

**SAMKO TIMBER LIMITED**

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

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**INTERESTED PARTY TRANSACTION**

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Pursuant to Rule 905 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the board of directors (the "Board") of Samko Timber Limited (the "Company", and together with its subsidiaries, the "Group") wishes to inform the shareholders the following:

The Company's subsidiaries, PT Sumber Graha Sejahtera ("SGS") unit Balaraja and Jombang have purchased face veneers from PT Basirih Industrial ("Basirih") totalling Indonesian Rupiah (IDR) 2,496 million. Basirih is a company in which director of the Company, Mr Ambran Sunarko and his associate (Mr Amir Sunarko) own more than 30% of its equity interests. The aggregate value of the latest transaction with Basirih and all other transactions entered into with the same interested person during the 2017 has exceeded 3% of the Group's latest audited net tangible assets.

The key terms of the transactions with Basirih have been determined on a willing seller and willing buyer basis. The key terms are as follows:

- Delivery : FOB Banjarmasin, Kalimantan
- Payment terms : Cash In Advance (100% Payment Before Delivery)

Owing to the increase in export sales and shortage of natural log in general, the Group faced shortage of face veneers which are required for the production of plywood. To fulfil these demands, the Group needs to source face veneers from other suppliers. The primary benefits of the transactions with Basirih, were: 1) its pricing was lower than the quotes received from other suppliers and 2) it offered flexibility and priority in the delivery of the products to the Group on a non-contractual basis.

The Audit and the Board Risk Committees as well as the Board of the Company have reviewed the terms of the said interested party transactions and are of the view that the transactions are on normal commercial terms and are not prejudicial to the interest of the Group and the minority shareholders of the Company.

The following table sets out the total of all the interested person transactions with Mr Amir Sunarko for the financial year ending 31 December 2017 as at the date of this announcement, including the subject of this announcement:

Descriptions	IDR million
Veneers purchased from Basirih*	2,496

\*Depending on the demand of plywood in the future, the Company may seek shareholders' mandate of the transaction with Basirih should the needs arise.

By Order of the Board

Ronawati Wongso  
Chief Financial Officer  
14 November 2017