

**SAMKO TIMBER LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No. 200517815M)

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**CLARIFICATION ANNOUNCEMENT IN RELATION TO THE RESPONSE TO SGX QUERIES REGARDING THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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The board of directors (the “**Board**” or “**Directors**”) of Samko Timber Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement in relation to the response to SGX queries regarding the Company’s annual report for the financial year ended 31 December 2019 (“**AR 2019**”) released on 1 May 2020 and wishes to provide the following additional information and clarification in respect of query 3 raised by Singapore Exchange Regulations:

**(i) Principal 2 – Provision 2.2 of the Code of Corporate Governance 2018**

In relation to Provision 2.2 of the Code of Corporate Governance 2018 (the “**Code**”), the Company would like to further elaborate whilst the Independent Directors do not make up a majority of the Board where the Non-Executive Chairman is not independent, the Board has reviewed the independency of the Independent Directors and believes that they have demonstrated strong independence character and are able to provide objective advice and insights to the Board and Management and obliged to act honestly and consider the best interests of the Company at all times. The Board also believes that the Executive Director and Chief Executive Officer (“**CEO**”) has always acted at all times in the best interest of shareholders as a whole and will strive to protect and enhance the long-term shareholders’ value and the financial performance of the Group.

In view of the above, the Board believes that the existing practices adopted by the Company are consistent with the intent of Principle 2 of the Code. Nevertheless, the Board will continue identifying suitable candidates so as to comply with the requirement of Provision 2.2 of the Code for Independent Directors to make up a majority of the Board.

**(ii) Principal 8 – Provision 8.1 of the Code of Corporate Governance 2018**

The Board would like to clarify that the Company has decided to disclose the remuneration of each of the Directors and CEO in bands of S\$250,000 which is a deviation from Provision 8.1 of the Code. In arriving at its decision, the Board would like to further elaborate on the reason for the variation that the Company also took into consideration on the confidential and prevention of upward pressure on remuneration due to the market competition of remuneration matters.

The Company is of the view that the disclosure of the indicative range of the Directors’ remuneration provides a reasonable amount of information on the Company’s remuneration framework to enable the shareholders to understand the link between the Company’s performance and the remuneration of the Directors. Save for the Directors who are also the key management personnel, there are no key management personnel who is not a Director or the CEO during the financial year ended 31 December 2019. The fees to the Independent Directors are put forward to shareholders for approval on an annual basis at the Company’s Annual General Meeting.

The Board has determined that there is sufficient transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation and accordingly, the Board believes that the existing practices adopted by the Company are consistent with the intent of Principle 8 of the Company.

**BY ORDER OF THE BOARD**

Riko Setyabudhy Handoko  
Executive Director and Chief Executive Officer

7 May 2020