



## **SAMKO TIMBER LIMITED**

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

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### **PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE**

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#### **1. INTRODUCTION**

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of Samko Timber Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company proposes to undertake a renounceable non-underwritten rights issue (“**Rights Issue**”) of up to 1,001,032,474 new ordinary shares in the share capital of the Company (“**Rights Shares**”) at an issue price of S\$0.035 for each Rights Share (“**Issue Price**”), on the basis of five (5) Rights Shares for every seven (7) existing ordinary shares in the share capital of the Company (“**Shares**”) held by Entitled Shareholders (as defined below) as at a books closure date to be determined by the Board (“**Books Closure Date**”), fractional entitlements to be disregarded.
- 1.2 The Company will also be seeking specific approval from shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting (“**EGM**”) in relation to the Rights Issue, the Proposed Whitewash Resolution (as defined below), and the proposed disposal of shares in PT SLJ Global Tbk as announced by the Company on 15 August 2016 (the “**Proposed Disposal**”). A circular to Shareholders containing further information on the Proposed Disposal, the Rights Issue and the Proposed Whitewash Resolution, together with the notice of the EGM, will be despatched to Shareholders in due course.
- 1.3 The ordinary resolution in respect of the Proposed Disposal is not conditional on the ordinary resolutions in respect of the Rights Issue or the Proposed Whitewash Resolution. However, Shareholders should note that the ordinary resolutions in respect of the Rights Issue and the Proposed Whitewash Resolution are inter-conditional on each other. As such, if any one of these two ordinary resolutions is not approved, the other ordinary resolution will not proceed.
- 1.4 The Board also wishes to announce that the Company has entered into a shareholder’s loan agreement with its controlling shareholder, Sampoerna Forestry Limited (“**SFL**”), in relation to the provision of an unsecured, interest free loan of US\$5 million to the Company (the “**Shareholder’s Loan**”) on 9 September 2016. SFL is a controlling shareholder of the Company, holding a direct interest of approximately 42.8% of the issued share capital of the Company as at the date of this announcement. As there is no interest payable by the Company on the Shareholder’s Loan, there is no value at risk to the Company and therefore the requirements under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) are not applicable to the Shareholder’s Loan. Repayment of the Shareholder’s Loan shall be made by the Company upon request by SFL. The Shareholder’s Loan will be used by the Company for general working capital purposes.

## 2. DETAILS OF THE RIGHTS ISSUE

### 2.1 Basis of Provisional Allotment

The Rights Issue is proposed to be made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of five (5) Rights Shares for every seven (7) existing Shares, as at the Books Closure Date, fractional entitlements to be disregarded.

### 2.2 Issue Price

The Issue Price of S\$0.035 represents:

- (a) a discount of approximately 61% to the closing market price of S\$0.090 per Share on the SGX-ST on 9 September 2016; and
- (b) a discount of approximately 48% to the theoretical ex-rights price of S\$0.067 per Share (based on the closing market price of S\$0.090 per Share on the SGX-ST on 9 September 2016).

### 2.3 Size of the Rights Issue

As at the date of this announcement, the Company has an issued share capital comprising 1,401,445,464 Shares. The Company does not have any outstanding convertible securities.

Assuming (i) no new Shares are issued on or before the Books Closure Date, and (ii) the Rights Issue is fully subscribed, 1,001,032,474 Rights Shares will be issued pursuant to the Rights Issue (the "**Maximum Scenario**").

Assuming (i) no new Shares are issued on or before the Books Closure Date, (ii) only the Undertaking Shareholder (as defined below) subscribes and pays in full for its Entitlement Application (as defined below), (iii) the Undertaking Shareholder subscribes and pays in full for the Excess Application (as defined below), such that the aggregate amount payable by the Undertaking Shareholder pursuant to the Entitlement Application and the Excess Application does not exceed S\$30.0 million (the "**Minimum Subscription Amount**"), and (iv) none of the other Shareholders or purchasers of the "nil-paid" rights during the "nil-paid" rights trading period subscribe for any Rights Shares, 857,142,857 Rights Shares will be issued pursuant to the Rights Issue (the "**Minimum SFL Scenario**").

Assuming (i) no new Shares are issued on or before the Books Closure Date, (ii) only the Undertaking Shareholder subscribes and pays in full for its Entitlement Application, (iii) the Undertaking Shareholder subscribes and pays in full for the Excess Application, such that the aggregate amount payable by the Undertaking Shareholder pursuant to the Entitlement Application and the Excess Application does not exceed S\$32.0 million (the "**Maximum Subscription Amount**") and (iv) none of the other Shareholders or purchasers of the "nil-paid" rights during the "nil-paid" rights trading period subscribe for any Rights Shares, 914,285,714 Rights Shares will be issued pursuant to the Rights Issue (the "**Maximum SFL Scenario**").

### 2.4 Eligibility of Shareholders to Participate in the Rights Issue

The Company proposes to provisionally allot nil-paid Rights Shares to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**"), comprising Entitled Depositors (as defined below) and Entitled Scripholders (as defined below).

(a) **Entitled Depositors**

Shareholders whose Shares are registered in the name of The Central Depository (Pte) Limited (“**CDP**”) and whose securities accounts with CDP are credited with Shares as at the Books Closure Date will be provisionally allotted their entitlements on the basis of the number of Shares standing to the credit of their securities account with CDP as at the Books Closure Date. To be “Entitled Depositors”, Depositors must have registered addresses with CDP in Singapore as at the Books Closure Date or must have, at least three (3) market days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.

(b) **Entitled Scripholders**

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to the Books Closure Date by Boardroom Corporate & Advisory Services Pte. Ltd. (“**Share Registrar**”), will be registered to determine the provisional entitlements of the transferee (“**Scripholder**”, which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP) under the Rights Issue. To be “Entitled Scripholders”, Scripholders must have registered addresses in Singapore as at the Books Closure Date or must have, at least three (3) market days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.

(c) **Foreign Shareholders**

For practical reasons and in order to avoid violation of relevant legislation applicable in countries other than Singapore, the Rights Shares will not be offered to Shareholders with registered addresses 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 to the Company, CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”). The Offer Information Statement to be issued for the Rights Issue and its accompanying documents will not be mailed to addresses outside Singapore. Accordingly, no provisional allotments of the nil-paid Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid. Entitlements to nil-paid Rights Shares which would otherwise accrue to Foreign Shareholders will, if practicable, be sold “nil-paid” on the SGX-ST after dealings in the provisional allotments of nil-paid 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, where the amount of net proceeds to be distributed to any single Foreign Shareholder is not less than S\$10.00. In the event the amount 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 shall have any claim whatsoever against the Company or CDP and their respective officers in connection therewith. Where such provisional allotments of Rights Shares 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 shall have any claim whatsoever against the Company, CDP and their

respective officers of such sales or the proceeds thereof, of such provisional allotments of nil-paid Rights Shares represented by such provisional allotments.

## 2.5 **Status and Ranking**

The Rights Shares will be payable in full upon acceptance and/or application and, upon issue and allotment, will rank *pari passu* in all respects with the Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares. For this purpose, "Record Date" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

## 2.6 **Provisional Allotments**

Entitled Shareholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the nil-paid Rights Shares and will be eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue.

Provisional allotments of Rights Shares which are not taken up for any reason shall be used to satisfy excess applications for Rights Shares (if any) or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company. In the allotment of excess Rights Shares, preference will be given to Entitled Shareholders in satisfaction of their application for excess Rights Shares (if any), provided that where there are insufficient excess Rights Shares to allot to each application, the Company shall allot the excess Rights Shares to Entitled Shareholders such that preference will be given to the rounding of odd lots, and Directors and substantial shareholders of the Company 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 will either be ineligible for excess Rights Shares, or if eligible, rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company.

## 2.7 **Non-Underwritten Rights Issue**

SFL (the "**Undertaking Shareholder**") has provided an irrevocable undertaking to the Company ("**Irrevocable Undertaking**") to, amongst others, (i) subscribe and pay for its Entitlement Application, and (ii) subscribe and pay for the Excess Application, provided that the aggregate amount payable by the Undertaking Shareholder pursuant to the Entitlement Application and the Excess Application 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 undertake the Rights Issue on a non-underwritten basis.

## 2.8 Offer Information Statement

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the Monetary Authority of Singapore (“MAS”), and despatched to Entitled Shareholders in due course, subject to, *inter alia*, the Rights Issue and the Proposed Whitewash Resolution being approved by the Independent Shareholders (as defined below) at the EGM.

## 3. RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

### 3.1 Rationale

The Company intends to undertake the Rights Issue to raise funds to (i) improve its working capital position, and (ii) strengthen the financial position and capital base of the Company and the Group. In connection with the foregoing, the Company plans to commence an organisational rationalisation process to further improve its staffing and costs efficiencies.

### 3.2 Use of Proceeds

For illustration purposes, assuming the Maximum Scenario, the estimated net proceeds from the subscription of the Rights Issue will be approximately S\$34.6 million, after deducting professional fees and related expenses incurred in connection with the Rights Issue (“**Maximum Net Proceeds**”). In the event of the Maximum Scenario, the Company intends to use the Maximum Net Proceeds in the following manner:

<b>Use of Proceeds</b>	<b>Percentage of net proceeds (%)</b>
Repayment of Shareholder’s Loan	20
Organisational rationalisation and associated costs	45
General corporate and working capital purposes	35

For illustration purposes, assuming the Minimum SFL Scenario, the estimated net proceeds from the subscription of the Rights Issue will be approximately S\$29.6 million, after deducting professional fees and related expenses incurred in connection with the Rights Issue (“**Minimum Net Proceeds**”). In the event of the Minimum SFL Scenario, the Company intends to use the Minimum Net Proceeds in the following manner:

<b>Use of Proceeds</b>	<b>Percentage of net proceeds (%)</b>
Repayment of Shareholder’s Loan	23
Organisational rationalisation and associated costs	53
General corporate and working capital purposes	24

The above allocations are based on the Maximum Scenario and the Minimum SFL Scenario only. In the event the net proceeds raised falls in between the Maximum Scenario and the Minimum SFL Scenario, the Company will make the necessary announcements on the allocations once the final net proceeds have been determined.

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

Pending the deployment of the net proceeds, 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 purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements on the utilisation of net proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the net proceeds in the annual report of the Company. Where there is a material deviation in the use of the net proceeds, the Company will state the reasons for such deviation.

Where the net proceeds are to be used for working capital, the Company will disclose a breakdown with specific details on the use of the net proceeds for working capital in its announcements and annual reports.

#### 4. IRREVOCABLE UNDERTAKING

- 4.1 As at the date of this announcement, the Undertaking Shareholder has a direct interest in 600,246,305 Shares which represents approximately 42.8% of the issued share capital of the Company. Accordingly, the Undertaking Shareholder is entitled to subscribe for an aggregate of 428,747,361 Rights Shares pursuant to the Rights Issue.

To demonstrate its confidence in the Rights Issue and to show commitment to the Company, the Undertaking Shareholder has given an Irrevocable Undertaking, among others, that:

- (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 its provisional allotments under the Rights Issue, being 428,474,361 Rights Shares (the “**Entitlement Application**”); 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 (the “**Excess Application**”), 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 the Entitlement Application and the Excess Application shall not be less than the Minimum Subscription Amount and not more than the Maximum Subscription Amount.

The Undertaking Shareholder’s obligations under the Irrevocable Undertaking are subject to:

- (a) the in-principle approval being granted by the SGX-ST for the dealing in, listing of and quotation of the Rights Shares under the Rights Issue on the Main Board of the SGX-ST and such in-principle approval not being withdrawn or revoked as at the completion of the Rights Issue;
- (b) the Whitewash Waiver being granted by the Securities Industry Council (“**SIC**”) and not having been withdrawn or revoked as at the completion of the Rights Issue;
- (c) the Rights Issue and the Proposed Whitewash Resolution being approved by Independent Shareholders at the EGM; and

- (d) the lodgment of the Offer Information Statement, together with all other accompanying documents by the Company in respect of the Rights Issue with the MAS.

4.2 On the assumption that the Rights Issue is fully subscribed and no new Shares are issued on or prior to completion of the Rights Issue, upon completion of the Rights Issue, the Undertaking Shareholder will have an interest in approximately 42.8% of the enlarged share capital of the Company.

On the assumption that there are zero subscription applications for the Rights Shares, 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), the Undertaking Shareholder's interest in the issued share capital of the Company will increase from 42.8% to 64.5%.

On the assumption that there are zero subscription applications for the Rights Shares, 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), the Undertaking Shareholder's interest in the issued share capital of the Company will increase from 42.8% to 65.4%.

## 5. WHITEWASH WAIVER

5.1 Under Rule 14.1 of the Singapore Code on Take-overs and Mergers (the "**Code**"), except with the consent of the SIC, where:-

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1% of the voting rights,

such person must extend offers immediately to the holders of any class of share capital of the Company which carries votes and in which such person, or persons acting in concert with him, hold shares ("**Mandatory Offer**"). In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

Pursuant to the Irrevocable Undertaking, the Undertaking Shareholder will subscribe and pay for (i) the Entitlement Application, and (ii) the Excess Application, provided that the aggregate payable by the Undertaking Shareholder pursuant to the Entitlement Application and the Excess Application shall not be less than the Minimum Subscription Amount and not more than the Maximum Subscription Application.

Depending on Shareholders' eventual subscription for the Rights Shares, the Undertaking Shareholder's current shareholding interest in the Company of approximately 42.8% may change in the manner as set out below:

Possible Scenarios	Undertaking Shareholder's shareholding before completion of the Rights Issue	Undertaking Shareholder's shareholding after completion of the Rights Issue
(i) Maximum Scenario	42.8%	42.8%
(ii) Maximum SFL Scenario	42.8%	65.4%
(iii) Minimum SFL Scenario	42.8%	64.5%

As shown above, the fulfilment by the Undertaking Shareholder of its obligations pursuant to the Irrevocable Undertaking (whether under the Minimum SFL Scenario or under the Maximum SFL Scenario) may result in the Undertaking Shareholder acquiring 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, unless independent shareholders (Shareholders other than the Undertaking Shareholder and parties acting in concert with him) ("**Independent Shareholders**") approve at a general meeting a resolution to waive their rights to receive a Mandatory Offer from the Undertaking Shareholder and parties acting in concert with him ("**Proposed Whitewash Resolution**").

As such, the Company intends to submit 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 ("**Whitewash Waiver**").

The Company has appointed SAC Capital Private Limited as the independent financial adviser to advise such Directors who are considered independent for the purposes of making the recommendation to Independent Shareholders in relation to the Proposed Whitewash Resolution. Further details of the Whitewash Waiver and the advice of the independent financial adviser will be set out in the Circular.

## 6. APPROVALS

The Rights Issue is subject to, amongst others, the following:-

- (a) the Whitewash Waiver being granted by the SIC and not having been withdrawn or revoked on or prior to the completion of the Rights Issue;
- (b) the receipt of the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST and such approval not having been withdrawn or revoked on or prior to the completion of the Rights Issue;
- (c) approval of the Independent Shareholders for the Rights Issue at the EGM to be convened;
- (d) approval of the Independent Shareholders for the Proposed Whitewash Resolution at the EGM to be convened;
- (e) all other necessary consents, approvals and waivers from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue, being obtained and not having been revoked or amended before completion of the Rights Issue; and



- (f) lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), by the Company in connection with the Rights Issue, with the MAS.

## **7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Mr. Michael Joseph Sampoerna is the son of Mr. Putera Sampoerna who is the beneficial owner of the entire issued share capital of the Undertaking Shareholder, and Mr. Eka Dharmajanto Kasih is a director of the Undertaking Shareholder. As such, they will abstain from making any recommendations on the Rights Issue and the Proposed Whitewash Resolution.

Save as disclosed in this announcement, none of the other Directors or controlling shareholders of the Group has any interest, direct or indirect, in the Rights Issue, other than through their respective shareholding interests in the Company.

## **8. CIRCULAR AND OFFER INFORMATION STATEMENT**

The Circular containing, *inter alia*, the notice of the EGM, the terms and conditions of the Rights Issue and the Whitewash Waiver will be despatched to Shareholders in due course. Thereafter, the Offer Information Statement will be despatched by the Company, together with copies of the application form for the Rights Shares and excess Rights Shares or the provisional allotment letter, as the case may be, to the Entitled Shareholders following the EGM in due course if the Rights Issue and the Proposed Whitewash Resolution are approved at the EGM.

### **By Order of the Board**

Riko Setyabudhy Handoko  
Executive Director and Chief Executive Officer  
9 September 2016