

INTERESTED PERSON TRANSACTION::OVERDRAFT FACILITY RENEWAL BY PT SUMBER GRAHA SEJAHTERA WITH PT BANK SAHABAT SAMPOERNA

Issuer & Securities

Issuer/ Manager

SAMKO TIMBER LIMITED

Securities

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Announcement Details

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Overdraft Facility Renewal by PT Sumber Graha Sejahtera with PT Bank Sahabat Sampoerna

Announcement Reference

SG2006300THRSC79

Submitted By (Co./ Ind. Name)

Riko Setyabudhy Handoko

Designation

Executive Director and Chief Executive Officer

Description (Please provide a detailed description of the event in the box below)

Please refer to the attachment.

Additional Details

Interested Person Details

Please refer to the attachment.

Attachments

[Samko%20Timber%20-%20IPT%20-%20Renewal%20of%20Bank%20Overdraft%20Facility.pdf](#)

Total size =104K MB

SAMKO TIMBER LIMITED

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

RENEWAL OF BANK OVERDRAFT FACILITY BY PT SUMBER GRAHA SEJAHTERA, A WHOLLY OWNED SUBSIDIARY OF SAMKO TIMBER LIMITED, ENTERED INTO WITH PT BANK SAHABAT SAMPOERNA AS AN INTERESTED PERSON TRANSACTION PURSUANT TO CHAPTER 9 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

1. INTRODUCTION

1.1. The board of directors (the “**Board**” or “**Directors**”) of Samko Timber Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its subsidiary, PT Sumber Graha Sejahtera (“**PT SGS**”), had on 23 April 2020 entered into an addendum agreement (“**Addendum Agreement**”) to renew the unsecured overdraft facility extended by PT Bank Sahabat Sampoerna (“**Bank Sampoerna**”) (the “**Overdraft Facility**”) to PT SGS, for an additional period of one (1) year (the “**Overdraft Facility Renewal**”). The Overdraft Facility will now be due on 28 April 2021.

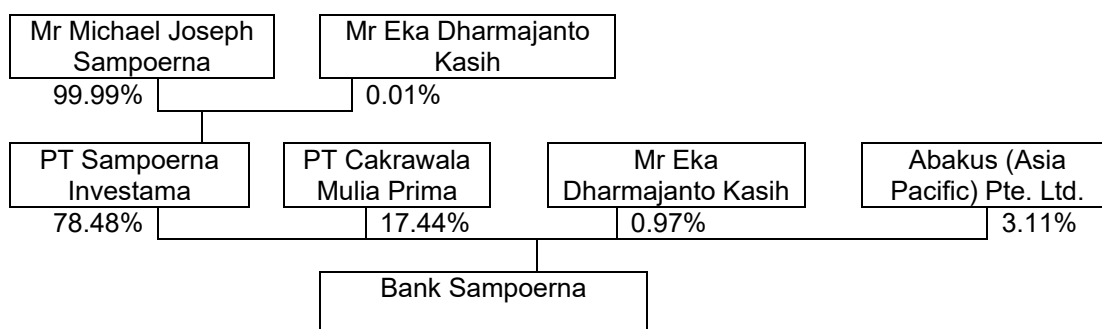
1.2. On the basis of:

- (a) PT SGS being an “**entity at risk**” within the meaning of Chapter 9 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) by virtue of PT SGS being a wholly-owned subsidiary of the Company; and
- (b) Bank Sampoerna being an “**interested person**” within the meaning of Chapter 9 of the Listing Manual (on the basis set out in Paragraph 2 below),

the Overdraft Facility Renewal is accordingly regarded to be an “**interested person transaction**” within the meaning of Chapter 9 of the Listing Manual (the “**IPT**”).

2. DETAILS OF THE INTERESTED PERSON

Bank Sampoerna is a privately-owned bank established in the Republic of Indonesia (“**Indonesia**”), offering regular financial services to small and medium enterprises, individuals and companies in Indonesia. As at the date of this announcement, the shareholding structure of Bank Sampoerna is as follows:



Mr Michael Joseph Sampoerna, a Director of the Company, together with his immediate family, holds more than 30% of the shareholding interests (direct and indirect) in Bank Sampoerna. Accordingly, Bank Sampoerna is considered to be an associate of Mr Michael Joseph Sampoerna, and is therefore an “**interested person**” within the meaning of Chapter 9 of the Listing Manual.

3. DETAILS OF THE IPT

3.1. In January 2016, Bank Sampoerna made an offer to provide an unsecured overdraft facility to the Group. The Company had, at extraordinary general meetings (“**EGMs**”) held in 2017, 2018, and 2019 (“**2019 EGM**”), sought and obtained the approval of the Company’s shareholders (“**Shareholders**”) for the renewal of the Overdraft Facility. Following the 2019 EGM, the Overdraft Facility for Indonesia Rupiah (“**IDR**”) 60,000,000,000 was renewed for a total period of 12 months ending on 28 April 2020, at a fixed interest rate of 13.5% per annum and a credit / provision fee of 0.5% per annum, for working capital purposes.

3.2. On 23 April 2020, PT SGS renewed the Overdraft Facility from Bank Sampoerna for another one-year period.

3.3. The terms of the Overdraft Facility granted by Bank Sampoerna to PT SGS are as follows:

Facility	:	Overdraft Facility
Quantum	:	IDR 60,000,000,000
Purpose of Facility	:	Working capital
Interest Rate	:	13.5% fixed rate per annum
Provision Fee	:	0.5% per annum
Period	:	12 months, from 28 April 2020 to 28 April 2021

3.4. The terms and conditions of the Overdraft Facility Renewal, including the interest rate and provision fee, were commercially negotiated between the Group and Bank Sampoerna, taking into account the prevailing interest rates, the financial condition of the Group, as well as the availability of overdraft facilities to the Group from other banks in Indonesia. The provision fee of 0.5% charged by Bank Sampoerna for providing an overdraft facility for working capital purposes is not uncommon for IDR-denominated borrowing facilities in Indonesia. Additionally, the interest rate and provision fee of the Overdraft Facility Renewal is similar to the previous Overdraft Facility approved in the 2019 EGM.

3.5. The Addendum Agreement stipulates *inter alia* that:

- (a) the Overdraft Facility is an uncommitted facility, and Bank Sampoerna may therefore recall the Overdraft Facility at any time in accordance with Bank Indonesia Regulation Number 15/PBI/2012 regarding the *Penilaian Kualitas Aktiva Bank Umum* (Assessment on the Quality of Asset of Commercial Bank);
- (b) should the financial condition of PT SGS decline beyond agreed parameters, Bank Sampoerna will automatically recall the Overdraft Facility; and
- (c) PT SGS shall not use the Overdraft Facility for any activities which violate prevailing laws and regulations.

3.6. Taking into account the terms of the Overdraft Facility Renewal as a whole, the Company is of the view that the provision fee obtained by the Company was commercially acceptable. No security is required to be provided in relation to the Overdraft Facility Renewal.

4. RATIONALE FOR AND BENEFIT OF THE IPT TO PT SGS

4.1. The Group's rationale for the IPT are as follows:

- (a) the Group regularly requires financing for working capital purposes, and in particular, the readiness of available funds is critical in order for the Group to purchase raw materials to fulfil its orders for timber products;
- (b) delays faced by the Group in obtaining such additional financing may affect the Group's ability to fulfil orders in a timely manner, thus reducing cost efficiency. The availability of the Overdraft Facility will provide PT SGS and the Group with the flexibility required when demand for its products increases, which in turn necessitates the purchase of more raw material (for example, mixed light hardwood logs, which changes with market requirements), and the Group will be able to secure raw materials in a timely and cost-effective manner, as was evident from 2016 to 2019 when the Overdraft Facility had been made available to PT SGS;
- (c) the Group had approached four (4) other banks in Indonesia to provide quotes for an IDR 60,000,000,000 working capital overdraft facility. As at the date of this announcement, one (1) of the banks has declined the Group's request for a facility on the same terms as that provided by Bank Sampoerna without the Group providing security, while the remaining three (3) banks did not respond to the Group's request for quotes;
- (d) the interest rate of 13.5 % per annum offered by Bank Sampoerna is higher than the IDR interest rate of secured loans from another bank (10.25% per annum). However, the Overdraft Facility is unsecured and does not require the Group to provide collateral. It is generally accepted that secured lending usually carries lower interest rates than unsecured lending in Indonesia, as a lender's risk will usually be significantly reduced by having priority in charges or legal claims over valuable assets/collaterals in the event of default and/or repayment orders;
- (e) the provision fee of 0.5% per annum offered by Bank Sampoerna is lower than the provision fee of IDR revolving loans offered by another bank (which is in the range of 0.75% per annum to 1% per annum); and
- (f) notwithstanding the proposed renewal of the Overdraft Facility, the Company will continue to seek other alternative financing arrangements. In the event that other banks offer unsecured overdraft facilities to the Group, such offer will be brought to the attention of the Audit Committee for review and approval. If the Audit Committee deems such facilities to be on better terms, the Company will enter into and utilise such facilities before utilising the renewed Overdraft Facility.

4.2. In view of the above, the Audit Committee of the Company is of the view that the Overdraft Facility Renewal:

- (a) is on normal commercial terms; and
- (b) is not prejudicial to the interests of the Company and its minority shareholders.

5. CHAPTER 9 OF THE LISTING MANUAL (ON INTERESTED PERSON TRANSACTIONS)

5.1. Rule 905 of the Listing Manual provides, *inter alia*, that an issuer must make an immediate announcement of any interested person transaction of a value equal to, or more than 3% of the group's latest audited net tangible assets ("NTA"). Where the aggregate value of all transactions entered with the same interested person during the same financial year amounts to 3% or more of the group's latest NTA, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during the same financial year.

- 5.2. Rule 906 of the Listing Manual provides, *inter alia*, that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than (a) 5% of the group's latest audited NTA, or (b) 5% of the group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.
- 5.3. Assuming that the Overdraft Facility is fully utilised, the interest and other charges to be paid pursuant to the Overdraft Facility Renewal would amount to approximately IDR 8,400 million, which represents approximately 4.26% of the latest audited consolidated NTA of the Group as at 31 December 2019 (being the latest audited consolidated NTA of the Group as at the date of this announcement).
- 5.4. As the value of this IPT exceeds 3%, but does not exceed 5%, of the Group's latest NTA, this announcement is made accordingly, pursuant to Rule 905 of the Listing Manual.

6. CURRENT TOTAL FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 ("FY2020") OF ALL TRANSACTIONS WITH BANK SAMPOERNA AND CURRENT TOTAL OF ALL INTERESTED PERSON TRANSACTIONS FOR FY2020

- 6.1. The current total for FY2020 as at 31 May 2020 of all transactions with Bank Sampoerna, including the Overdraft Facility Renewal which is the subject of this announcement, is estimated to be as follows:

S/N	Description of interested person transaction with Bank Sampoerna	Nature of relationship	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)	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)
			IDR ('000,000)	IDR ('000,000)
1.	Financing expenses from Overdraft Facility Renewal between PT SGS and Bank Sampoerna (interested person)	Please refer to Paragraph 2 of this announcement.	3,621 ¹	-
Total			3,621	-

- 6.2. The current total of all interested person transactions for FY2020 as at 31 May 2020 is estimated to be as follows:

¹ The value of financing expenses from Overdraft Facility Renewal between PT SGS and Bank Sampoerna is approximately IDR 8,400 million, as disclosed in Paragraph 5.3 of this announcement.

S/N	Description of interested person transaction with interested person	Nature of relationship	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)	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)
			IDR ('000,000)	IDR ('000,000)
1.	Financing expenses from Overdraft Facility Renewal between PT SGS and Bank Sampoerna (interested person)	Please refer to Paragraph 2 of this announcement.	3,621	-
2.	Office lease transactions between PT SGS and PT Sampoerna Land ("PT SL") (interested person) ²	Mr Michael Joseph Sampoerna, a Director of the Company, together with his immediate family, holds more than 30% of the shareholding interests (direct and indirect) in PT SL, a company incorporated in Indonesia.	2,524	-
3.	Office lease transactions between PT Mangole Timber Producers ("PT MTP") and PT SL (interested person) ³	Accordingly, PT SL is considered to be an associate of Mr Michael Joseph Sampoerna, and is therefore an "interested person" within the meaning of Chapter 9 of the Listing Manual.	110	-
Total			6,255	-

² Please refer to the Company's announcement dated 30 January 2020 (Announcement Reference SG2001300THR4EQO) for more details regarding this interested person transaction. In furtherance of Rule 916(1) of the Listing Manual, this transaction is not required to comply with Rule 906 of the Listing Manual such that this transaction would not be subject of aggregation pursuant to Rule 906(1)(b) of the Listing Manual.

³ Please refer to the Company's announcement dated 26 March 2020 (Announcement Reference SG2003260THR3G26) for more details regarding this interested person transaction. In furtherance of Rule 916(1) of the Listing Manual, this transaction is not required to comply with Rule 906 of the Listing Manual such that this transaction would not be subject of aggregation pursuant to Rule 906(1)(b) of the Listing Manual.

BY ORDER OF THE BOARD

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer
30 June 2020