30/09/2015 |
| | <i>Rp'million</i> | <i>Rp'million</i> |
| Cash flows from financing activities | | |
| Drawdown of loans and borrowings | 1,480,655 | 1,635,264 |
| Repayment of loans and borrowings | (1,510,240) | (1,511,422) |
| Interest paid | (61,810) | (53,936) |
| (Placement) withdrawal of restricted deposits | (6,151) | 301 |
| Proceed from shareholder's loan | 64,990 | - |
| Net cash flows (used in) provided by financing activities | (32,556) | 70,207 |
| Net decrease in cash and cash equivalents | (78,685) | (43,939) |
| Effect of exchange rate changes on cash and cash equivalents | (279) | 2,055 |
| Cash and cash equivalents at beginning of period | 91,075 | 107,073 |
| Cash and cash equivalents at end of period | 12,111 | 65,189 |

For the purpose of presenting the consolidated statement of cash flow, the consolidated cash and cash equivalent comprise the followings:

| | | |
|---------------------------|----------|--------|
| Cash and cash equivalents | 71,549 | 65,189 |
| Less: Bank overdraft | (59,438) | - |
| | 12,111 | 65,189 |

Notes:

(i) Purchase of property, plant and equipment

Property, plant and equipment were purchased by:

| | | |
|---|--------|--------|
| - Cash payment | 18,619 | 73,930 |
| - Reclassification of advances made for the purpose of property, plant and equipment | 12,323 | 20,345 |
| - Finance lease | 324 | 560 |
| | 31,266 | 94,835 |

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group | Attributable to owners of the Company | | | | | Non-controlling interests | Total equity |
|--|---------------------------------------|--------------------|------------------------|--------------------------------------|-----------------|---------------------------|-----------------|
| | Share capital | Accumulated losses | Restructuring reserves | Foreign currency translation reserve | Total | | |
| | Rp'million | Rp'million | Rp'million | Rp million | Rp'million | | |
| Balance at 1 Jan 2016 | 2,188,645 | (2,370,739) | 309,050 | 17,773 | 144,729 | 10,847 | 155,576 |
| Loss for the period | - | (224,311) | - | - | (224,311) | (2,802) | (227,113) |
| Other comprehensive income for the period: | | | | | | | |
| - Net actuarial loss on post-employment benefits | - | (4,013) | - | - | (4,013) | (18) | (4,031) |
| - Foreign currency translation gain | - | - | - | 6,343 | 6,343 | 13 | 6,356 |
| | - | (4,013) | - | 6,343 | 2,330 | (5) | 2,325 |
| Total comprehensive income for the period | - | (228,324) | - | 6,343 | (221,981) | (2,807) | (224,788) |
| Balance at 30 Sep 2016 | 2,188,645 | (2,599,063) | 309,050 | 24,116 | (77,252) | 8,040 | (69,212) |
| Balance at 1 Jan 2015 | 2,188,645 | (1,896,810) | 309,050 | 3,198 | 604,083 | 9,418 | 613,501 |
| Loss profit for the period | - | (271,202) | - | - | (271,202) | (369) | (271,571) |
| Other comprehensive income for the period: | | | | | | | |
| - Net actuarial loss on post-employment benefits | - | (4,033) | - | - | (4,033) | (21) | (4,054) |
| - Foreign currency translation loss | - | - | - | (15,058) | (15,058) | (15) | (15,073) |
| | - | (4,033) | - | (15,058) | (19,091) | (36) | (19,127) |
| Total comprehensive income for the period | - | (275,235) | - | (15,058) | (290,293) | (405) | (290,698) |
| Balance at 30 Sep 2015 | 2,188,645 | (2,172,045) | 309,050 | (11,860) | 313,790 | 9,013 | 322,803 |

| Company | Attributable to owners of the Company | | |
|---|---------------------------------------|--------------------|----------------|
| | Share capital | Accumulated losses | Total |
| | Rp'million | Rp'million | Rp'million |
| Balance at 1 Jan 2016 | 2,188,645 | (2,033,832) | 154,813 |
| Total comprehensive income for the period | - | (5,580) | (5,580) |
| Balance at 30 Sep 2016 | 2,188,645 | (2,039,412) | 149,233 |
| Balance at 1 Jan 2015 | 2,188,645 | (1,533,331) | 655,314 |
| Total comprehensive income for the period | - | (3,895) | (3,895) |
| Balance at 30 Sep 2015 | 2,188,645 | (1,537,226) | 651,419 |

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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's shares during the period ended 30 September 2016.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

| | Number of shares |
|---|------------------|
| At 30 September 2016 and 31 December 2015 | 1,401,445,464 |

There were no shares held as treasury shares as at 30 September 2016 and 31 December 2015.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable, as there were no shares held as treasury shares as at 30 September 2016 and 31 December 2015.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the new and revised accounting standards which came into effect for the financial year beginning 1 January 2016 and has applied the same accounting policies and methods of computation as those of the previous financial year ended 31 December 2015, save as disclosed below. The adoption of the new and revised accounting standards has no material impact on the financial statements of the Group and the Company for the period ended 30 September 2016. Consistent with the prior year's accounting policy, the Group appraises the fair value of its biological assets only at the end of the financial year.

During the period, the Group re-designated its investment in associate (PT SLJ Global Tbk) as available for sale investment as the Group no longer has significant influence over the associate's financial and operating policies. The investment is being carried at the transaction price agreed in the proposed disposal of the investment as announced on 15 August 2016.

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5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to point 4.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

| Group | 3-month ended | | 9-month ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 30/09/2016 | 30/09/2015 | 30/09/2016 | 30/09/2015 |
| Weighted average number of ordinary shares for basic earnings per share computation | 1,401,445,464 | 1,401,445,464 | 1,401,445,464 | 1,401,445,464 |
| Weighted average number of ordinary shares for diluted earnings per share computation | 1,401,445,464 | 1,401,445,464 | 1,401,445,464 | 1,401,445,464 |
| | Rp (full amount) | Rp (full amount) | Rp (full amount) | Rp (full amount) |
| Earnings per share attributable to owners of the Company | | | | |
| Basic and diluted | (74) | (112) | (160) | (194) |

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and
(b) immediately preceding financial year.

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 30/09/2016 | 31/12/2015 | 30/09/2016 | 31/12/2015 |
| Net assets for the period attributable to owners of the Company used in computation of net asset value per share (Rp/million) | (77,252) | 144,729 | 149,233 | 154,813 |
| Number of ordinary shares at the end of the period | 1,401,445,464 | 1,401,445,464 | 1,401,445,464 | 1,401,445,464 |
| Net asset value per ordinary share (Rp full amount) | (55) | 103 | 106 | 110 |

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors

Our Group reported a net loss of Rp227 billion in 9M 2016 as compared to Rp272 billion in 9M 2015. The losses for 2016 came mainly from lower sales volume and lower selling prices achieved, higher unit production costs as production volume declined, increased in raw material costs, higher interest expense and one off tax assets written off arising from reorganisation of operations, offsetted by net fair value gain of available for sale investment in PT SLJ Global Tbk

The Group reported a net loss of Rp104 billion in 3Q 2016. Save for savings in general and administrating expenses and lower interest expenses in 3Q 2016, the performance was affected mainly by the same factors as mentioned above.

Revenue

| | 3-month ended | | | 9-month ended | | |
|----------------|-------------------|-------------------|----------|-------------------|-------------------|----------|
| | 30/09/2016 | 30/09/2015 | Change | 30/09/2016 | 30/09/2015 | Change |
| | <i>Rp'million</i> | <i>Rp'million</i> | <i>%</i> | <i>Rp'million</i> | <i>Rp'million</i> | <i>%</i> |
| Domestic sales | 458,912 | 527,470 | (13) | 1,557,837 | 1,561,846 | (0) |
| Export sales | 222,609 | 297,459 | (25) | 790,519 | 912,091 | (13) |
| Total | 681,521 | 824,929 | (17) | 2,348,356 | 2,473,937 | (5) |

Our sales decreased by 5% to Rp2,348 billion, amid a slowdown in export sales over the 9 month period. The domestic sales volume and price remained largely flat for the same period ended. In 3Q 2016, our domestic sales volume decreased due to long "Lebaran" holiday, while the export sales was affected by general slowdown in demand. Average selling prices decreased by 6% (9M 2016: 2%) compared to previous periods.

Gross profit

Our gross profit decreased by 51% and 50% in 3Q and 9M 2016 respectively. This was mainly due to higher unit production costs as production volume declined, increased in raw material costs and lower sales achieved.

Other Income

Other income came mainly from:

1. exchange gain of Rp6 billion - the weakening of US dollar has resulted in mainly unrealised foreign exchange gain from translation of our US dollar denominated loans;
2. write-back of allowance for advance to suppliers of Rp1 billion; and
3. fair value gain of available for sale investment in PT SLJ Global Tbk of Rp57 billion – in 2Q 2016, the Group re-designated its investment in this associate as available for sale investment as the Group no longer has significant influence over the associate's financial and operating policies. The investment is being carried at the transaction price agreed in the proposed disposal of the investment as announced on 15 August 2016.

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Selling expenses

In 3Q 2016 and 9M 2016, the decrease in the selling expenses came mainly from the decrease in the freight costs, due mainly to lower export sales. Freight costs decreased by Rp18 billion and Rp19 billion compared to 3Q 2015 and 9M 2015.

General and administration (“G&A”) expenses

Our G&A expenses for 3Q 2016 have decreased over that of previous period. This was due mainly to decrease in staff related costs and other operational costs as the Group is undergoing costs cutting measures. The G&A expenses for the 9 month period ended September 2016 was higher compared to previous period because of higher provision for pension costs.

Finance Expenses

Our finance expenses relate mainly to interest expense. On 9 month period basis, the increase in the interest expense was mainly due to drawdown of additional loans for working capital purposes. In 3Q 2016, we obtained an interest free loan and part of the loan was used to repay our interest bearing loan. As a result, our interest expense reduced in 3Q 2016.

Other expenses

Included in other expenses for 2016 were mainly workers separation expenses (Rp27 billion) and one off VAT receivables written off in 3Q 2016 – Rp13 billion (owing to re-organisation of the Group exercise as announced on 7 October 2016). The other expenses in 2015 came mainly from foreign exchange loss. The Group began its costs cutting exercise in 1Q 2016.

Taxation

Our tax expenses comprise the following:

| | 3-month ended | | | 9-month ended | | |
|--|-----------------|----------------|------------|-----------------|-----------------|------------|
| | 30/09/2016 | 30/09/2015 | Change | 30/09/2016 | 30/09/2015 | Change |
| | Rp'million | Rp'million | % | Rp'million | Rp'million | % |
| Current income tax: | | | | | | |
| - Current income tax | (4,573) | 6,261 | n.m | (13,490) | (10,647) | 27 |
| - Impairment of prepaid taxes | (34,653) | - | n.m | (34,653) | - | n.m |
| - Under provision of prior periods taxes | - | (3) | (100) | - | (1,388) | (100) |
| | <u>(39,226)</u> | <u>6,258</u> | <u>n.m</u> | <u>(48,143)</u> | <u>(12,035)</u> | <u>300</u> |
| Deferred income tax: | | | | | | |
| - Current period addition | 11,836 | (6,028) | n.m | 31,473 | 2,739 | 1,049 |
| - Impairment during the period | (26,619) | - | n.m | (26,619) | - | n.m |
| | <u>(14,783)</u> | <u>(6,028)</u> | <u>145</u> | <u>4,854</u> | <u>2,739</u> | <u>77</u> |
| Total | <u>(54,009)</u> | <u>230</u> | <u>n.m</u> | <u>(43,289)</u> | <u>(9,296)</u> | <u>366</u> |

Indonesia adopts individual company income tax system.

Our effective tax rate was not aligned with statutory tax rate due mainly to certain expenses not deductible for tax purposes and losses of certain subsidiaries not recognised as deferred tax assets due to the uncertainty of its recovery.

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During 3Q 2016, the Group impaired prepaid taxes and deferred tax assets amounted to Rp35 billion and Rp27 billion respectively. The one off impairment was made following the review of the recovery of tax assets as part of the Group re-organisation exercise announced on 7 October 2016.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Financial Position

The Group's property, plant and equipment decreased by Rp54 billion. This was due mainly to depreciation charges incurred during the period more than offset the acquisition of new assets amounted to Rp31 billion.

Investment in available for sales financial assets relates to investment in PT SLJ Global Tbk. The increase is mainly due to reclassification from investment in an associate to available for sale investment in 2Q 2016.

Deferred tax assets increased by Rp5 billion. This came mainly from provision of deferred tax assets from certain loss making subsidiaries.

Other non-current assets decreased by Rp26 billion. This was mainly due to impairment made in prepaid taxes. See paragraph (a) Taxation.

In 3Q 2016, our Group's current assets have decreased by Rp168 billion to Rp843 billion.

The decrease was due mainly to:

- 1) lower trade receivables. This came mainly from lower domestic trade receivables;
- 2) lower inventory level as production volume decreased; and
- 3) decrease in VAT receivables and prepayment of corporate income tax. The decrease in VAT receivables was mainly due to one off VAT receivables written off amounting to Rp13 billion in 3Q 2016 (owing to re-organisation of the Group exercise as announced on 7 October 2016). Prepayment of corporate income tax reduced because of lower taxable income in certain subsidiaries.

As at 30 September 2016, our Group's current liabilities have increased by Rp153 billion to Rp1,193 billion. This contributed mainly by shareholder's loan of Rp65 billion and advance received from sale of investment of Rp20 billion, increase in the short-term borrowings as well as long-term borrowings due within 12 months totaling Rp99 billion, offset by lower trade and other payable as activities slow down.

For the same period ended, the non-current liabilities have decreased by Rp73 billion. This was mainly due to decrease in loans and borrowings - mainly due to foreign exchange translation gain effect and reclassification of loans to current liabilities for loans due within 12 months.

Statement of Cash Flow

During the period, the Group reported cash outflow of Rp44 billion, Rp2 billion, and Rp32 billion from operating, investing and financing activities, respectively. Net cash decreased by Rp79 billion.

Our cash from operations was affected by lower sales and lower gross profit attained as well as re-organisation expenses incurred such as workers separation expenses and post retirement benefits paid.

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Our cash used in the investing activities were mainly for acquisitions of property, plant and equipment, offsetted by advance received from sale of investment in PT SLJ Global Tbk.

Our cash flow in the financing activities relates mainly to net repayment of loans interests. The repayments of bank borrowings and its interests were in accordance with the repayments schedule.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

- 1) The Group has US dollar borrowings, where the risk of foreign exchange fluctuation may materially affect the Group's results (positively or negatively depending on, *inter alia*, the direction of the fluctuation). Although the risk may be mitigated by our US dollar export sales (thus providing the natural hedging to the foreign currency fluctuation exposure), we illustrate below the sensitivity impact of our US dollar borrowings to our net loss arising from the possible change in the US exchange rate, assuming all other variables are held constant with tax rate of 25% in Indonesia:

| Indonesia Rupiah to US Dollar exchange rates | (Weakened) / strengthened | Loss after tax for the period Rp227 billion (Increase)/ decrease |
|--|------------------------------|--|
| <i>Rp'full amount</i> | | Rp'million |
| 13,973 | (7.5%) | (29,142) |
| 13,648 | (5.0%) | (19,428) |
| 13,323 | (2.5%) | (9,714) |
| 12,673 | 2.5% | 9,714 |
| 12,348 | 5.0% | 19,428 |
| 12,023 | 7.5% | 29,142 |

Our US\$ loans as at 30 September 2016 US\$40 million.

| Exchange rate: | <u>Rp/US\$1</u> |
|---------------------|-----------------|
| - 11 November 2016 | Rp13,350 |
| - 30 September 2016 | Rp12,998 |
| - 31 December 2015 | Rp13,795 |
| - 30 September 2015 | Rp14,657 |

- 2) The current unfavourable business environment continues to affect our profitability and liquidity position. We are experiencing slow-down in the demand of our products and facing tight liquidity situation and our performance will remain challenging in the near future. Our immediate plan is to improve our liquidity position, undertake costs cutting and costs control measures and, improve production efficiency.

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- 3) Among other steps to improve the liquidity, on 15 August 2016 and 9 September 2016, we have announced that the Group is planning to dispose off a non-core asset, PT SLJ Global Tbk, and raise funding through right issues. Upon the completion of these transactions, it will allay some of our liquidity pressures. The Group will continue to monitor the situation and undertake to dispose off any non-core assets as necessary.
- 4) Our costs cutting and costs control measures are critical processes to return the Group to profitability and improve its liquidity. We have started to rationalise the workers and staff force requirements and this process is ongoing. In addition, we are in the process of putting in place tighter controls over spending of expenses. We remain cautious of the rising production costs and will take further actions to mitigate the costs pressure and strive to remain competitive.
- 5) Slow down in the Indonesian economy may affect the demand for our products locally. We expect, however, government and private spending on the infrastructure projects in Indonesia will spur the local economy and hence cushion the lower demand. Our export sales may be adversely affected due to weak global economy and depreciation of currencies in certain export markets. We will strive to diversify our markets to reduce such risks.

11. Dividend.

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend will be declared in the current period being reviewed.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend for financial period ended 30 September 2016 has been declared.

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13. Interested person transactions.

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited. The following is the aggregate value of all transactions with interested persons for the third quarter ended 30 September 2016:

| <i>Name of interested person</i> | <i>Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</i> | <i>Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</i> |
|---|--|---|
| | <i>Rp'million</i> | <i>Rp'million</i> |
| PT Pelayaran Nelly Dwi Putri <i>Freight expenses</i> | 4,719 | - |
| PT Sampoerna Land <i>Office rental</i> | 3,924 | - |
| PT Wahana Sekar Agro <i>Cooperation for cultivation of trees</i> | 343 | - |
| PT Bank Sahabat Sampoerna <i>Interest expenses</i> | 2,198 | - |

Certain Sunarko family members are substantial shareholders of PT Pelayaran Nelly Dwi Putri Tbk (a listed company in Indonesia). They are also substantial shareholders and directors of the Company.

PT Sampoerna Land, PT Wahana Sekar Agro and PT Bank Sahabat Sampoerna are controlled by the Sampoerna family, who are substantial shareholders of the Company.

14. Statement by Directors pursuant to Rule 705(5) of the SGX Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Directors which may render the unaudited financial statements for the third quarter ended 30 September 2016 to be false or misleading in any material aspect.

15. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer
11 November 2016

PROCEDURES FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION BY ENTITLED DEPOSITORS

1. INTRODUCTION

1.1 Entitled Depositors are entitled to receive this Offer Information Statement and the ARE which forms part of this Offer Information Statement. For the purposes of this Offer Information Statement, any reference to an application by way of an Electronic Application without reference to such an Electronic Application being made through an ATM of a Participating Bank, namely, OCBC or UOB Group, shall, where the Entitled Depositor is a Depository Agent, be taken to include an application made via the SGX-SSH Service. **Electronic Applications through ATMs may only be made through ATMs of (i) OCBC; and (ii) UOB Group. Electronic Applications through ATMs of banks other than the two Participating Banks will not be accepted.**

1.2 The provisional allotments of Rights Shares are governed by the terms and conditions of this Offer Information Statement, the enclosed ARE and (if applicable) the Constitution of the Company.

The number of Rights Shares provisionally allotted to each Entitled Depositor is indicated in the ARE. The Securities Accounts of Entitled Depositors have been credited by CDP with the provisional allotments of Rights Shares as indicated in the ARE. Entitled Depositors may accept their provisional allotments of Rights Shares in full or in part and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Full instructions for the acceptance of and payment for the provisional allotments of Rights Shares and the application and payment for excess Rights Shares are set out in this Offer Information Statement as well as the ARE.

1.3 If an Entitled Depositor wishes to accept his provisional allotment of Rights Shares specified in the ARE, in full or in part, and (if applicable) apply for excess Rights Shares in addition to the Rights Shares which have been provisionally allotted to him, he may do so by completing and signing the relevant sections of the ARE or by way of an Electronic Application. An Entitled Depositor should ensure that the ARE is accurately completed and signed, failing which his acceptance of the provisional allotment of Rights Shares and (if applicable) application for excess Rights Shares may be rejected.

For and on behalf of the Company, CDP reserves the right to refuse to accept any acceptance(s) and (if applicable) excess application(s) if the ARE is not accurately completed and signed, or if the "Free Balance" of the relevant Securities Account is not credited with, or is credited with less than, the relevant number of Rights Shares accepted as at the Closing Date, or for any other reason(s) whatsoever the acceptance and (if applicable) the excess application is in breach of the terms of the ARE or this Offer Information Statement, at CDP's absolute discretion, and to return or refund all monies received to the person(s) entitled thereto **BY CREDITING HIS/THEIR BANK ACCOUNT(S) WITH OCBC OR UOB GROUP** (if he/they accept and (if applicable) apply by way of an Electronic Application through an ATM of OCBC or UOB Group) or **BY MEANS OF A CROSSED CHEQUE** in Singapore currency **SENT BY ORDINARY POST** to his/their mailing addresses as maintained in the records of CDP or in such other manner as he/they may have agreed with CDP for the payment of any cash distribution (if he/they accept and (if applicable) apply through CDP), as the case may be, in each case **AT HIS/THEIR OWN RISK** without interest or any share of revenue or other benefit arising therefrom.

AN ENTITLED DEPOSITOR MAY ACCEPT HIS PROVISIONAL ALLOTMENT OF RIGHTS SHARES SPECIFIED IN HIS ARE AND (IF APPLICABLE) APPLY FOR EXCESS RIGHTS SHARES EITHER THROUGH CDP OR BY WAY OF AN ELECTRONIC APPLICATION THROUGH AN ATM OF OCBC OR UOB GROUP AS DESCRIBED BELOW. WHERE AN ENTITLED DEPOSITOR IS A DEPOSITORY AGENT, IT MAY MAKE ITS ACCEPTANCE AND EXCESS APPLICATION (IF APPLICABLE) VIA THE SGX-SSH SERVICE.

With regard to any acceptance, application and/or payment which does not conform strictly to the instructions set out under this Offer Information Statement, the ARE, the ARS, the PAL and/or any other application form for the Right Shares and/or excess Rights Shares in relation to the Rights Issue, or where the “Free Balance” of the Entitled Depositor’s Securities Account is not credited with, or is credited with less than, the relevant number of Rights Shares subscribed for as at the Closing Date, or which does not comply with the instructions for an Electronic Application or with the terms and conditions of this Offer Information Statement, or in the case of an acceptance and/or application by the ARE, the ARS, the PAL and/or any other application form for the Rights Shares and/or excess Rights Shares in relation to the Rights Issue which is illegible, incomplete, incorrectly completed, unsigned, signed but not in its originality or which is accompanied by an improperly or insufficiently drawn remittance, the Company and/or CDP may, at their/its absolute discretion, reject or treat as invalid any such acceptance, application, payment and/or other process of remittance at any time after receipt in such manner as they/it may deem fit.

The Company and/or CDP shall be entitled to process each application submitted for the acceptance of the provisional allotment of Rights Shares, and where applicable, each application for excess Rights Shares in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Entitled Depositor, on its own, without regard to any other application and payment that may be submitted by the same Entitled Depositor. For the avoidance of doubt, insufficient payment for an application may render the application invalid and evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for excess Rights Shares.

1.4 For investors who hold Shares through finance companies or Depository Agents, acceptance of the Rights Shares and (if applicable) application for excess Rights Shares must be done through the respective finance companies or Depository Agents. Any acceptance and/or application made directly through CDP, Electronic Applications, the Share Transfer Agent and/or the Company will be rejected.

1.5 Unless expressly provided to the contrary in this Offer Information Statement, the ARE and/or the ARS with respect to enforcement against Entitled Depositors or their Renounees, a person who is not a party to any contracts made pursuant to this Offer Information Statement, the ARE and/or the ARS has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties thereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

2. MODE OF ACCEPTANCE AND APPLICATION

2.1 Acceptance/Application through CDP

If the Entitled Depositor wishes to accept the provisional allotment of Rights Shares and (if applicable) apply for excess Rights Shares through CDP, he must:

- (a) complete and sign the ARE. In particular, he must state in Part C(i) of the ARE the total number of Rights Shares provisionally allotted to him which he wishes to accept and the number of excess Rights Shares applied for and in Part C(ii) of the ARE the 6 digits of the Cashier’s Order/Banker’s Draft; and
- (b) deliver the duly completed and original signed ARE accompanied by **A SINGLE REMITTANCE** for payment in full for the relevant number of Rights Shares accepted and (if applicable) excess Rights Shares applied for:
 - (i) by hand to **SAMKO TIMBER LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, 9 NORTH BUONA VISTA DRIVE, #01-19/20 THE METROPOLIS, SINGAPORE 138588**; or

- (ii) by post in the self-addressed envelope provided, **AT THE SENDER'S OWN RISK, to SAMKO TIMBER LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147,**

in each case, so as to arrive not later than **5.00 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

The payment for the relevant number of Rights Shares accepted and (if applicable) excess Rights Shares applied for at the Issue Price must be made in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**CDP — SAMKO TIMBER RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" with the name and Securities Account number of the Entitled Depositor clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft.

NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER FORMS OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.

For investors who hold Shares through finance companies or Depository Agents, acceptances of the Rights Shares and (if applicable) applications for excess Rights Shares must be done through the relevant respective finance companies or Depository Agents, respectively. Such investors are advised to provide their respective finance companies or Depository Agents, as the case may be, with the appropriate instructions no later than the deadlines set by them in order for such intermediaries to make the relevant acceptance and (if applicable) application on their behalf by the Closing Date. Any acceptance and/or application made directly through CDP, Electronic Applications, the Share Transfer Agent and/or the Company will be rejected.

Where an Entitled Depositor is a Depository Agent, it may make its acceptance and excess application (if applicable) via the SGX-SSH Service.

2.2 Acceptance through the SGX-SSH Service (for Depository Agents only)

Depository Agents may accept the provisional allotment of Rights Shares and (if applicable) apply for excess Rights Shares through the SGX-SSH Service provided by CDP as listed in Schedule 3 of the "Terms and Conditions for User Services for Depository Agents". CDP has been authorised by the Company to receive acceptances on its behalf. Such acceptances and (if applicable) applications will be deemed irrevocable and subject to each of the terms and conditions contained in the ARE and this Offer Information Statement as if the ARE had been completed and submitted to CDP.

2.3 Insufficient Payment

If no remittance is attached or the remittance attached is less than the full amount that is payable for the provisional allotment of Rights Shares accepted by the Entitled Depositor and (if applicable) the excess Rights Shares applied for by the Entitled Depositor, the attention of the Entitled Depositor is drawn to paragraphs 1.3 and 5.2 of this Appendix 5 which set out the circumstances and manner in which the Company and/or CDP shall be authorised and entitled to determine and appropriate all amounts received by CDP on the Company's behalf whether under the ARE, the ARS or any other application form for Rights Shares and/or excess Rights Shares in relation to the Rights Issue.

2.4 **Acceptance/Application by way of an Electronic Application through an ATM of OCBC or UOB Group**

Instructions for Electronic Applications through ATMs to accept the Rights Shares provisionally allotted or (if applicable) to apply for excess Rights Shares will appear on the ATM screens of OCBC and UOB Group. Please refer to Appendix 6 to this Offer Information Statement for the additional terms and conditions for Electronic Applications through an ATM of UOB Group or OCBC.

Electronic Applications through ATMs may only be made through ATMs of (i) OCBC; and (ii) UOB Group. Electronic Applications through ATMs of banks other than the two Participating Banks will not be accepted.

IF AN ENTITLED DEPOSITOR MAKES AN ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK, HE WOULD HAVE IRREVOCABLY AUTHORISED THE PARTICIPATING BANK TO DEDUCT THE FULL AMOUNT PAYABLE FROM HIS BANK ACCOUNT WITH SUCH PARTICIPATING BANK IN RESPECT OF SUCH APPLICATION. IN THE CASE OF AN ENTITLED DEPOSITOR WHO HAS ACCEPTED THE RIGHTS SHARES PROVISIONALLY ALLOTTED TO HIM BY WAY OF THE ARE AND/OR THE ARS AND/OR HAS APPLIED FOR EXCESS RIGHTS SHARES BY WAY OF THE ARE AND ALSO BY WAY OF AN ELECTRONIC APPLICATION THROUGH AN ATM OF OCBC OR UOB GROUP, THE COMPANY AND/OR CDP SHALL BE AUTHORISED AND ENTITLED TO ACCEPT HIS INSTRUCTIONS IN WHICHEVER MODE OR COMBINATION AS THE COMPANY AND/OR CDP MAY, IN THEIR/ITS ABSOLUTE DISCRETION, DEEM FIT.

2.5 **Acceptance of Part of Provisional Allotments of Rights Shares and Trading of Provisional Allotments of Rights Shares**

An Entitled Depositor may choose to accept his provisional allotment of Rights Shares specified in the ARE in full or in part. If an Entitled Depositor wishes to accept part of his provisional allotment of Rights Shares and trade the balance of his provisional allotment of Rights Shares on the SGX-ST, he should:

- (a) complete and sign the ARE for the number of Rights Shares provisionally allotted which he wishes to accept and submit the duly completed and original signed ARE together with payment in the prescribed manner as described in paragraph 2.1 above to CDP; or
- (b) accept and subscribe for that part of his provisional allotment of Rights Shares by way of an Electronic Application in the prescribed manner as described in paragraphs 2.2 or 2.4 above.

The balance of his provisional allotment of Rights Shares may be sold as soon as dealings therein commence on the SGX-ST.

Entitled Depositors who wish to trade all or part of their provisional allotments of Rights Shares on the SGX-ST during the provisional allotment trading period should note that the provisional allotments of Rights Shares will be tradable in the ready market in board lots, each board lot comprising provisional allotments of 100 Rights Shares, or any other board lot size which the SGX-ST may require. Such Entitled Depositors may start trading in their provisional allotments of Rights Shares as soon as dealings therein commence on the SGX-ST. Entitled Depositors who wish to trade in lot sizes other than mentioned above may do so in the Unit Share Market of the SGX-ST during the provisional allotment trading period.

2.6 **Sale of Provisional Allotments of Rights Shares**

The ARE need not be forwarded to the purchasers of the provisional allotments of Rights Shares (“**Purchasers**”) as arrangements will be made by CDP for separate ARS to be issued to the Purchasers. Purchasers should note that CDP will, for and on behalf of the Company, send the ARS, accompanied by this Offer Information Statement and other accompanying documents, **BY ORDINARY POST AND AT THE PURCHASERS’ OWN RISK**, to their respective addresses

as maintained in the records of CDP. Purchasers should ensure that their ARS are accurately completed and signed, failing which their acceptances of the provisional allotments of Rights Shares may be rejected. Purchasers who do not receive the ARS, accompanied by this Offer Information Statement and other accompanying documents, may obtain the same from CDP for the period up to **5.00 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company). Purchasers should also note that if they make any purchase on or around the last trading day of the Nil-paid Rights, this Offer Information Statement and its accompanying documents might not be despatched in time for the subscription of the Rights Shares. Purchasers may obtain a copy from CDP. Alternatively, Purchasers may accept and subscribe by way of Electronic Applications in the prescribed manner in paragraph 2.4 above.

Foreign Purchasers are advised that their participation in the Rights Issue may be restricted or prohibited by the laws of the jurisdiction in which they are located or resident.

This Offer Information Statement and its accompanying documents will not be despatched to Foreign Purchasers. Subject to compliance with applicable laws, Foreign Purchasers who wish to accept the provisional allotments of Rights Shares credited by CDP to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

PURCHASERS SHOULD INFORM THEIR FINANCE COMPANIES OR DEPOSITORY AGENTS IF THEIR PURCHASES OF SUCH PROVISIONAL ALLOTMENTS OF RIGHTS SHARES ARE SETTLED THROUGH THESE INTERMEDIARIES. IN SUCH INSTANCES, IF THE PURCHASERS WISH TO ACCEPT THE RIGHTS SHARES REPRESENTED BY THE PROVISIONAL ALLOTMENTS PURCHASED, THEY ARE ADVISED TO PROVIDE THEIR RESPECTIVE FINANCE COMPANIES OR DEPOSITORY AGENTS, AS THE CASE MAY BE, WITH THE APPROPRIATE INSTRUCTIONS NO LATER THAN THE DEADLINES SET BY THEM, IN ORDER FOR SUCH INTERMEDIARIES TO ACCEPT THE PROVISIONAL ALLOTMENTS OF RIGHTS SHARES ON THEIR BEHALF.

Electronic Applications through ATMs may only be made through ATMs of (i) OCBC; and (ii) UOB Group. Electronic Applications through ATMs of banks other than the two Participating Banks will not be accepted.

2.7 Renunciation of Provisional Allotments of Rights Shares

Entitled Depositors who wish to renounce in full or in part their provisional allotments of Rights Shares in favour of a third party should complete the relevant transfer forms with CDP (including any accompanying documents as may be required by CDP) for the number of provisional allotments of Rights Shares which they wish to renounce. Such renunciation shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", as the same may be amended from time to time, copies of which are available from CDP. As CDP requires at least three (3) Market Days to effect such renunciation, Entitled Depositors who wish to renounce are advised to do so early to allow sufficient time for CDP to send the ARS and other accompanying documents, for and on behalf of the Company, to the Renounee **BY ORDINARY POST** and **AT HIS OWN RISK**, to his address as maintained in the records of CDP and for the Renounee to accept his provisional allotments of Rights Shares. The last time and date for acceptance of the provisional allotments of Rights Shares and payment for the Rights Shares by the Renounee is **5.00 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company) (if acceptance is made through CDP) or **9.30 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company) (if acceptance is made by way of an Electronic Application through an ATM of a Participating Bank).

Electronic Applications through ATMs may only be made through ATMs of (i) OCBC; and (ii) UOB Group. Electronic Applications through ATMs of banks other than the two Participating Banks will not be accepted.

3. COMBINATION APPLICATION

In the event that the Entitled Depositor or the Purchaser accepts his provisional allotments of Rights Shares by way of the ARE and/or the ARS and also by way of Electronic Application(s) and/or has applied for excess Rights Shares by way of the ARE and also by way of Electronic Application(s), the Company and/or CDP shall be authorised and entitled to accept his instructions in whichever mode or combination as the Company and/or CDP may, in their/its absolute discretion, deem fit. Without prejudice to the generality of the foregoing, in such a case, the Entitled Depositor or the Purchaser shall be regarded as having irrevocably authorised the Company and/or CDP to apply all amounts received whether under the ARE, the ARS and (if applicable) any other acceptance of Rights Shares provisionally allotted to him and/or application for excess Rights Shares (including Electronic Application(s)) in whichever mode or combination as the Company and/or CDP may, in their/its absolute discretion, deem fit.

4. ILLUSTRATIVE EXAMPLES (ASSUMPTION: ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY SEVEN (7) EXISTING ORDINARY SHARES AT AN ISSUE PRICE OF S\$0.035)

As an illustration, if an Entitled Depositor has 70,000 Shares standing to the credit of his Securities Account as at the Books Closure Date, the Entitled Depositor will be provisionally allotted 50,000 Rights Shares as set out in his ARE. The Entitled Depositor's alternative courses of action, and the necessary procedures to be taken under each course of action, are summarised below:

Alternatives

- (a) Accept his entire provisional allotment of 50,000 Rights Shares and (if applicable) apply for excess Rights Shares

Procedures to be taken

- (1) Accept his entire provisional allotment of 50,000 Rights Shares and (if applicable) apply for excess Rights Shares by way of an Electronic Application through an ATM of OCBC or UOB Group as described herein not later than **9.30 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company); or
- (2) Complete and sign the ARE in accordance with the instructions contained therein for the acceptance in full of his provisional allotment of 50,000 Rights Shares and (if applicable) the number of excess Rights Shares applied for and forward the original signed ARE together with a single remittance for S\$1,750.00 (or, if applicable, such higher amount in respect of the total number of Rights Shares accepted and excess Rights Shares applied for) by way of a Cashier's Order or Banker's Draft drawn in Singapore currency on a bank in Singapore, and made payable to "**CDP — SAMKO TIMBER RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" for the full amount due on acceptance and (if applicable) application, by hand to **SAMKO TIMBER LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, at 9 NORTH BUONA VISTA DRIVE, #01-19/20 THE METROPOLIS, SINGAPORE 138588** or by post, at his own risk, in the self-addressed envelope provided to **SAMKO TIMBER LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED,**

Alternatives

Procedures to be taken

ROBINSON ROAD POST OFFICE P.O. BOX 1597, SINGAPORE 903147 so as to arrive not later than **5.00 p.m. on 8 December 2016**(or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company) and with the name and Securities Account number of the Entitled Depositor clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft.

NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER FORMS OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.

(b) Accept a portion of his provisional allotment of Rights Shares, for example his entitlement to 5,000 provisionally allotted Rights Shares, not apply for excess Rights Shares and trade the balance on the SGX-ST

(1) Accept his provisional allotment of 5,000 Rights Shares by way of an Electronic Application through an ATM of OCBC or UOB Group as described herein not later than **9.30 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company); or

(2) Complete and sign the ARE in accordance with the instructions contained therein for the acceptance of his provisional allotment of 5,000 Rights Shares, and forward the original signed ARE, together with a single remittance for S\$175.00, in the prescribed manner described in alternative (a)(2) above, to CDP, so as to arrive not later than **5.00 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

The balance of the provisional allotment of 45,000 Rights Shares which is not accepted by the Entitled Depositor may be traded on the SGX-ST during the provisional allotment trading period. Entitled Depositors should note that the provisional allotments of Rights Shares will be tradable in the ready market in board lots, each board lot comprising provisional allotments of 100 Rights Shares or any other board lot size which the SGX-ST may require.

Alternatives

- (c) Accept a portion of his provisional allotment of Rights Shares, for example his entitlement to 5,000 provisionally allotted Rights Shares, and reject the balance

Procedures to be taken

- (1) Accept his provisional allotment of 5,000 Rights Shares by way of an Electronic Application through an ATM of OCBC or UOB Group as described herein not later than **9.30 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company); or
- (2) Complete and sign the ARE in accordance with the instructions contained therein for the acceptance of his provisional allotment of 5,000 Rights Shares and forward the original signed ARE, together with a single remittance for S\$175.00, in the prescribed manner described in alternative (a)(2) above to CDP so as to arrive not later than **5.00 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

The balance of the provisional allotment of 45,000 Rights Shares which is not accepted by the Entitled Depositor will automatically lapse and cease to be available for acceptance by that Entitled Depositor if an acceptance is not made through an ATM of OCBC or UOB Group by **9.30 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company) or if an acceptance is not made through CDP by **5.00 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

5. TIMING AND OTHER IMPORTANT INFORMATION

5.1 Timing

THE LAST TIME AND DATE FOR ACCEPTANCES OF AND (IF APPLICABLE) EXCESS APPLICATIONS AND PAYMENT FOR THE RIGHTS SHARES UNDER THE RIGHTS ISSUE IS:

- (A) **9.30 P.M. ON 8 DECEMBER 2016 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE COMPANY) IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS SHARES IS MADE THROUGH AN ATM OF OCBC OR UOB GROUP; AND**
- (B) **5.00 P.M. ON 8 DECEMBER 2016 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE COMPANY) IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS SHARES IS MADE THROUGH CDP OR SGX-SSH SERVICE.**

If acceptance of and (if applicable) excess application and payment for the Rights Shares in the prescribed manner as set out in the ARE and/or the ARS (as the case may be) and this Offer Information Statement is not received through an ATM of OCBC or UOB Group by **9.30 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company) or through CDP by **5.00 p.m. on 8 December 2016** (or such other

time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company) from any Entitled Depositor or Purchaser, the provisional allotments of Rights Shares shall be deemed to have been declined and shall forthwith lapse and become void and cease to be capable of acceptance, and such provisional allotments not so accepted will be used to satisfy excess applications, if any, or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit. All monies received in connection therewith will be returned or refunded by CDP for and on behalf of the Company to the Entitled Depositors or the Purchasers, as the case may be, without interest or any share of revenue or other benefit arising therefrom, by means of a crossed cheque in Singapore currency drawn on a bank in Singapore and sent **BY ORDINARY POST** to their mailing addresses as maintained in the records of CDP or in such other manner as they may have agreed with CDP for the payment of any cash distribution (where acceptance and/or application has been made through CDP), or by crediting their accounts with OCBC or UOB Group (where acceptance and/or application has been made through Electronic Application at the ATMs of OCBC or UOB Group) and **AT THE ENTITLED DEPOSITORS' OR THE PURCHASERS' OWN RISK.**

IF ANY ENTITLED DEPOSITOR OR PURCHASER (AS THE CASE MAY BE) IS IN ANY DOUBT AS TO THE ACTION HE SHOULD TAKE, HE SHOULD CONSULT HIS STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

5.2 Appropriation

Without prejudice to paragraph 1.3 of this Appendix 5, an Entitled Depositor should note that:

- (a) by accepting his provisional allotment of Rights Shares and/or applying for excess Rights Shares, he acknowledges that, in the case where the amount of remittance payable to the Company in respect of his acceptance of the Rights Shares provisionally allotted to him and (if applicable) in respect of his application for excess Rights Shares as per the instructions received by CDP whether under the ARE, the ARS and/or in any other application form for Rights Shares and/or excess Rights Shares in relation to the Rights Issue, differs from the amount actually received by CDP, the Company and/or CDP shall be authorised and entitled to determine and appropriate all amounts received by CDP on the Company's behalf for each application on its own whether under the ARE, the ARS and/or any other application form for Rights Shares and/or excess Rights Shares in relation to the Rights Issue as follows: firstly, towards payment of all amounts payable in respect of his acceptance of the Rights Shares provisionally allotted to him; and secondly, (if applicable) towards payment of all amounts payable in respect of his application for excess Rights Shares. The determination and appropriation by the Company and/or CDP shall be conclusive and binding;
- (b) if the Entitled Depositor has attached a remittance to the ARE, the ARS and/or any other application form for Rights Shares and/or excess Rights Shares in relation to the Rights Issue made through CDP, he would have irrevocably authorised the Company and/or CDP, in applying the amounts payable for his acceptance of the Rights Shares and (if applicable) his application for excess Rights Shares, to apply the amount of the remittance which is attached to the ARE, the ARS and/or any other application form for Rights Shares and/or excess Rights Shares in relation to the Rights Issue made through CDP; and
- (c) in the event that the Entitled Depositor accepts the Rights Shares provisionally allotted to him by way of the ARE and/or the ARS and/or has applied for excess Rights Shares by way of the ARE and also by way of an Electronic Application, the Company and/or CDP shall be authorised and entitled to accept his instructions in whichever mode or combination as the Company and/or CDP may, in their/its absolute discretion, deem fit. Without prejudice to the generality of the foregoing, in such a case, the Entitled Depositor shall be regarded as having irrevocably authorised the Company and/or CDP to apply all amounts received whether under the ARE, the ARS and/or any other acceptance and/or excess application for Rights Shares (including an Electronic Application) in whichever mode or combination as the Company and/or CDP may, in their/its absolute discretion, deem fit.

5.3 Availability of Excess Rights Shares

The excess Rights Shares available for application are subject to the terms and conditions contained in the ARE, this Offer Information Statement and (if applicable) the Constitution of the Company. Applications for excess Rights Shares will, at the Directors' absolute discretion, be satisfied from such Rights Shares as are not validly taken up by the Entitled Shareholders, the original allottee(s) or their respective Renouncee(s) or the Purchaser(s) of the provisional allotments of Rights Shares, any unsold Nil-paid provisional allotments of Rights Shares (if any) of Foreign Shareholders and any Rights Shares that are otherwise not allotted for whatever reason in accordance with the terms and conditions contained in the ARE, this Offer Information Statement and (if applicable) the Constitution of the Company. In the event that applications are received by the Company for more excess Rights Shares than are available, the excess Rights Shares available will be allotted 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, preference will be given to Shareholders for the 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 of the Company, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares. The Company reserves the right to refuse any application for excess Rights Shares, in full or in part, without assigning any reason whatsoever therefor. **CDP TAKES NO RESPONSIBILITY FOR ANY DECISION THAT THE DIRECTORS MAY MAKE.** In the event that the number of excess Rights Shares allotted to an Entitled Depositor is less than the number of excess Rights Shares applied for, the Entitled Depositor shall be deemed to have accepted the number of excess Rights Shares actually allotted to him.

If no excess Rights Shares are allotted or if the number of excess Rights Shares allotted is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be returned or refunded to such Entitled Depositors, without interest or any share of revenue or other benefit arising therefrom, within three (3) business days after the commencement of trading of the Rights Shares, by crediting their bank accounts with OCBC or UOB Group **AT THEIR OWN RISK** (if they had applied for excess Rights Shares by way of an Electronic Application through an ATM of OCBC or UOB Group), the receipt by such banks being a good discharge to the Company and CDP of their obligations, if any, thereunder, or by means of a crossed cheque in Singapore currency drawn on a bank in Singapore and sent **BY ORDINARY POST** to their mailing addresses as maintained in the records of CDP or in such other manner as they may have agreed with CDP for the payment of any cash distribution **AT THEIR OWN RISK** (if they had applied for excess Rights Shares through CDP).

5.4 Deadlines

It should be particularly noted that unless:

- (a) acceptance of the provisional allotments of Rights Shares is made by the Entitled Depositors or the Purchasers (as the case may be) by way of an Electronic Application through an ATM of OCBC or UOB Group and payment of the full amount payable for such Rights Shares is effected by **9.30 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company);
- (b) the duly completed and original signed ARE or ARS accompanied by a single remittance for the full amount payable for the relevant number of Rights Shares accepted and (if applicable) excess Rights Shares applied for at the Issue Price, made in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**CDP — SAMKO TIMBER RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" with the names and Securities Account numbers of the Entitled Depositors or the Purchasers (as the case may be) clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft is submitted by hand to **SAMKO TIMBER LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, at 9 NORTH BUONA VISTA DRIVE, #01-19/20 THE METROPOLIS, SINGAPORE 138588** or by post in the self-addressed envelope provided, **AT THE SENDER'S OWN RISK**, to **SAMKO TIMBER**

LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE P.O. BOX 1597, SINGAPORE 903147 by 5.00 p.m. on 8 December 2016 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company); or

- (c) acceptance is made by a Depository Agent via the SGX-SSH Service and payment in Singapore currency by way of telegraphic transfer by the Depository Agent for the Rights Shares is effected by **5.00 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company),

the provisional allotments of Rights Shares will be deemed to have been declined and shall forthwith lapse and become void and cease to be capable of acceptance.

All monies received in connection therewith will be returned or refunded to the Entitled Depositors or the Purchasers (as the case may be) without interest or any share of revenue or other benefit arising therefrom by means of a crossed cheque in Singapore currency drawn on a bank in Singapore and sent **BY ORDINARY POST** to their mailing addresses as maintained in the records of CDP or in such other manner as they may have agreed with CDP for the payment of any cash distribution (where acceptance and/or application has been made through CDP), or by crediting their accounts with OCBC or UOB Group (where acceptance and/or application has been made by way of an Electronic Application through an ATM of OCBC or UOB Group), and **AT THE ENTITLED DEPOSITORS' OR THE PURCHASERS' (AS THE CASE MAY BE) OWN RISK.**

ACCEPTANCES AND/OR APPLICATIONS ACCOMPANIED BY ANY OTHER FORMS OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL NOT BE ACCEPTED.

5.5 Certificates

The certificates for the Rights Shares and excess Rights Shares will be registered in the name of CDP or its nominee. Upon the crediting of the Rights Shares and excess Rights Shares, CDP will send to the mailing address of each of the Entitled Depositors or the Purchasers (as the case may be) as maintained in the records of CDP, **BY ORDINARY POST AND AT THE ENTITLED DEPOSITOR'S OR THE PURCHASER'S (AS THE CASE MAY BE) OWN RISK**, a notification letter showing the number of Rights Shares and excess Rights Shares credited to the Securities Account of the Entitled Depositor or the Purchaser (as the case may be).

5.6 General

For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Rights Shares provisionally allotted and credited to the Securities Account of the Entitled Depositors or the Purchasers (as the case may be). The Entitled Depositors or the Purchasers (as the case may be) can verify the number of Rights Shares provisionally allotted and credited to their respective Securities Accounts online if they have registered for CDP Internet Access or through the CDP Automated Phone Services Hotline number (65) 6535-7511 using their telephone pin (T-Pin). Alternatively, they may proceed personally to CDP with their identity card or passport to verify the number of Rights Shares provisionally allotted and credited to their Securities Account.

It is the responsibility of the Entitled Depositors or the Purchasers (as the case may be) to ensure that the ARE and/or the ARS is accurately completed in all respects and signed. The Company and/or CDP will be authorised and entitled to reject any acceptance and/or application which does not comply with the terms and instructions contained herein and in the ARE and/or the ARS, or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. Any decision to reject the ARE and/or the ARS on the grounds that it has been signed but not in its originality, incompletely, incorrectly or invalidly signed, completed or submitted will be final and binding, and neither CDP nor the Company accepts any responsibility or liability for the consequences of such a decision.

EXCEPT AS SPECIFICALLY PROVIDED FOR IN THIS OFFER INFORMATION STATEMENT, ACCEPTANCE OF THE PROVISIONAL ALLOTMENT OF RIGHTS SHARES AND (IF APPLICABLE) APPLICATION FOR EXCESS RIGHTS SHARES IS IRREVOCABLE.

No receipt or acknowledgement will be given for any submissions sent by post, deposited into boxes located at CDP's premises or submitted by hand at CDP's counters. The Entitled Depositors or the Purchasers (as the case may be) can check the status of their acceptance of the provisional allotment of Rights Shares and (if applicable) their application for excess Rights Shares through the CDP Automated Phone Services Hotline number (65) 6535-7511 using their T-Pin.

CDP Phone User Guide

1. Dial (65) 6535-7511
2. Press '1' for English; Press '2' for Mandarin
3. Press '3' for 'Corporate Actions Announcement and Transactions'
4. Press '2' for your rights application status
5. Enter your 12 digit CDP securities account number
6. Enter your six (6) digit telephone pin

All communications, notices, documents and remittances to be delivered or sent to the Entitled Depositors or the Purchasers (as the case may be) will be sent **BY ORDINARY POST** to their respective mailing addresses in Singapore as maintained in the records of CDP, and **AT THEIR OWN RISK**.

5.7 Personal Data Privacy

By completing and delivering an ARE or an ARS and in the case of an Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key, an Entitled Depositor or a Purchaser (i) consents to the collection, use and disclosure of his personal data by the Participating Banks, the Share Transfer Agent, Securities Clearing and Computer Services (Pte) Limited, CDP, the SGX-ST and the Company (the "**Relevant Persons**") for the purpose of facilitating his application for the Rights Shares, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable law, and (iii) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.

6. PROCEDURE TO COMPLETE THE ARE/ARS

6.1 Know your holdings and entitlement

A. KNOW YOUR HOLDINGS & ENTITLEMENT

Number of Shares currently held by you

XX,XXX

This is your shareholdings as at Books Closure Date.

Shares as at XX January 2015 (Record Date)

This is the date to determine your rights entitlements.

Number of Rights Shares provisionally allotted*

XX,XXX

This is your number of rights entitlement.

Issue Price

\$S0.0X per Rights Share

This is price that you need to pay when you subscribe for one rights share.

This is the last date and time to subscribe for the rights shares through ATMs and/or CDP.

6.2 Select your application options

B. SELECT YOUR APPLICATION OPTIONS

1. **ATM** Follow the procedures set out on the ATM screen and submit your application through an ATM of a Participating Bank by XX September 2015 at 9.30 p.m. Participating Banks are XXX, XXX and XXX.

2. **MAIL** Complete section below and submit this form to CDP by XX September at 5.00 p.m.

- (i) Only **BANKER'S DRAFT/CASHIER'S ORDER** payable to **"CDP-XXXXX RIGHTS ISSUE ACCOUNT"** will be accepted
- (ii) Applications using a **PERSONAL CHEQUE, POSTAL ORDER or MONEY ORDER** will be **rejected**
- (iii) Write your name and securities account number on the back of the Banker's Draft/Cashier's Order

You can apply for your rights shares through ATMs of these participating banks.

This is the payee name to be issued on your Cashier's Order where XXXXX is the name of the Company.

Note: Please refer to the ARE for the actual holdings, entitlements, Books Closure Date, Issue Price, Closing Date for subscription, list of Participating Banks and payee name on the Cashier's Order.

6.3 Declaration

C. DECLARATION

Please read the instructions overleaf and fill in the blanks below accordingly.

i. Total Number of Rights Shares Applied:
(Provisionally Allotted + Excess Rights Shares)

| | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|

ii. Cashier's Order/Banker's Draft Details:
(Input last 6 digits of CO/BD)

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
|--|--|--|--|--|--|--|

Signature of Shareholder(s)

Date

Fill in the total number of the rights shares and excess rights shares (for ARE)/ number of rights shares (for ARS) that you wish to subscribe within the boxes.

Fill in the 6 digits of the CO / BD number (eg.001764) within the boxes.

Sign within the box.

Notes:

- (i) If the total number rights shares applied exceeds the provisional allotted holdings in your CDP Securities Account as at Closing Date, the remaining application will be put under excess and subjected to the excess allocation basis.
- (ii) The total number of rights shares applied will be based on cash amount stated in your Cashier's Order/Banker's Draft. The total number of rights shares will be appropriated accordingly if the applied quantity exceeds this amount.
- (iii) Please note to submit one Cashier's Order per application form.

6.4 Sample of a Cashier's Order



ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS THROUGH AN ATM OF A PARTICIPATING BANK

The procedures for Electronic Applications through ATMs of the Participating Banks, namely, OCBC and UOB Group, are set out on the ATM screens of the relevant Participating Banks (“**Steps**”). Please read carefully the terms and conditions of this Offer Information Statement, the Steps and the terms and conditions for Electronic Applications through an ATM of a Participating Bank set out below before making an Electronic Application through an ATM of a Participating Bank. An ATM card issued by one Participating Bank cannot be used to accept provisional allotment of Rights Shares and (if applicable) apply for excess Rights Shares at an ATM belonging to other Participating Banks. Any Electronic Application through an ATM of a Participating Bank which does not strictly conform to the instructions set out on the screens of the ATM of a Participating Bank through which the Electronic Application is made will be rejected.

Electronic Applications through ATMs may only be made through ATMs of (i) OCBC; and (ii) UOB Group. Electronic Applications through ATMs of banks other than the two Participating Banks will not be accepted.

Any reference to the “**Applicant**” in the terms and conditions for Electronic Applications through an ATM of a Participating Bank and the Steps shall mean the Entitled Depositor or his Renouncee or the purchaser of the provisional allotments of Rights Shares who accepts the provisional allotments of Rights Shares or (as the case may be) who applies for the Rights Shares through an ATM of a Participating Bank. An Applicant must have an existing bank account with, and be an ATM cardholder of, one of the Participating Banks before he can make an Electronic Application through an ATM of that Participating Bank. The actions that the Applicant must take at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of his Electronic Application transaction through an ATM of a Participating Bank, the Applicant will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of his Electronic Application. The Transaction Record is for retention by the Applicant and should not be submitted with any ARE and/or ARS.

An Applicant, including one who has a joint bank account with a Participating Bank, must ensure that he enters his own Securities Account number when using the ATM card issued to him by that Participating Bank in his own name. Using his own Securities Account number with an ATM card which is not issued to him by that Participating Bank in his own name will render his acceptance or (as the case may be) excess application liable to be rejected.

For investors who hold Shares through finance companies or Depository Agents, acceptances of the provisional allotment of Rights Shares and (if applicable) applications for excess Rights Shares must be done through the relevant respective finance companies or Depository Agents, respectively. Such investors are advised to provide their respective finance companies or Depository Agents, as the case may be, with the appropriate instructions no later than the deadlines set by them in order for such intermediaries to make the relevant acceptance and (if applicable) application on their behalf by the Closing Date. Any acceptance and/or application made directly through CDP, Electronic Applications, the Share Transfer Agent and/or the Company will be rejected.

For Renouncees of Entitled Shareholders or Purchasers whose purchases are settled through finance companies or Depository Agents, acceptances of the Rights Shares represented by the provisional allotments of Rights Shares must be done through their respective finance companies or Depository Agents. Such Renouncees and Purchasers are advised to provide their respective finance companies or Depository Agents, as the case may be, with the appropriate instructions no later than the deadlines set by them in order for such intermediaries to make the relevant acceptances on their behalf by the Closing Date. Any acceptances of the Rights Shares by such Renouncees and Purchasers made directly through CDP, Electronic Applications, the Share Transfer Agent and/or the Company will be rejected.

The Electronic Application through an ATM of a Participating Bank shall be made on, and subject to, the terms and conditions of this Offer Information Statement including, but not limited to, the terms and conditions appearing below:

1. In connection with his Electronic Application through an ATM of a Participating Bank for the Rights Shares, the Applicant is required to confirm statements to the following effect in the course of activating the ATM of a Participating Bank for his Electronic Application:
 - (a) **that he has received a copy of this Offer Information Statement and has read, understood and agreed to all the terms and conditions of acceptance of and (as the case may be) application for the Rights Shares under the Rights Issue and this Offer Information Statement prior to effecting the Electronic Application and agrees to be bound by the same; and**
 - (b) **that he consents to the disclosure of his name, NRIC/passport number, address, nationality, Securities Account number and application details (the “Relevant Particulars”)** from his account with that Participating Bank to the Share Transfer Agent, CDP, Securities Clearing and Computer Services (Pte) Limited, the SGX-ST and the Company (the “Relevant Parties”).

His application will not be successfully completed and cannot be recorded as a completed transaction in the ATM of a Participating Bank unless he presses the “Enter” or “OK” or “Confirm” or “Yes” key, as the case may be. By doing so, the Applicant shall be treated as signifying his confirmation of each of the two statements above. In respect of statement 1(b) above, his confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key, as the case may be, shall signify and shall be treated as his written permission, given in accordance with the relevant laws of Singapore including Section 47(2) and the Third Schedule of the Banking Act, Chapter 19 of Singapore, to the disclosure by the Participating Bank of the Relevant Particulars to the Relevant Parties.

2. An Applicant may make an Electronic Application through an ATM of any Participating Bank for the Rights Shares using cash only by authorising such Participating Bank to deduct the full amount payable from his bank account with such Participating Bank.
3. The Applicant irrevocably agrees and undertakes to subscribe for and to accept up to the aggregate of the number of Rights Shares provisionally allotted and excess Rights Shares applied for as stated on the Transaction Record or the number of Rights Shares standing to the credit of the “Free Balance” of his Securities Account as at the Closing Date (whichever is the lesser number). In the event that the Company decides to allot any lesser number of excess Rights Shares or not to allot any number of excess Rights Shares to the Applicant, the Applicant agrees to accept the Company’s decision as final and binding.
4. If the Applicant’s Electronic Application through an ATM of a Participating Bank is successful, his confirmation (by his action of pressing the “Enter” or “OK” or “Confirm” or “Yes” key, as the case may be, on the ATM screen of a Participating Bank) of the number of Rights Shares accepted and/or excess Rights Shares applied for shall signify and shall be treated as his acceptance of the number of Rights Shares accepted and/or excess Rights Shares applied for that may be allotted to him.
5. In the event that the Applicant accepts the Rights Shares both by way of the ARE and/or the ARS (as the case may be) and also by Electronic Application through an ATM of a Participating Bank, the Company and/or CDP shall be authorised and entitled to accept the Applicant’s instructions in whichever mode or a combination thereof as the Company and/or CDP may, in their/its absolute discretion, deem fit. In determining the number of Rights Shares which the Applicant has validly given instructions to accept, the Applicant shall be deemed to have irrevocably given instructions to accept the lesser of the number of provisionally allotted Rights Shares which are standing to the credit of the “Free Balance” of his Securities Account as at the Closing Date and the aggregate number of Rights Shares which have been accepted by the Applicant by way of the ARE and/or the

ARS (as the case may be) and by Electronic Application through an ATM of a Participating Bank. The Company and/or CDP, in determining the number of Rights Shares which the Applicant has validly given instructions to accept, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of Rights Shares, whether by way of Cashier's Order or Banker's Draft drawn on a bank in Singapore accompanying the ARE and/or the ARS, or by way of the acceptance through Electronic Application through an ATM of a Participating Bank, which he has authorised or deemed to have authorised to be applied towards the payment in respect of his acceptance.

6. If applicable, in the event that the Applicant applies for excess Rights Shares both by way of the ARE and also by Electronic Application through an ATM of a Participating Bank, the Company and/or CDP shall be authorised and entitled to accept the Applicant's instructions in whichever mode or a combination thereof as the Company and/or CDP may, in their/its absolute discretion, deem fit. In determining the number of excess Rights Shares which the Applicant has validly given instructions for the application of, the Applicant shall be deemed to have irrevocably given instructions to apply for and agreed to accept such number of excess Rights Shares not exceeding the aggregate number of excess Rights Shares for which he has applied by way of the ARE and by way of application through Electronic Application through an ATM of a Participating Bank. The Company and/or CDP, in determining the number of excess Rights Shares which the Applicant has given valid instructions for the application of, shall be authorised and entitled to have regard to the aggregate amount of payment received for the application for the excess Rights Shares, whether by way of Cashier's Order or Banker's Draft drawn on a bank in Singapore accompanying the ARE, or by way of application through Electronic Application through an ATM of a Participating Bank, which he has authorised or deemed to have authorised to be applied towards the payment in respect of his application.
7. The Applicant irrevocably requests and authorises the Company to:
 - (a) register or to procure the registration of the Rights Shares allotted to the Applicant in the name of CDP for deposit into his Securities Account;
 - (b) return or refund (without interest or any share of revenue or other benefit arising therefrom) the acceptance/application monies, should his Electronic Application through an ATM of a Participating Bank in respect of the Rights Shares not be accepted and/or excess Rights Shares applied for not be accepted by the Company for any reason, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within three (3) business days after the commencement of trading of the Rights Shares; and
 - (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should his Electronic Application through an ATM of a Participating Bank for excess Rights Shares be accepted in part only, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within three (3) business days after the commencement of trading of the Rights Shares.
8. **BY MAKING AN ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK, THE APPLICANT CONFIRMS THAT HE IS NOT ACCEPTING/APPLYING FOR THE RIGHTS SHARES AS A NOMINEE OF ANY OTHER PERSON.**
9. The Applicant irrevocably agrees and acknowledges that his Electronic Application through an ATM of a Participating Bank is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God, mistakes, losses and theft (in each case whether or not within the control of CDP, the Participating Banks, the Company and/or the Share Transfer Agent and any events whatsoever beyond the control of CDP, the Participating Banks, the Company and/or the Share Transfer Agent, and if, in any such event, CDP, the Participating Banks, the Company and/or the Share Transfer Agent do not record or receive the Applicant's Electronic Application through an ATM of a Participating Bank by **9.30 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company), or such data or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible,

whether wholly or partially for whatever reason, the Applicant shall be deemed not to have made an Electronic Application through an ATM of a Participating Bank and the Applicant shall have no claim whatsoever against CDP, the Participating Banks, the Company, the Directors and/or the Share Transfer Agent and their respective officers for any purported acceptance thereof and (if applicable) excess application therefor, or for any compensation, loss or damage in connection therewith or in relation thereto.

10. **Electronic Applications may only be made through ATMs of OCBC and UOB Group from Mondays to Saturdays between 7.00 a.m. to 9.30 p.m., excluding public holidays.**
11. Electronic Applications through ATMs of OCBC and UOB Group shall close at **9.30 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).
12. All particulars of the Applicant in the records of his Participating Bank at the time he makes his Electronic Application through an ATM of his Participating Bank shall be deemed to be true and correct and the relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in the particulars of the Applicant after the time of the making of his Electronic Application through an ATM of his Participating Bank, the Applicant shall promptly notify his Participating Bank.
13. The Applicant must have sufficient funds in his bank account(s) with his Participating Bank at the time he makes his Electronic Application through an ATM of his Participating Bank, failing which his Electronic Application will not be completed. Any Electronic Application made through ATMs of the Participating Banks which does not strictly conform to the instructions set out on the ATM screens of such Participating Banks will be rejected.
14. Where an Electronic Application through an ATM of a Participating Bank is not accepted, it is expected that the full amount of the acceptance/application monies will be returned or refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to the Applicant by being automatically credited to the Applicant's bank account with the relevant Participating Bank within fourteen (14) days after the Closing Date. An Electronic Application through an ATM of a Participating Bank may also be accepted in part, in which case the balance amount of acceptance/application monies will be refunded on the same terms.
15. In consideration of the Company arranging for the Electronic Application facility through the ATMs of OCBC and UOB Group and agreeing to close the Rights Issue at **9.30 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company), and by making and completing an Electronic Application through an ATM of a Participating Bank, the Applicant agrees that:
 - (a) his Electronic Application is irrevocable (whether or not, to the extent permitted by law, any supplementary document or replacement document is lodged with the Authority);
 - (b) his Electronic Application, the acceptance by the Company and the contract resulting therefrom shall be governed by and construed in accordance with the laws of Singapore and he irrevocably submits to the exclusive jurisdiction of the Singapore courts;
 - (c) none of the Company, CDP, the Participating Banks nor the Share Transfer Agent shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to his Electronic Application to the Company or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective control;
 - (d) he will not be entitled to exercise any remedy of rescission for misrepresentation at any time after his acceptance of the provisionally allotted Rights Shares and (if applicable) his application for excess Rights Shares;

- (e) in respect of the Rights Shares for which his Electronic Application has been successfully completed and not rejected, acceptance of the Applicant's Electronic Application shall be constituted by written notification by or on behalf of the Company and not otherwise, notwithstanding any payment received by or on behalf of the Company; and
 - (f) unless expressly provided to the contrary in this Offer Information Statement and/or the Electronic Application, a person who is not a party to any contracts made pursuant to this Offer Information Statement and/or the Electronic Application has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties thereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.
16. The Applicant should ensure that his personal particulars as recorded by both CDP and the relevant Participating Banks are correct and identical; otherwise, his Electronic Application through an ATM of a Participating Bank may be liable to be rejected. The Applicant should promptly inform CDP of any change in his address, failing which the notification letter on successful allotment and other correspondence will be sent to his address last registered with CDP.
17. The existence of a trust will not be recognised. Any Electronic Application through an ATM of a Participating Bank by an Applicant must be made in his own name and without qualification. The Company will reject any application by any person acting as nominee.
18. In the event that the Applicant accepts or subscribes for the provisionally allotted Rights Shares or (if applicable) applies for excess Rights Shares, as the case may be, by way of the ARE and/or the ARS and/or by way of Electronic Application through any ATM of the Participating Banks, the provisionally allotted Rights Shares and/or excess Rights Shares will be allotted in such manner as the Company and/or CDP may, in their/its absolute discretion, deem fit and the surplus acceptance and (if applicable) application monies, as the case may be, will be returned or refunded, without interest or any share of revenue or other benefit arising therefrom, within fourteen (14) days after the Closing Date by any one or a combination of the following:
- (a) by means of a crossed cheque in Singapore currency sent **BY ORDINARY POST** to his mailing address as maintained in the records of CDP or in such other manner as he may have agreed with CDP for the payment of any cash distribution **AT HIS OWN RISK** if he accepts and (if applicable) applies through CDP; and
 - (b) by crediting the Applicant's bank account with the Participating Bank **AT HIS OWN RISK** if he accepts and (if applicable) applies through an ATM of that Participating Bank, the receipt by such bank being a good discharge of the Company's and CDP's obligations.
19. The Applicant hereby acknowledges that, in determining the total number of Rights Shares represented by the provisional allotment of Rights Shares which he can validly accept, the Company and/or CDP are entitled, and the Applicant hereby authorises the Company and/or CDP, to take into consideration:
- (a) the total number of Rights Shares represented by the provisional allotment of Rights Shares which the Applicant has validly accepted, whether under the ARE and/or the ARS or any other form of application (including an Electronic Application through an ATM of a Participating Bank) for the Rights Shares;
 - (b) the total number of Rights Shares represented by the provisional allotment of Rights Shares standing to the credit of the "Free Balance" of the Applicant's Securities Account which is available for acceptance; and
 - (c) the total number of Rights Shares represented by the provisional allotment of Rights Shares which has been disposed of by the Applicant.

The Applicant hereby acknowledges that the Company's and/or CDP's determination shall be conclusive and binding on him.

20. The Applicant irrevocably requests and authorises CDP to accept instructions from the Participating Bank through whom the Electronic Application through an ATM of that Participating Bank is made in respect of the provisional allotment of Rights Shares accepted by the Applicant and (if applicable) the excess Rights Shares which the Applicant has applied for.
21. With regard to any acceptance, application and/or payment which does not conform strictly to the instructions set out under this Offer Information Statement, the ARE, the ARS, the PAL and/or any other application form for the Right Shares and/or excess Rights Shares in relation to the Rights Issue, or where the "Free Balance" of the Applicant's Securities Account is not credited with, or is credited with less than, the relevant number of Rights Shares subscribed as at the Closing Date, or which does not comply with the instructions for Electronic Application or with the terms and conditions of this Offer Information Statement, or in the case of an acceptance and/or application by the ARE, the ARS, the PAL and/or any other application form for the Rights Shares and/or excess Rights Shares in relation to the Rights Issue which is illegible, incomplete, incorrectly completed, unsigned, signed but not in its originality or which is accompanied by an improperly or insufficiently drawn remittance, the Company and/or CDP may, at their/its absolute discretion, reject or treat as invalid any such acceptance, application, payment and/or other process of remittance at any time after receipt in such manner as they/it may deem fit.
22. The Company and/or CDP shall be entitled to process each application submitted for the acceptance of the provisional allotment of Rights Shares, and where applicable, each application for excess Rights Shares in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Applicant, on its own, without regard to any other application and payment that may be submitted by the same Applicant. For the avoidance of doubt, insufficient payment for an application may render the application invalid and evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for excess Rights Shares.

PROCEDURES FOR ACCEPTANCE, SPLITTING, RENUNCIATION, EXCESS APPLICATION AND PAYMENT BY ENTITLED SCRIPHOLDERS

1. INTRODUCTION

- 1.1 Entitled Scripholders are entitled to receive this Offer Information Statement with the following documents which are enclosed with, and are deemed to constitute a part of, this Offer Information Statement:

PAL incorporating:

| | |
|---------------------------------------|--------|
| Form of Acceptance | Form A |
| Request for Splitting | Form B |
| Form of Renunciation | Form C |
| Form of Nomination | Form D |
| Excess Rights Shares Application Form | Form E |

- 1.2 The provisional allotment of the Rights Shares is governed by the terms and conditions of this Offer Information Statement, the PAL and (if applicable) the Constitution of the Company. The number of Rights Shares provisionally allotted to Entitled Scripholders is indicated in the PAL. Entitled Scripholders may accept their provisional allotments of Rights Shares, in full or in part, and are eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue.
- 1.3 Full instructions for the acceptance of and payment for the Rights Shares provisionally allotted to Entitled Scripholders and the procedures to be adopted should they wish to renounce, transfer or split their provisional allotments are set out in this Offer Information Statement as well as the PAL.
- 1.4 With regard to any acceptance, application and/or payment which does not conform strictly to the instructions set out under this Offer Information Statement, the ARE, the ARS, the PAL and/or any other application form for the Right Shares and/or excess Rights Shares in relation to the Rights Issue or which does not comply with the terms and conditions of this Offer Information Statement, or in the case of an acceptance and/or application by the ARE, the ARS, the PAL and/or any other application form for the Rights Shares and/or excess Rights Shares in relation to the Rights Issue which is illegible, incomplete, incorrectly completed, unsigned, signed but not in its originality or which is accompanied by an improperly or insufficiently drawn remittance, the Company and/or the Share Transfer Agent may, at their/its absolute discretion, reject or treat as invalid any such acceptance, application, payment and/or other process of remittance at any time after receipt in such manner as they/it may deem fit.
- 1.5 The Company and/or the Share Transfer Agent shall be entitled to process each application submitted for the acceptance of the provisional allotment of Rights Shares, and where applicable, application for excess Rights Shares in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Entitled Scripholder, on its own, without regard to any other application and payment that may be submitted by the same Entitled Scripholder. For the avoidance of doubt, insufficient payment for an application may render the application invalid and evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for excess Rights Shares.
- 1.6 **Entitled Scripholders who intend to trade any part of their provisional allotments of Rights Shares on the SGX-ST should note that all dealings in and transactions of the provisional allotments of Rights Shares through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs will not be valid for delivery pursuant to trades done on the SGX-ST.**

- 1.7 Unless expressly provided to the contrary in this Offer Information Statement and/or the PAL, a person who is not a party to any contracts made pursuant to this Offer Information Statement and/or the PAL has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties thereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

2. FORM OF ACCEPTANCE (FORM A)

2.1 Acceptance

An Entitled Scripholder who wishes to accept his entire provisional allotment of Rights Shares or to accept any part of it and decline the balance, should:

- (a) complete and sign the Form of Acceptance (Form A) for the number of Rights Shares which he wishes to accept; and
- (b) forward **AT THE SENDER'S OWN RISK**, by post in the self-addressed envelope provided, the PAL in its entirety, duly completed and signed, together with a single remittance for the full amount due and payable on acceptance in the manner hereinafter prescribed to **SAMKO TIMBER LIMITED C/O THE SHARE TRANSFER AGENT, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 50 RAFFLES PLACE, #32-01 SINGAPORE LAND TOWER, SINGAPORE 048623** so as to arrive not later than **5.00 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

2.2 Insufficient Payment

The attention of the Entitled Scripholder is also drawn to paragraph 2.3 of this Appendix 7 entitled "Appropriation" which sets out the circumstances and manner in which the Company and/or the Share Transfer Agent shall be authorised and entitled to determine the number of Rights Shares which the Entitled Scripholder has given instructions to accept.

2.3 Appropriation

An Entitled Scripholder should note that by accepting his provisional allotment of Rights Shares, he acknowledges that, the Company and/or the Share Transfer Agent, in determining the number of Rights Shares which the Entitled Scripholder has given instructions to accept, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of Rights Shares, whether by way of Cashier's Order or Banker's Draft in Singapore currency drawn on a bank in Singapore.

3. REQUEST FOR SPLITTING (FORM B) AND FORM OF RENUNCIATION (FORM C)

- 3.1 Entitled Scripholders who wish to accept a portion of their provisional allotments of Rights Shares and renounce the balance of their provisional allotments of Rights Shares, or who wish to renounce all or part of their provisional allotments of Rights Shares in favour of more than one person, should first, using the Request for Splitting (Form B), request to have their provisional allotments of Rights Shares under the PAL split into separate PALs ("**Split Letters**") according to their requirements. The duly completed and signed Request for Splitting (Form B) together with the PAL in its entirety should then be returned, by post in the self-addressed envelope provided, **AT THE SENDER'S OWN RISK**, to **SAMKO TIMBER LIMITED C/O THE SHARE TRANSFER AGENT, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 50 RAFFLES PLACE, #32-01 SINGAPORE LAND TOWER, SINGAPORE 048623**, not later than **5.00 p.m. on 24 November 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company). Split Letters will then be issued to Entitled Scripholders in accordance with their request. No Split Letters will be issued to Entitled Scripholders if Form B together with the PAL in its entirety is received after **5.00 p.m. on 24 November 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

3.2 The Split Letters representing the number of Rights Shares which Entitled Scripholders intend to renounce may be renounced by completing and signing the Form of Renunciation (Form C) before delivery to the Renounee. Entitled Scripholders should complete and sign the Form of Acceptance (Form A) of the Split Letter(s) representing that part of their provisional allotments of Rights Shares they intend to accept, if any. The said Split Letter(s) together with the remittance for the payment (if required) in the prescribed manner should be forwarded to **SAMKO TIMBER LIMITED C/O THE SHARE TRANSFER AGENT, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 50 RAFFLES PLACE, #32-01 SINGAPORE LAND TOWER, SINGAPORE 048623** so as to arrive not later than **5.00 p.m. on 24 November 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

3.3 Entitled Scripholders who wish to renounce their entire provisional allotments of Rights Shares in favour of one person, or renounce any part of it in favour of one person and decline the balance, should complete and sign the Form of Renunciation (Form C) for the number of provisional allotments of Rights Shares which they wish to renounce and deliver the PAL in its entirety to the Renounees.

4. FORM OF NOMINATION (WITH CONSOLIDATED LISTING FORM) (FORM D)

4.1 The Renounee(s) should complete and sign the Form of Nomination (Form D) and forward the Form of Nomination (Form D), together with the PAL in its entirety, duly completed and signed, and a single remittance for the full amount due and payable in the prescribed manner by post **AT HIS/ THEIR OWN RISK**, in the self-addressed envelope provided, to **SAMKO TIMBER LIMITED C/O THE SHARE TRANSFER AGENT, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 50 RAFFLES PLACE, #32-01 SINGAPORE LAND TOWER, SINGAPORE 048623**, so as to arrive not later than **5.00 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

4.2 Each Entitled Scripholder may consolidate the Rights Shares provisionally allotted in the PAL together with those comprised in any PALs and/or Split Letters renounced in his favour by completing and signing the Form of Acceptance (Form A) and the Consolidated Listing Form in the Form of Nomination (Form D) of the PAL and attaching thereto all the said renounced PALs and/or Split Letters, each duly completed and signed and with the serial number of the Principal PAL (as hereinafter defined) stated on each of them. A Renounee who is not an Entitled Scripholder and who wishes to consolidate the provisional allotments of Rights Shares comprised in several renounced PALs and/or Split Letters in one name only or in the name of a joint Securities Account should complete the Consolidated Listing Form in the Form of Nomination (Form D) of only one (1) PAL or Split Letter (the "**Principal PAL**") by entering therein details of the renounced PALs and/or Split Letters and attaching thereto all the said renounced PALs and/or Split Letters, each duly completed and signed, and with the serial number of the Principal PAL stated on each of them. **ALL THE RENOUNCED PALS AND SPLIT LETTERS, EACH DULY COMPLETED AND SIGNED, MUST BE ATTACHED TO THE FORM OF ACCEPTANCE (FORM A) OR THE FORM OF NOMINATION (FORM D) (AS THE CASE MAY BE).**

5. PAYMENT

5.1 Payment in relation to the PALs must be made in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**SAMKO TIMBER RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" with the name and address of the Entitled Scripholder or acceptor clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft. The completed PAL and remittance should be addressed and forwarded, by post in the self-addressed envelope provided and **AT THE SENDER'S OWN RISK**, to **SAMKO TIMBER LIMITED C/O THE SHARE TRANSFER AGENT, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 50 RAFFLES PLACE, #32-01 SINGAPORE LAND TOWER, SINGAPORE 048623** so as to arrive not later than **5.00 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company). **NO OTHER FORMS OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

5.2 If acceptance and (if applicable) excess application and payment in the prescribed manner as set out in this Offer Information Statement and the PAL is not received by **5.00 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company), the provisional allotments of Rights Shares will be deemed to have been declined and will forthwith lapse and become void and cease to be capable of acceptance and such provisional allotments not so accepted will be used to satisfy excess applications, if any, or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. The Company will return or refund all unsuccessful application monies received in connection therewith **BY ORDINARY POST AND AT THE RISK OF THE ENTITLED SCRIPHOLDERS OR THEIR RENOUNCEE(S), AS THE CASE MAY BE**, without interest or any share of revenue or other benefit arising therefrom, within fourteen (14) days after the Closing Date.

6. EXCESS RIGHTS SHARES APPLICATION FORM (FORM E)

6.1 Entitled Scripholders who wish to apply for excess Rights Shares in addition to those which have been provisionally allotted to them may do so by completing the Excess Rights Shares Application Form (Form E) and forwarding it together with the PAL in its entirety with a **separate single** remittance for the full amount payable in respect of the excess Rights Shares applied for in the form and manner set out in paragraph 5 above, by post in the self-addressed envelope provided **AT THEIR OWN RISK**, to **SAMKO TIMBER LIMITED C/O THE SHARE TRANSFER AGENT, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 50 RAFFLES PLACE, #32-01 SINGAPORE LAND TOWER, SINGAPORE 048623** so as to arrive not later than **5.00 p.m. on 8 December 2016** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company). **NO OTHER FORMS OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

6.2 The excess Rights Shares available for application are subject to the terms and conditions contained in the PAL, the Excess Rights Shares Application Form (Form E), this Offer Information Statement and (if applicable) the Constitution of the Company. Applications for excess Rights Shares will, at the Directors' absolute discretion, be satisfied from such Rights Shares as are not validly taken up by the Entitled Shareholders, the original allottee(s) or their respective Renounee(s) or the Purchaser(s) of the provisional allotments of Rights Shares, the unsold Nil-paid provisional allotments of Rights Shares (if any) of Foreign Shareholders and any Rights Shares that are otherwise not allotted for whatever reason in accordance with the terms and conditions contained in the PAL, the Excess Rights Shares Application Form (Form E), this Offer Information Statement and (if applicable) the Constitution of the Company. In the event that applications are received by the Company for more excess Rights Shares than are available, the excess Rights Shares available will be allotted 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, preference will be given to Shareholders for the 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 of the Company, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares. The Company reserves the right to reject, in whole or in part, any application for excess Rights Shares without assigning any reason whatsoever.

6.3 If no excess Rights Shares are allotted to Entitled Scripholders or if the number of excess Rights Shares allotted to them is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be returned or refunded to them by the Company without interest or any share of revenue or other benefit arising therefrom within fourteen (14) days of the Closing Date, **BY ORDINARY POST** to their mailing addresses as maintained with the Company **AT THEIR OWN RISK.**

7. GENERAL

7.1 No acknowledgements or receipts will be issued in respect of any acceptances, remittances, applications or payments received.

- 7.2 **Entitled Scripholders who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**
- 7.3 Upon listing and quotation on the Main Board of the SGX-ST, the Rights Shares, when allotted and issued, will be traded under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Rights Shares effected through the SGX-ST and/or CDP shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", as the same may be amended from time to time. Copies of the above are available from CDP.
- 7.4 **To facilitate scripless trading, Entitled Scripholders and their Renounees who wish to accept the Rights Shares provisionally allotted to them and (if applicable) apply for excess Rights Shares, and who wish to trade the Rights Shares issued to them on the SGX-ST under the book entry (scripless) settlement system, should open and maintain Securities Accounts with CDP in their own names if they do not already maintain such Securities Accounts in order that the number of Rights Shares and, if applicable, the excess Rights Shares that may be allotted to them can be credited by CDP into their Securities Accounts. Entitled Scripholders and their Renounees who wish to accept and/or apply for the excess Rights Shares and have their Rights Shares credited into their Securities Accounts must fill in their Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) in the relevant forms comprised in the PAL. Entitled Scripholders and their Renounees who fail to fill in their Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) or who provide incorrect or invalid Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) or whose particulars provided in the forms comprised in the PAL differ from those particulars in their Securities Accounts currently maintained with CDP will be issued physical share certificates in their own names for the Rights Shares allotted to them and if applicable, the excess Rights Shares allotted to them. Such physical share certificates, if issued, will not be valid for delivery pursuant to trades done on the SGX-ST under the book entry (scripless) settlement system, although they will continue to be *prima facie* evidence of legal title. These physical share certificates will be sent BY ORDINARY POST to person(s) entitled thereto AT HIS/THEIR OWN RISK.**
- 7.5 If the Entitled Scripholders' addresses stated in the PAL are different from their addresses maintained in the records of CDP, they must inform CDP of their updated addresses promptly, failing which the notification letter on successful allotments and other correspondences will be sent to their addresses last registered with CDP.
- 7.6 A holder of physical share certificate(s), or an Entitled Scripholder who has not deposited his share certificate(s) with CDP but who wishes to trade on the SGX-ST, must deposit with CDP his existing share certificate(s), together with the duly executed instrument(s) of transfer (including any applicable fee) in favour of CDP, and have his Securities Account credited with the number of Rights Shares or existing Shares, as the case may be, before he can effect the desired trade.
- 7.7 **THE LAST TIME AND DATE FOR ACCEPTANCES OF AND/OR (IF APPLICABLE) EXCESS APPLICATIONS AND PAYMENT FOR THE RIGHTS SHARES IS 5.00 P.M. ON 8 DECEMBER 2016 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE COMPANY).**
- 7.8 **Personal Data Privacy**
- By completing and delivering the PAL, an Entitled Scripholder or a Renounee (i) consents to the collection, use and disclosure of his personal data by the Relevant Persons for the Purposes, (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable law, and (iii) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.

LIST OF PARTICIPATING BANKS

PARTICIPATING BANKS FOR ELECTRONIC APPLICATIONS THROUGH AN ATM:

- (i) OCBC; and
- (ii) UOB Group.

Electronic Applications through ATMs of banks other than the two Participating Banks will not be accepted.

Payment for acceptances of Rights Shares and (if applicable) applications for excess Rights Shares may also be made by way of Cashier's Order or Banker's Draft drawn on a bank in Singapore. Please refer to Appendix 5 or, as the case may be, Appendix 7 of this Offer Information Statement for further information. You are advised to seek advice from your bank on the procedures for obtaining such Cashier's Orders or Banker's Drafts.