

CIRCULAR DATED 17 NOVEMBER 2023

THIS CIRCULAR TO SHAREHOLDERS (“CIRCULAR”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Samko Timber Limited (the “Company”). If you are in any doubt as to the contents of this Circular or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited, you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s) which are not deposited with the CDP, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Circular. Approval-in-principle has been granted by the SGX-ST to the Company for the listing of and quotation for the Rights Shares, on the SGX-ST, subject to certain conditions. Official quotation of the Rights Shares on the SGX-ST will commence after all conditions imposed by the SGX-ST are satisfied. The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Rights Shares, the Company and/or its subsidiaries.

This Circular shall not constitute an offer to sell or a solicitation of an offer to buy shares or other securities, including the provisional allotments of Rights Shares and the Rights Shares. This Circular may not be sent to any person or any jurisdiction in which it would not be permissible to deliver the provisional allotments of Rights Shares and the Rights Shares or make an offer of the provisional allotments of Rights Shares and the Rights Shares, and the provisional allotments of Rights Shares and the Rights Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction. This Circular is issued to Shareholders solely for the purpose of providing Shareholders with the information pertaining to the Extraordinary General Meeting, convening the Extraordinary General Meetings and seeking Shareholders' approval for the resolutions to be proposed at the Extraordinary General Meeting. Shareholders are authorised to use this Circular solely for the purpose of considering the approvals sought. Persons to whom a copy of this Circular has been issued shall not circulate to any other person, reproduce or otherwise distribute this Circular or any information herein for any purpose whatsoever nor permit or cause the same to occur.

The distribution of this Circular and/or the transfer of the provisional allotments of Rights Shares and the Rights Shares into jurisdictions other than Singapore may be prohibited or restricted by law. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Circular (together with the Notice of Extraordinary General Meeting and the Proxy Form) may be accessed at the Company's website at the URL <https://www.sampoernakayoe.co.id> and is also available on the SGX-ST website at the URL <https://www.sgx.com/securities/company-announcements>. A printed copy of this Circular (together with the Notice of Extraordinary General Meeting and the Proxy Form) will be despatched to Shareholders.



SAMKO TIMBER LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to:

- (1) THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 7,224,513,285 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (“RIGHTS SHARES”) AT AN ISSUE PRICE OF S\$0.003 FOR EACH RIGHTS SHARE (“ISSUE PRICE”), ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AS AT THE RECORD DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (2) THE PROPOSED CHANGE OF AUDITORS FROM MOORE STEPHENS LLP TO BDO LLP**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	2 December 2023 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	4 December 2023 at 3.00 p.m.
Place of Extraordinary General Meeting	:	Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

“1H2022”	:	Half year ended 30 June 2022
“1H2023”	:	Half year ended 30 June 2023
“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	Annual General Meeting
“Addendum Announcement”	:	The addendum to the Rights Issue Announcement made by the Company on SGXNET on 31 October 2023 in relation to, <i>inter alia</i> , the Irrevocable Undertaking
“ARE”	:	Application and acceptance form for Rights Shares and Excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares under the Right Issue
“ARS”	:	Application and acceptance form for Rights Shares to be issued to Purchasers of the provisional allotments of Rights Shares under the Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system
“ATM”	:	Automated teller machine of a Participating Bank
“Auditors”	:	The auditors of the Company as appointed from time to time
“Audit Committee”	:	The audit committee of the Company for the time being
“BDO”	:	Messrs BDO LLP
“Board” or “Directors”	:	The directors of the Company as at the date of this Circular
“CDP”	:	The Central Depository (Pte) Limited
“Change of Auditors”	:	The proposed change of Auditors from Moore Stephens to BDO
“Circular”	:	This circular to Shareholders dated 17 November 2023 in relation to the proposed Rights Issue and the proposed Change of Auditors
“Closing Date”	:	The time and date to be determined by the Directors and announced by the Company in due course, being the last time and date for acceptance of and/or excess application and payment, and renunciation and payment of the Rights Shares under the Rights Issue

“Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	Samko Timber Limited
“Constitution”	:	The constitution of the Company, as amended or modified from time to time
“CPF”	:	The Central Provident Fund
“CPF Agent Bank”	:	Any bank appointed by CPF to be a bank under the Central Provident Fund (Investment Schemes) Regulations
“CPF Funds”	:	CPF investible savings
“CPF Investment Account”	:	The investment account maintained with an approved CPF Agent Bank for the purpose of investment of CPF Funds under the CPFIS – Ordinary Account
“CPFIS”	:	CPF Investment Scheme
“CPFIS Members”	:	Shareholders who have previously purchased Shares using their CPF Funds under their CPF Investment Accounts
“EGM”	:	The extraordinary general meeting of Shareholders to be held on 4 December 2023, notice of which is set out on pages N-1 to N-5 of this Circular
“Entitled Depositors”	:	Shareholders with Shares standing to the credit of their Securities Accounts as at the Record Date and whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three (3) Market Days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents
“Entitled Scripholders”	:	Shareholders whose share certificates are not deposited with CDP and persons who have tendered to the Share Registrar valid transfer of their Shares and the certificates relating thereto for registration up to the Record Date and whose registered addresses with the Share Registrar are in Singapore as at the Record Date or who have, at least three (3) Market Days prior to the Record Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
“Entitled Shareholders”	:	Entitled Depositors and Entitled Scripholders
“EPS”	:	Earnings per Share

“Excess Rights Shares”	:	The additional Rights Shares which Entitled Shareholders may subscribe for in excess of their provisional allotments under the Rights Issue
“Existing Share Capital”	:	The existing issued and paid-up share capital of the Company comprising 2,408,171,095 Shares, as at the Latest Practicable Date
“Foreign Shareholders”	:	Shareholders whose registered addresses are outside Singapore as at the Record Date and who had not, at least three (3) Market Days prior to the Record Date, provided CDP or the Company, as the case may be, with addresses in Singapore for the service of notices or documents
“FY”	:	Financial year ended, or ending, as the case may be, on 31 December
“Group”	:	The Company and its subsidiaries
“Irrevocable Undertaking”	:	The irrevocable undertaking dated 31 October 2023 which had been given by the Undertaking Shareholder to the Company to, <i>inter alia</i> : (a) subscribe and/or procure the subscription and payment for the whole of its entitlements under the Rights Issue of 4,562,019,045 Rights Shares at an issue price of S\$0.003 each, aggregating S\$13,686,057.14; and (b) ensure that none of the Shares that it owns or controls as at the date of the Irrevocable Undertaking are disposed of during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares
“Issue Price”	:	The issue price of S\$0.003 per Rights Share
“Last Trading Day”	:	5 September 2023, being the last trading day on which trades were done on the Shares prior to the Rights Issue Announcement
“Latest Practicable Date”	:	15 November 2023, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST and its relevant rules, as amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“MAS”	:	The Monetary Authority of Singapore
“Maximum Subscription Scenario”	:	Based on the Existing Share Capital, if the allotment ratio of the Rights Issue is directly applied to the Existing Share Capital and assuming all of the 7,224,513,285 Rights Shares are subscribed

“Minimum Subscription Scenario”	:	Based on the Existing Share Capital and assuming (a) none of the Entitled Shareholders (excluding the Undertaking Shareholder) subscribe for their <i>pro rata</i> entitlements of Rights Shares, and (b) only the Undertaking Shareholder subscribes for its <i>pro rata</i> entitlement of 4,562,019,045 Rights Shares (entitlement <i>pro rata vis-à-vis</i> all other Shareholders)
“Moore Stephens”	:	Moore Stephens LLP
“NAV”	:	Net Asset Value
“Net Proceeds”	:	The net proceeds of the Rights Issue after deducting estimated costs and expenses of S\$0.2 million relating to the Rights Issue
“Notice of EGM”	:	The notice of the EGM as set out on pages N-1 to N-5 of this Circular
“Notice of Resignation”	:	The notice of resignation provided by Moore Stephens as Auditors
“NTA”	:	Net tangible assets
“Offer Information Statement”	:	The offer information statement referred to in Section 277 of the SFA, together with the ARE, the ARS, the PAL and all other accompanying documents (where applicable, including any supplementary or replacement document thereof) to be issued by the Company and to be lodged with the MAS in connection with the Rights Issue
“Ordinary Resolution 1”	:	The ordinary resolution to approve the proposed Rights Issue, including the allotment and issue of the Rights Shares, the full text of which is set out in the Notice of EGM
“Ordinary Resolution 2”	:	The ordinary resolution to approve the proposed Change of Auditors, the full text of which is set out in the Notice of EGM
“PAL”	:	The provisional allotment letter to be issued to Entitled Scripholders, setting out their provisional allotments of Rights Shares under the Rights Issue
“Participating Banks”	:	The banks that will be participating in the Rights Issue by making available their ATMs to Entitled Depositors and persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore, for acceptances of the Rights Shares and/or applications for Excess Rights Shares, and to be set out in the Offer Information Statement in due course

“Professional Clearance Letter”	:	The professional clearance letter from Moore Stephens to BDO
“Proposed Resolutions”	:	Ordinary Resolution 1 and Ordinary Resolution 2
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular
“Purchaser”	:	A purchaser of the provisional allotments of Rights Shares traded on the SGX-ST through the book-entry (scripless) settlement system
“Record Date”	:	The time and date (to be announced by the Company) at and on which, subject to the approval of the Rights Issue being obtained at the EGM, 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
“Register of Members”	:	Register of members of the Company
“Rights Issue”	:	The proposed renounceable non-underwritten rights issue by the Company of up to 7,224,513,285 Rights Shares at an Issue Price of S\$0.003 per Rights Share, on the basis of three (3) Rights Shares for every one (1) Share held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded
“Rights Issue Announcement”	:	The announcement made by the Company on SGXNET on 5 September 2023 in relation to the Rights Issue
“Rights Shares”	:	Up to 7,224,513,285 new Shares to be allotted and issued by the Company pursuant to the Rights Issue
“Sampoerna”	:	Sampoerna Forestry Limited
“Securities Account”	:	A securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository agent)
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGXNET”	:	Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.

“Shareholders”	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, 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
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council
“SRS”	:	Supplementary Retirement Scheme
“SRS Account”	:	An account opened by a member under the SRS with the relevant approved bank
“SRS Approved Banks”	:	Approved banks in which SRS Investors hold their SRS Accounts under the SRS
“SRS Investors”	:	Members under the SRS
“Substantial Shareholder”	:	A person who holds directly and/or indirectly five per cent. (5.0%) or more of the total issued share capital of the Company
“TERP”	:	The theoretical market price of each Share assuming the completion of the Rights Issue and the Rights Issue is fully subscribed, which is calculated based on the market capitalisation of the Company based on the last transacted price of the Shares on the Mainboard of the SGX-ST of S\$0.013 per Share on the Last Trading Day and the gross proceeds of the Rights Issue, divided by the total number of Shares following the issuance of the Rights Shares
“Undertaking Shareholder”	:	Sampoerna
“Unit Share Market”	:	The unit share market of the SGX-ST
“Written Consent to Act”	:	Written consent to act as Auditors given by BDO
“%” or “per cent.”	:	Percentage or per centum
“S\$”	:	Singapore dollars
“Rp”	:	Indonesian Rupiah

An exchange rate of Rp11,434.44: S\$1.00 as at 9 October 2023 has been applied, where relevant, in this Circular.

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

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**concert parties**” and “**parties acting in concert**” shall have the meaning ascribed to them in the Code.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include corporations.

The words “**written**” and “**in writing**” include, where the context requires, any means of visible reproduction.

Any reference in this Circular to any enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in tables included herein between the amounts in the columns of the tables and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any reference to a website or any website directly or indirectly linked to such websites in this Circular is not incorporated by reference into this Circular and should not be relied upon.

Dentons Rodyk & Davidson LLP has been appointed as the legal adviser to the Company in relation to the Proposed Resolutions.

SAMKO TIMBER LIMITED

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

LETTER TO SHAREHOLDERS

Board of Directors

Mr Eka Dharmajanto Kasih (Non-Independent and Non-Executive Chairman)
Mr Riko Setyabudhy Handoko (Executive Director and Chief Executive Officer)
Mr Michael Joseph Sampoerna (Non-Independent and Non-Executive Director)
Mr Ng Cher Yan (Lead Independent and Non-Executive Director)
Mr Sim Idrus Munandar (Independent and Non-Executive Director)
Mr Ito Sumardi (Independent and Non-Executive Director)
Mr Hadi Daryanto (Independent and Non-Executive Director)

Registered Office:

7500A Beach Road
#08-305/307 The Plaza
Singapore 199591

17 November 2023

To: The Shareholders of Samko Timber Limited

Dear Sir/Madam

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 7,224,513,285 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.003 FOR EACH RIGHTS SHARE, ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AS AT THE RECORD DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (2) **THE PROPOSED CHANGE OF AUDITORS FROM MOORE STEPHENS LLP TO BDO LLP**

1. INTRODUCTION

1.1 Extraordinary General Meeting

The Directors are convening an EGM to be held at Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558 on 4 December 2023 at 3.00 p.m. to seek Shareholders' approval for the following:

- (a) the proposed Rights Issue ("**Ordinary Resolution 1**"); and
- (b) the proposed Change of Auditors ("**Ordinary Resolution 2**"),

(collectively, the "**Proposed Resolutions**").

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with all necessary information relating to, and to explain the rationale for, each of the Proposed Resolutions and to seek Shareholders' approval in relation thereto at the EGM.

Please see the Notice of EGM set out on pages N-1 to N-5 of this Circular for details of the Proposed Resolutions.

2. THE PROPOSED RIGHTS ISSUE

2.1 Introduction

On 5 September 2023, the Company announced in the Rights Issue Announcement, amongst others, a proposal to undertake a renounceable non-underwritten rights issue of up to 7,224,513,285 new ordinary shares in the share capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.003 for each Rights Share (the “**Issue Price**”), on the basis of three (3) Rights Shares for every one (1) existing Share held by Shareholders who are eligible to participate in the Rights Issue as at the Record Date, fractional entitlements to be disregarded.

On 31 October 2023, the Company announced in the Addendum Announcement, that Sampoerna, a Substantial Shareholder, had on 31 October 2023, given the Irrevocable Undertaking to demonstrate its support for the Rights Issue as well as its commitment to the Company. Please refer to section 2.8 of this Circular for further information on the Irrevocable Undertaking.

The 7,224,513,285 Rights Shares announced by the Company on 5 September 2023 had been calculated on the basis that all of the Shareholders subscribed for their *pro rata* entitlements of Rights Shares, with the number of Rights Shares allocated to each Shareholder rounded down and entitlements to fractions of Shares disregarded. As at the Latest Practicable Date, the issued and paid-up share capital of the Company comprises 2,408,171,095 Shares (the “**Existing Share Capital**”). The Company does not have any treasury shares and there are no outstanding warrants or convertible securities issued by the Company pursuant to which new Shares may be issued on exercise or conversion. Based on the Existing Share Capital, if the allotment ratio of the Rights Issue is directly applied to the Existing Share Capital and assuming all of the Rights Shares are subscribed, 7,224,513,285 Rights Shares will be issued under the Rights Issue.

The Rights Issue is subject to, amongst others, Shareholders’ approval of Ordinary Resolution 1 at the EGM.

2.2 Approval in-principle

The Company also announced on 16 November 2023 that the SGX-ST had granted approval in-principle for the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST, subject to certain conditions, the details of which are set out in section 2.3 of this Circular. The Rights Shares will be admitted to the Official List of the SGX-ST and official quotation will commence after all conditions imposed by the SGX-ST are satisfied, all certificates for the Rights Shares have been issued and the notification letters from CDP have been despatched.

The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Circular. Approval in-principle 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 the Rights Shares, the Company and/or its subsidiaries.

2.3 Principal Terms of the Rights Issue

The principal terms of the Rights Issue are as set out below:

- Number of Rights Shares** : Based on the Existing Share Capital, the Company will issue:
- (a) up to 7,224,513,285 Rights Shares in the Maximum Subscription Scenario; and
 - (b) up to 4,562,019,045 Rights Shares in the Minimum Subscription Scenario.
- Basis of provisional allotment** : Three (3) Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.
- Issue Price** : S\$0.003 for each Rights Share, payable in full on acceptance and/or application.
- Discount** : The Issue Price represents a discount of approximately:
- (a) 76.9% to the last transacted price of the Shares on the Mainboard of the SGX-ST of S\$0.013 per Share on the Last Trading Day;
 - (b) 45.4% to the TERP of S\$0.006 per Share as calculated based on the last transacted price of the Shares on the Mainboard of the SGX-ST of S\$0.013 per Share on the Last Trading Day;
 - (c) 76.9% to the volume weighted average price of S\$0.013 per Share, as calculated based on the volume weighted average price of the Shares on the Mainboard of the SGX-ST over the five (5) consecutive Market Days leading up to and including the Last Trading Day; and
 - (d) 25.0% to the last transacted price of the Shares on the Mainboard of the SGX-ST of S\$0.004 per Share on 15 November 2023, being the Latest Practicable Date.

In determining the Issue Price and the discounts, the Directors had taken into consideration the size of the Rights Issue, the Company's precedent rights issue in 2016, the Company's share price performance and volume in the past 12 months, the volume weighted average price of the Shares on the Last Trading Day and the TERP computed on the same.

- Use of Proceeds** : The Company intends to utilise the Net Proceeds from the Rights Issue for general working capital purposes. Further details of the use of proceeds are set out in section 2.10 of this Circular.
- Status of the Rights Shares** : The Right 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, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date of which falls on or before the date of allotment and issue of the Rights Shares.
- Eligibility to participate in the Rights Issue** : Only Entitled Shareholders are eligible to participate in the Rights Issue. Further details are set out in section 2.7 of this Circular.
- Listing of the Rights Shares** : Approval in-principle for the listing of and quotation for the Rights Shares on the SGX-ST has been granted by the SGX-ST on 16 November 2023, subject to certain conditions, details of which are set out in section 2.3 of this Circular.
- The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Circular.
- Acceptance, excess application and payment procedures** : Entitlements to subscribe for the Rights Shares will be renounceable and are expected to be tradeable on the Mainboard of the SGX-ST over a period to be determined by the Directors in compliance with the rules of the Listing Manual.
- Entitled Shareholders will be at liberty to accept, decline, renounce or, in the case of Entitled Depositors, trade on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST, in whole or in part, their provisional allotments of the Rights Shares on the SGX-ST and will be eligible to apply for the additional Rights Shares in excess of their respective provisional allotments under the Rights Issue.

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

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of Right Shares and for the applications for Excess Rights Shares, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement to be despatched or, as the case may be, electronically disseminated by, and in the ARE, the ARS and the PAL to be despatched by, the Company in due course.

Trading of the Rights Shares : Upon the listing and quotation of the Rights Shares on the Mainboard of the SGX-ST, the Rights Shares will be traded on the Mainboard of the SGX-ST under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) in relation to 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 Account with The Central Depository (Pte) Limited**" and the "**Terms and Conditions for CDP to act as Depository for the Rights Shares**", as the same may be amended from time to time, copies of which are available from CDP. For the purposes of trading on the Mainboard of the SGX-ST, each board lot of Shares will comprise of 100 Shares.

Shareholders who hold odd lots of Shares (that is, lots other than board lots of 100 Shares) are able to trade odd lots of Shares in board lots of one Share on the Unit Share Market. Shareholders who hold odd lots of Shares may have difficulty and/or have to bear disproportionate transaction costs in realising the fair market price of such Shares.

Use of CPF Funds

- : CPFIS Members can only use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts to pay for the acceptance of their provisional allotments of Rights Shares and (if applicable) application for Excess Rights Shares.

Such CPFIS Members who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares using their CPF Funds must have sufficient funds in their CPF Investment Accounts and will need to instruct their respective approved CPF Agent Banks with whom they hold their CPF Investment Accounts, to accept the provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares on their behalf in accordance with the terms and conditions of the Offer Information Statement.

In the case of insufficient CPF Funds or stock limit, CPFIS Members may top-up cash into their CPF Investment Accounts before instructing their respective approved CPF agent banks to accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares on their behalf. CPF Funds cannot, however, be used for the purchase of the provisional allotments of Rights Shares directly from the market.

Use of SRS Funds

- : SRS Investors can only use, subject to applicable SRS rules and regulations, monies standing to the credit of their respective SRS Accounts to pay for the acceptance of their provisional allotments of Rights Shares and (if applicable) application for Excess Rights Shares.

Such SRS Investors who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares using their SRS monies will need to instruct their respective SRS Approved Banks with whom they hold their SRS accounts, to accept the provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares on their behalf in accordance with the terms and conditions in the Offer Information Statement.

SRS Investors who have insufficient funds in their SRS accounts could, subject to the SRS contribution cap, deposit cash into their SRS Accounts with their respective SRS Approved Banks before instructing their respective SRS Approved Banks to accept the provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares on their behalf. SRS monies cannot, however, be used for the purchase of the provisional allotments of Rights Shares directly from the market.

- Non-underwritten** : The Rights Issue will not be underwritten. Further details are set out in section 2.9 of this Circular.
- Scaling down** : Depending on the level of subscription for the Rights Shares, the Company may, if necessary, scale down the subscription and/or excess applications for the Rights Shares by any of the Shareholders (if such Shareholder chooses to subscribe for his/her/its pro-rata Rights Shares entitlement and/or apply for Excess Rights Shares) to avoid placing the relevant Shareholder and parties acting in concert with him/her/it (as defined in the Code) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up, whether partly or in full, their Rights Shares entitlements fully, and/or to avoid the transfer of a controlling interest in the Company, which is prohibited under Rule 803 of the Listing Manual, unless prior approval of Shareholders is obtained in a general meeting.
- Previous Equity Fund Raising** : The Company has not undertaken any equity fund raising in the past 12 months prior to the date of the Rights Issue Announcement.
- Governing law** : Laws of Singapore.

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 MAS and despatched or, as the case may be, electronically disseminated to Entitled Shareholders in due course following the EGM, subject to, *inter alia*, the Rights Issue being approved by Shareholders at the EGM.

2.4 Conditions for the Rights Issue

The Rights Issue is subject to, *inter alia*, the following conditions:

- (a) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST, such approval not having been withdrawn or revoked on or prior to the date of completion of the Rights Issue, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;

- (b) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), to be issued by the Company in connection with the Rights Issue, with the MAS;
- (c) the approval of the Shareholders for the Rights Issue, including the allotment and issue of the Rights Shares at the EGM; and
- (d) all other necessary consents, approvals and waivers required 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 the completion of the Rights Issue.

2.5 SGX-ST Conditions

On 16 November 2023, the Company received approval in-principle from the SGX-ST for the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST, subject to the following conditions:

- (a) compliance with the SGX-ST's listing requirements;
- (b) Shareholders' approval for the Rights Issue to be obtained at the EGM;
- (c) submission of:
 - (i) a written undertaking from the Company that it will comply with Rules 704(30), 877(8) and 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will 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 annual report;
 - (ii) written confirmation from financial institution(s) as required under Rule 877(9) that the Undertaking Shareholder who has given the Irrevocable Undertaking has sufficient financial resources to fulfil its obligations under the Irrevocable Undertaking;
 - (iii) a written undertaking from the Company that it will comply with Rule 877(10) of the Listing Manual with regard to the allotment of any excess Rights Shares; and
 - (iv) a written undertaking from the Company that Rule 820 of the Listing Manual will be complied with.

The Company has provided the written undertakings and confirmations referred to in sections 2.5(c)(i), (ii) and (iii) above to the SGX-ST. The Company will provide the written undertaking referred to in section 2.5(c)(iv) above to the SGX-ST in due course. The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Rights Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular.

2.6 Notification under Section 309B of the SFA

The provisional allotments of Rights Shares and the Rights Shares are prescribed capital market products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

2.7 Eligibility of Shareholders to participate in the Rights Issue

2.7.1 Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Rights Issue and to receive the Offer Information Statement, together with the AREs or PALs, as the case may be, and its accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the Offer Information Statement and AREs may obtain them from CDP during the period from the date the Rights Issue Commences up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date.

Entitled Shareholders will be provisionally allotted Rights Shares under the Rights Issue on the basis of their shareholdings in the Company as at the Record Date. Entitled Shareholders will be at liberty to accept (in full or in part), decline, renounce or (in the case of Entitled Depositors only) trade their provisional allotments of Rights Shares during the provisional allotment trading period prescribed by the SGX-ST and are eligible to apply for Excess 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 will be 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, will be set out in the Offer Information Statement to be despatched or, as the case may be, electronically disseminated by, and in the ARE, the ARS and the PAL to be despatched by, the Company in due course.

Entitled Scripholders should note that all notices and documents will be sent to their last registered Singapore mailing addresses with the Share Registrar. Entitled Scripholders are reminded that any request to the Share Registrar to update their records or to effect any change in address must reach Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue Keppel Bay Tower, #14-07 Singapore 098632, no later than three (3) Market Days before the Record Date.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP well in advance of the Record Date so that their Securities Accounts may be credited by CDP with their Shares prior to the Record Date and their provisional allotments of Rights Shares. Entitled Scripholders should note that their Securities Accounts will only be credited with their Shares on the 12th Market Day from the date of lodgement of their share certificates with CDP or such later date as CDP may determine.

Entitled Depositors should note that all notices and documents will be sent to their last registered Singapore mailing addresses with CDP. Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP in writing at 11 North Buona Vista Drive, #01-19/20 The Metropolis Tower 2, Singapore 138589 at least three (3) Market Days before the Record Date.

2.7.2 Foreign Shareholders

The Offer Information Statement and its accompanying documents relating to the Rights Issue have not been and will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents, and the purchase, exercise of or subscription for the provisional allotments of Rights Shares and/or the Rights Shares by any persons who have registered addresses outside Singapore, or who are resident in, or citizens of countries other than Singapore, 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, the Rights Issue is only made in Singapore, and the Offer Information Statement and its accompanying documents will not be despatched or, as the case may be, disseminated to Foreign Shareholders.

Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No provisional allotment of the Rights Shares will be made to Foreign Shareholders and no purported acceptance of the provisional allotments of Rights Shares or applications for Excess Rights Shares by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents relating to the Rights Issue will also not be despatched to persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore. It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside Singapore who wishes to take up his/her/its provisional allotment of Rights Shares and (if applicable), apply for Excess Rights Shares under the Rights Issue to satisfy himself/herself/itself as to the full observance of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes in such territories. The comments set out in this section are intended as a general guide only and any Foreign Shareholder who is in doubt as to his position should consult his professional advisers without delay. 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 the Rights Shares renounced to him.

The Company reserves the right to reject any acceptances of the provisional allotments of Rights Shares and/or applications for Excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction.

The Company further reserves the right to treat as invalid any ARE, ARS or PAL 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 or which the Company believes may violate any 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, warranty or confirmation.

Foreign Shareholders who wish to be eligible to participate in the Rights Issue may provide a Singapore address by notifying in writing, as the case may be (a) CDP at 11 North Buona Vista Drive, #01-19/20 The Metropolis Tower 2, Singapore 138589, or (b) the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue Keppel Bay Tower, #14-07 Singapore 098632, no later than three (3) Market Days before the Record Date.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the 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 commencement of trading in the provisional allotments of Rights Shares. 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 the expenses expected 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 or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Record Date and sent to them **AT THEIR OWN RISK** by ordinary post, or in such other manner as they may have agreed with CDP for payment of any cash distributions. If the amount of Net Proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such Net Proceeds will be retained or dealt with 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, the Directors, CDP or the Share Registrar or their respective officers in connection therewith.

Where such provisional allotments of Rights Shares are sold 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, the Directors, CDP or the Share Registrar or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotment of Rights Shares 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 and allotted to satisfy excess applications 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 and no Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, CDP or the Share Registrar or 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 the documents relating to the Rights Issue are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the documents relating to the Rights Issue 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 compliance with, or any breach of, any registration or other legal requirements in those territories.

2.8 Irrevocable Undertaking

As at the Latest Practicable Date, the Undertaking Shareholder, Sampoerna, directly holds 1,520,673,015 Shares, representing 63.15% of the Existing Share Capital.

As announced by the Company in the Addendum Announcement, to demonstrate its support for the Rights Issue as well as its commitment to the Company, Sampoerna had on 31 October 2023, given an irrevocable undertaking ("**Irrevocable Undertaking**") to, *inter alia*:

- (a) subscribe and/or procure the subscription and payment for the whole of its entitlement under the Rights Issue of 4,562,019,045 Rights Shares at an issue price of S\$0.003 each, aggregating S\$13,686,057.14;
- (b) ensure that none of the Shares that it owns or control as at the date of the Irrevocable Undertaking are disposed of during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares; and
- (c) vote in favour of the Rights Issue, including the allotment and issue of the Rights Shares, at the EGM (including an adjournment thereof).

The Undertaking Shareholder has additionally procured a written confirmation from its financial institution that it has sufficient financial resources to fulfil its obligations under Irrevocable Undertaking.

The Irrevocable Undertaking is subject to and conditional upon the following:

- (a) the approval in-principle having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue) for the listing of and quotation for the Rights Shares on the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (b) the approval of the shareholders of the Company for the Rights Issue, including the allotment and issue of the Rights Shares, at the EGM;
- (c) the lodgment of an offer information statement in connection with the Rights Issue, together with all other accompanying documents (if applicable), by the Company, with the Authority; and
- (d) all other necessary consents, approvals and waivers required 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 the completion of the Rights Issue.

The Company will update Shareholders via SGXNET as and when it has received any further undertaking from any Shareholder and in any case, prior to the lodgement and despatch of the Offer Information Statement.

2.9 Non-underwritten basis

The Rights Issue will not be underwritten. In the reasonable opinion of the Directors, there is no minimum amount which must be raised from the Rights Issue. After taking into consideration the aforementioned, the Irrevocable Undertaking given by the Undertaking Shareholder and the costs of engaging an underwriter and having to pay commission in relation to the underwriting, the Directors have decided that it is not feasible nor practical for the Rights Issue to be underwritten by a financial institution. The Rights Issue cannot be withdrawn after the commencement of ex-rights trading.

2.10 Rationale for the Rights Issue and Use of Proceeds

Whilst the Company has been exploring various means of fundraising including external borrowings and debt instruments, the rising interest rate environment and the creation of security interests for bank borrowings has the Company favouring an equity fundraising as the most optimal and equitable form of fundraising. As disclosed in the Rights Issue Announcement and section 2.3 of this Circular above, the Company has not undertaken any equity fund raising exercise in the past 12 months, and is undertaking the proposed Rights Issue to strengthen the financial position and capital base of the Group. In view of the current financial circumstances and the Group's order book, the Company believes that the Net Proceeds from the proposed Rights Issue will strengthen the Company's balance sheet, for which a stronger financial position will provide financial flexibility for the Group and also allow the Group to seize opportunities for business growth and expansion in a timely manner and as and when the opportunities arise.

In addition, the Rights Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to invest in new equity in the Company.

Based on the Existing Share Capital and assuming that all the Entitled Shareholders subscribe in full for their *pro rata* Rights Shares (entitlements *pro rata vis-à-vis* all other Shareholders) under the Rights Issue, 7,224,513,285 Rights Shares will be issued under the Rights Issue, in the event of the Maximum Subscription Scenario.

Based on the Existing Share Capital and assuming: (a) none of the Entitled Shareholders (excluding the Undertaking Shareholder) subscribe for their *pro rata* entitlements of Rights Shares; and (b) only the Undertaking Shareholder subscribes for its *pro rata* entitlement of 4,562,019,045 Rights Shares (entitlement *pro rata vis-à-vis* all other Shareholders), up to 4,562,019,045 Rights Shares will be issued under the Rights Issue, in the event of the Minimum Subscription Scenario.

In the event of the Maximum Subscription Scenario, the Rights Issue, based on the Existing Share Capital and the Issue Price, will raise approximately S\$21.7 million and the estimated net proceeds, after deducting estimated costs and expenses of S\$0.2 million relating to the Rights Issue ("**Net Proceeds**"), is approximately S\$21.5 million.

In the event of the Minimum Subscription Scenario, the Rights Issue, based on the Existing Share Capital and the Issue Price will raise approximately S\$13.7 million and the estimated Net Proceeds, after deducting estimated costs and expenses of S\$0.2 million relating to the Rights Issue, is approximately S\$13.5 million.

The Company intends to use the Net Proceeds from the Rights Issue for general working capital purposes which includes, but not limited to, operating costs of the Group, payment of professional fees, payment of trade-related debts, and payment of staff salaries. The Company envisages more cash to be utilised for its operating activities as the Group is in its recovery and business expansion phase.

Use of Net Proceeds	Maximum Subscription Scenario		Minimum Subscription Scenario	
	Amount (S\$ million)	Percentage of Net Proceeds (%)	Amount (S\$ million)	Percentage of Net Proceeds (%)
General working capital purposes	S\$21.5 million	100%	S\$13.5 million	100%
Total	S\$21.5 million	100%	S\$13.5 million	100%

The Company is of the view that the Net Proceeds from the Rights Issue will be sufficient to meet the Company's present funding requirements and to enable the Company to meet its obligations and continue to operate as a going concern.

Pursuant to Rules 704(30) and 1207(20) of the Listing Manual, the Company will make periodic announcements on the utilisation of the proceeds from the Rights Issue via SGXNET, as and when the funds from the Rights Issue are materially disbursed whether such a use is in accordance with the stated use and in accordance with the percentage allocated and provide a status report in the Company's annual reports on the use of proceeds from the Rights Issue, and where there is any material deviation from the stated use of the proceeds from the Rights Issue, to announce the reasons for such deviation. Where the proceeds from the Rights Issue are used for general working capital purposes, the Company will disclose a breakdown with specific details on the use of the proceeds for working capital in the Company's announcement(s) and in the Company's annual reports.

Pending the deployment of the proceeds raised from the Rights Issue for the use(s) mentioned above, the proceeds may be placed as deposits with financial institutions, or invested in short-term money market or debt instruments, or for any other purposes on a short-term basis as the Directors may deem fit in the interests of the Group.

2.11 Adequacy of Working Capital

As at the Latest Practicable Date, the Directors are of the opinion that, after taking into account the Group's present bank facilities, internal resources and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements.

As disclosed in the Company's response to the SGX-ST's query 6 on its results announcement for HY2023 dated 21 September 2023, the Board believes that:

- a) the Net Proceeds from the Rights Issue will strengthen the Company's financial position and provide the financial flexibility to seize opportunities for business growth.

- b) the Company and the Group have the ability to operate as a going concern due to the following:
- 1) Sampoerna's continued support of the Group by participating in the Rights Issue, showing its confidence and optimism about the future prospect of the Group;

lenders' continued support of the Group as there is no loans repayment default and the Group has been servicing the repayments of the loan principal and its interest as and when they fall due and utilisation of borrowing facilities continues as usual, as of 11 August 2023 when the Company announced its half year results and also as at the date of the said announcement;
 - 2) the Group expects to complete the construction of the factory buildings and infrastructures for Mangole project in the second half of 2023, along with the installation of some machineries needed for production and expects that the Mangole project will commence production and increase the Group's production capacity for high quality Plywood and certified Wood Pellet at a lower production cost due to the ample supply of wood and the adoption of the latest production machineries and equipment;
 - 3) as the pandemic subsides and supply chains begin to stabilize, the Group will be able to reduce the freight costs due to the decrease in container costs as shortages of shipping containers ease;
 - 4) to improve the performance and liquidity, the Board is exploring other options to raise additional funding through disposal of non-core assets and will continue to monitor the situation and may undertake these actions as and when necessary;
- c) the Company will continue to improve its operating performance and generate sufficient cash flows from its operations to meet the working capital requirements, and will negotiate with the lenders to reduce the financial covenant ratios requirement, upon the completion of the Rights Issue; and
- d) the Group will have sufficient working capital to pay its debts as and when they fall due, and the lenders will continue to support the Group and are not aware of any adverse circumstances that might cause the Group's bank facilities to be withdrawn. Although PT Sumber Graha Sejahtera, a subsidiary of the Company, is still in breach of the financial covenant ratios requirement, and prompting a thorough review of the financial stability, four (4) major lenders (PT Bank OCBC NISP Tbk, PT Bank Mandiri Tbk, PT Bank Central Asia Tbk, and PT Bank Capital Tbk) have rolled over short-term borrowing facilities up to 2024, demonstrating not only their confidence in the Group's ability to rectify the financial situation, but also their long-term commitment to support the Group's growth and success in a volatile business environment.

As at 30 June 2023, PT Sumber Graha Sejahtera had breached certain clauses relating to financial covenant ratios under the following loan agreements:

- (a) Clause 5 of the Loan Facilities Agreement between PT Bank OCBC NISP Tbk and PT Sumber Graha Sejahtera dated 29 April 2020, requiring a group of subsidiaries to maintain liquidity, gearing, solvency and loan to value ratios;
- (b) Clause 13 of the Loan Facilities Agreement between PT Bank Central Asia Tbk and PT Sumber Graha Sejahtera dated 16 June 2021, requiring a group of subsidiaries to maintain liquidity, gearing and solvency ratios;

- (c) Clause 17 of the Investment Loans Facilities Agreement between PT Bank Mandiri Tbk and PT Sumber Graha Sejahtera dated 9 September 2021 and Clause 17 of the Working Capital Loans Facilities Agreement dated 9 September 2021, requiring a group of subsidiaries to maintain liquidity, gearing and solvency ratios, and to maintain positive net worth;
- (d) Clause 10 of the Loan Facilities Agreement between PT Bank Woori Saudara Indonesia 1906 Tbk and PT Sumber Graha Sejahtera dated 29 September 2021, requiring a group of subsidiaries to maintain solvency and loan to value ratios;
- (e) Clause 9 of the Loan Facilities Agreement between PT Bank Capital Tbk and PT Sumber Graha Sejahtera dated 19 April 2022, requiring a group of subsidiaries to maintain gearing and solvency ratios;
- (f) Clause 10 of the Loan Facilities Agreement between PT Bank UOB Indonesia and PT Sumber Graha Sejahtera dated 28 November 2022, requiring a group of subsidiaries to maintain liquidity, gearing and solvency ratios; and
- (g) Clause 7 of the Loan Facilities Agreement between PT Bank CTBC Indonesia and PT Sumber Graha Sejahtera dated 8 May 2023, requiring a group of subsidiaries to maintain liquidity, gearing and solvency ratios.

The loans are used for capital expenditures, general working capital purposes, pre-shipment financing, post import financing non letter of credit or trade purchase financing, and foreign exchange lines.

The lenders have granted PT Sumber Graha Sejahtera waivers of having to comply with such covenant ratios up to 31 December 2022. However, the lenders have yet to issue waivers for the breaches after 31 December 2022. Notwithstanding this, the Board is not aware of any legal and/or financial implications on the breach of the financial covenants ratios since the breaches are technical in nature and PT Sumber Graha Sejahtera has been servicing the repayments of the loan principal and its interest as and when they fall due and the utilisation of the borrowing facilities continues as usual as at the Latest Practicable Date.

Notwithstanding the present sufficiency of working capital, the Company has decided to undertake the Rights Issue with the objective of strengthening its financial position, enlarging its capital base and further enhancing the financial flexibility of the Group. The Rights Issue will also provide the Shareholders with an opportunity to participate in the growth and expansion of the Group's business and also to maintain their *pro rata* equity interests in the Company by accepting their *pro rata* entitlements to the Rights Issue, as well as applying for Excess Rights Shares at the Issue Price.

The Directors are of the opinion that barring any unforeseen circumstances, and after taking into account the Group's balance cash and cash equivalents and the Net Proceeds (in the event of the Minimum Subscription Scenario) the working capital available to the Group is sufficient to meet the Group's present requirements for the next 12 months.

2.12 Record Date

Subject to Shareholders' approval of the Rights Issue at the EGM being obtained, the Record Date for the purposes of determining the Entitled Shareholders' entitlements under the Rights Issue will be announced at a later date.

2.13 Offer Information Statement

The Offer Information Statement will be despatched or, as the case may be, electronically disseminated by the Company to Entitled Shareholders subject to, *inter alia*, the approval of Ordinary Resolution 1 being obtained at the EGM. Acceptances and applications under the Rights Issue can be made on the following (all of which will form part of the Offer Information Statement):

- (a) the PAL, in the case of Entitled Scripholders;
- (b) the ARE, in the case of Entitled Depositors;
- (c) the ARS, in the case of persons purchasing provisional allotments of Rights Shares through the book-entry (scripless) settlement system whose registered addressees with CDP are in Singapore; and
- (d) the ATMs of the Participating Banks, providing electronic applications through such ATMs, in the case of Entitled Shareholders or their renounees or Purchasers.

The procedures for, and the terms and conditions applicable to, the acceptances, renunciations and/or sales of the provisional allotments of Rights Shares and for the excess applications for the Rights Shares pursuant to the Rights Issue, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement.

3. FINANCIAL INFORMATION OF THE GROUP

Selected audited consolidated financial information of the Group for FY2020, FY2021 and FY2022 and selected unaudited consolidated financial information of the Group for 1H2023 are set out in Appendix A of this Circular. Such selected financial information include the Group's income statement, statement of financial position, statement of cash flow and the working capital position as well as a review thereof, and should be read together with the annual reports, the consolidated audited accounts and consolidated financial statements of the Group for the relevant periods and the related notes thereto, which are available on the website of the SGX-ST at <https://www.sgx.com>.

4. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

The *pro forma* financial effects of the Rights Issue presented below:

- (a) are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Group immediately after the completion of the Rights Issue;
- (b) are based on the audited consolidated financial statements of the Group for FY2022 in calculating the *pro forma* financial effects of the Rights Issue as at 31 December 2022;
- (c) are based on the unaudited consolidated financial statements of the Group for 1H2023 in calculating the *pro forma* financial effects of the Rights Issue as at 30 June 2023;
- (d) assume that the Rights Issue was completed on 31 December 2022 and 30 June 2023 in calculating the *pro forma* financial effects on NTA and gearing as at 31 December 2022 and 30 June 2023, respectively;

- (e) assume that the Rights Issue was completed on 1 January 2022 and 1 January 2023 in calculating the *pro forma* financial effects on EPS for FY2022 and 1H2023, respectively;
- (f) assume that the Net Proceeds, after deducting estimated expenses incurred in connection with the Rights Issue of approximately S\$0.2 million, of approximately S\$21.5 million in the Maximum Subscription Scenario and approximately S\$13.5 million in the Minimum Subscription Scenario; and
- (g) assume that there is no return earned from the Net Proceeds.

4.1 Share Capital

	Maximum Subscription Scenario		Minimum Subscription Scenario	
	Number of Shares	Share capital (Rp'million)	Number of Shares	Share capital (Rp'million)
<u>As at 31 December 2022</u>				
Existing Share Capital as at 31 December 2022 (before the Rights Issue)	2,408,171,095	545,713	2,408,171,095	545,713
<u>Add:</u> Rights Shares to be issued	7,224,513,285	247,825	4,562,019,045	156,492
<u>Less:</u> Estimated expenses of the Rights Issue		2,287		2,287
After the allotment and issue of the Rights Shares	9,632,684,380	791,251	6,970,190,140	699,918
<u>As at 30 June 2023</u>				
Existing Share Capital as at 30 June 2023 (before the Rights Issue)	2,408,171,095	545,713	2,408,171,095	545,713
<u>Add:</u> Rights Shares to be issued	7,224,513,285	247,825	4,562,019,045	156,492
<u>Less:</u> Estimated expenses of the Rights Issue		2,287		2,287
After the allotment and issue of the Rights Shares	9,632,684,380	791,251	6,970,190,140	699,918

4.2 NTA

	Maximum Subscription Scenario	Minimum Subscription Scenario
<u>As at 31 December 2022</u>		
NTA as at 31 December 2022 (before the Rights Issue) (Rp'million)	(188,177)	(188,177)
NTA per Share as at 31 December 2022 (before the Rights Issue) (Rp)	(78)	(78)
NTA after the Rights Issue (Rp'million)	57,361	(33,972)
NTA per Share after the allotment and issue of the Rights Shares (Rp)	6	(5)
<u>As at 30 June 2023</u>		
NTA as at 30 June 2023 (before the Rights Issue) (Rp'million)	(417,879)	(417,879)
NTA per Share as at 30 June 2023 (before the Rights Issue) (Rp)	(174)	(174)
NTA after the Rights Issue (Rp'million)	(172,341)	(263,674)
NTA per Share after the allotment and issue of the Rights Shares (Rp)	(18)	(38)

4.3 NAV

	Maximum Subscription Scenario	Minimum Subscription Scenario
<u>As at 31 December 2022</u>		
NAV as at 31 December 2022 (before the Rights Issue) (Rp'million)	130,486	130,486
NAV per Share as at 31 December 2022 (before the Rights Issue) (Rp)	54	54
NAV after the Rights Issue (Rp'million)	376,024	284,691
NAV per Share after the allotment and issue of the Rights Shares (Rp)	39	41
<u>As at 30 June 2023</u>		
NAV as at 30 June 2023 (before the Rights Issue) (Rp'million)	(83,607)	(83,607)
NAV per Share as at 30 June 2023 (before the Rights Issue) (Rp)	(35)	(35)
NAV after the Rights Issue (Rp'million)	161,931	70,598
NAV per Share after the allotment and issue of the Rights Shares (Rp)	17	10

4.4 EPS

	Maximum Subscription Scenario	Minimum Subscription Scenario
<u>FY2022</u>		
Net profit attributable to Shareholders as at 31 December 2022 (Rp'million)	(252,889)	(252,889)
Weighted average number of Shares for FY2022 before the allotment and issue of the Rights Shares	2,408,171,095	2,408,171,095
EPS (before the Rights Issue) (Rp)	(105)	(105)
Weighted average number of Shares after the allotment and issue of the Rights Shares	9,632,684,380	6,970,190,140
EPS (after the Rights Issue) (Rp)	(26)	(36)
<u>1H2023</u>		
Net profit attributable to Shareholders as at 30 June 2023 (Rp'million)	(247,739)	(247,739)
Weighted average number of Shares for 1H2023 before the allotment and issue of the Rights Shares	2,408,171,095	2,408,171,095
EPS (before the Rights Issue) (Rp)	(103)	(103)
Weighted average number of Shares after the allotment and issue of the Rights Shares	9,632,684,380	6,970,190,140
EPS (after the Rights Issue) (Rp)	(26)	(36)

4.5 Gearing

	Maximum Subscription Scenario	Minimum Subscription Scenario
<u>As at 31 December 2022</u>		
Total borrowings as at 31 December 2022 (before the Rights Issue) (Rp'million)	2,334,803	2,334,803
Total Shareholders' equity as at 31 December 2022 (before the Rights Issue) (Rp'million)	130,486	130,486
Gearing ratio as at 31 December 2022 before the allotment and issue of the Rights Shares (times)	17.89	17.89
Total borrowings after the allotment and issue of the Rights Shares (Rp'million)	2,089,265	2,180,598
Total Shareholders' equity after the allotment and issue of the Rights Shares (Rp'million)	376,024	284,691
Gearing ratio after the allotment and issue of the Rights Shares (times)	5.56	7.66

As at 30 June 2023

Total borrowings as at 30 June 2023 (before the Rights Issue) (Rp'million)	2,372,274	2,372,274
Total Shareholders' equity as at 30 June 2023 (before the Rights Issue) (Rp'million)	(83,607)	(83,607)
Gearing ratio as at 30 June 2023 before the allotment and issue of the Rights Shares (times)	(28.37)	(28.37)
Total borrowings after the allotment and issue of the Rights Shares (Rp'million)	2,126,736	2,218,069
Total Shareholders' equity after the allotment and issue of the Rights Shares (Rp'million)	161,931	70,598
Gearing ratio after the allotment and issue of the Rights Shares (times)	13.13	31.42

5. THE PROPOSED CHANGE OF AUDITORS**5.1 Background and Rationale for the proposed Change of Auditors**

Moore Stephens has served as the Auditors of the Group since the financial year ended 31 December 2019 and have last been re-appointed at the AGM on 29 April 2023 to hold office until the conclusion of the next AGM of the Company.

The Board and the Audit Committee are of the view that it is timely to effect the proposed Change of Auditors for the following reasons:

- (a) As part of the Group's ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate, the Board is of the view that it would be an opportune time to review the appointment of the Auditors as the review would provide the Group with an opportunity to benchmark its audit fees and realise cost efficiencies.
- (b) Considering that Moore Stephens has served as the Auditors of the Group for about four (4) years, the Board is of the view that as a matter of good corporate governance, it would be an appropriate time for a change in the Auditors of the Group, and for the Group to appoint Auditors with no prior audit or business relationship with the Group. The proposed Change of Auditors would enable the Group to benefit from fresh perspectives and views of another professional audit firm, thus enhancing the value of the audit of the Group.

- (c) Following an evaluation of the available proposals from various audit firms which have experience in auditing public listed companies in Singapore, the Board, in consultation with the Audit Committee, and taking into consideration the requirements of Rule 712 and Rule 716 of the Listing Manual, has determined that BDO is best suited to meet the existing needs and audit requirements of the Group. The Audit Committee having considered, amongst others, the Audit Quality Indicators Disclosure Framework issued by ACRA, the adequacy of the resources and experience of BDO and the audit engagement partner assigned to the audit, other audit engagements of BDO, the Group's audit requirements, the size and complexity of the Group and the number and experience of supervisory and professional staff of BDO to be assigned to the audit, the fee structure and audit arrangements proposed by BDO, is of the opinion that BDO will be able to meeting the audit requirements of the Group. With the proposed Change of Auditors, the Company expects meaningful savings in audit fees with no change in the scope of the audit services, and the Company does not expect the reduction in cost to affect the standards and effectiveness of the audit to be undertaken.

In connection with the above:

- (a) Moore Stephens had, on 21 September 2023, applied to ACRA to seek its consent to resign as Auditors;
- (b) BDO had, on 19 September 2023, given its Written Consent to Act as Auditors, subject to the approval of Shareholders at the EGM;
- (c) ACRA had, on 12 October 2023, consented to the resignation of Moore Stephens and fixed Moore Stephen's resignation date on 12 October 2023; and
- (d) Moore Stephens had, on 13 October 2023, provided its Notice of Resignation, a copy of which is set out in Appendix B to this Circular.

Pursuant to Section 205AB(5) of the Companies Act, the resignation of Moore Stephens took effect on 12 October 2023.

The Board would like to highlight that the proposed Change of Auditors is in no way the result of any disagreement. In addition, the proposed Change of Auditors is neither due to the dismissal of Moore Stephens nor Moore Stephens declining to stand for election. The Board wishes to express their appreciation for the past services rendered by Moore Stephens.

5.2 Information on BDO and the Audit Engagement Partner

The information on BDO provided below was provided to the Company by BDO and their representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

About BDO and Partner

BDO is a firm of Chartered Accountants in Singapore registered with the ACRA and approved under the Accountants Act 2004 of Singapore. It is a member firm of BDO International, one of the largest international accounting networks with a strong global presence and local roots. BDO's global organisation extends across 164 countries and territories, with 111,307 people working in 1,803 offices. BDO member firms cooperate closely and comply with consistent operating principles and quality standards. BDO LLP is one of the largest professional services firms in Singapore today with more than 600 partners and professionals. It has a wide ranging clientele base consisting of multinational companies, listed and private companies.

For more information about BDO, please visit their website at <https://www.bdo.com.sg>.

About the Audit Engagement Partner

Mr William Ng Wee Liang (“**Mr Ng**”) will be assigned as the audit engagement partner of the Group. Mr Ng is a practising member of the Institute of Singapore Chartered Accountants and a public accountant registered with the ACRA. Mr Ng has more than 20 years of audit experience in providing auditing and assurance services to a variety of clients, including publicly listed companies listed on the SGX-ST and has experience in auditing companies with similar business sector/activities as the Group (agriculture with biological assets and manufacturing business). His clients are in diverse industries including agriculture, asset management, casino operations, charities, clubs, commodities, construction, food and beverages, fund, hotel, investment holding, property development, manufacturing, retail, semi-conductor, servicing, shipping, trading and various other industries.

Mr Ng had previously been subjected to the Practice Monitoring Programme review by ACRA in 2015 and the Company noted that there is no adverse feedback from ACRA on Mr Ng from previous exercises.

For the audit of the Group, Mr Ng will be supported by other professional members of BDO, including at least one (1) audit manager and a team of four (4) audit professionals. In addition, the audit of the Group will be reviewed by an engagement quality control reviewer, Mr Ng Kian Hui. Mr Ng Kian Hui has more than 27 years of experience in providing auditing and assurance services. Mr Ng Kian Hui is a fellow practising member of the Institute of Singapore Chartered Accountants and is a public accountant registered with ACRA. His clients comprise owner-managed companies, state owned enterprise, listed companies and multinational corporations in diverse industries such as manufacturing, trading, construction, property development and including similar business sector/activities as the Group.

5.3 Compliance with Rule 712 of the Listing Manual

BDO is an audit firm registered with ACRA and approved under the Accountants Act. The Board, having taken into account various factors, including the following:

- (a) the adequacy of the resources and experience of BDO;
- (b) the audit partner-in-charge assigned to the audit;
- (c) BDO's other audit engagements;
- (d) the size and complexity of the Group; and

- (e) the number and experience of the supervisory and professional staff who will be assigned to the audit of the Group,

is of the opinion that BDO will be able to meet the audit requirements of the Group and that Rule 712 of the Listing Manual has been complied with and will be complied with upon the Shareholders' approval for the proposed Change of Auditors being obtained at the EGM.

The Board is of the view that the proposed Change of Auditors is in the best interests of the Company and the Shareholders because the quantum of professional fees for the audit services proposed by BDO is more competitive in comparison to that charged by Moore Stephens. The Company expects that the proposed Change of Auditors will allow the Group to save approximately 30% in audit fees.

Following a review and consideration of the factors above in consultation with the Audit Committee, the Board has determined that the proposal given by BDO is best suited to the existing needs and requirements of the Group. The engagement partner-in-charge from BDO will be Mr Ng. Notwithstanding the savings in audit fees, the scope of audit services to be provided by BDO will be comparable to the services currently provided by Moore Stephens. The fee proposal from BDO is competitive after some proposals were evaluated by the Company and the Company will be able to realise certain cost savings in audit fees without any reduction in the scope of audit. As such, the Board are proposing a change of Auditors to BDO in place of Moore Stephens in respect of the current financial year ending 31 December 2023.

Pursuant to Rule 712(3) of the Listing Manual and Section 205AF of the Companies Act, the appointment of BDO as Auditors in place of Moore Stephens must be specifically approved by Shareholders at a general meeting. The appointment of BDO would therefore take effect upon the approval of the same by the Shareholders at the EGM. Upon the appointment, BDO will hold office until the conclusion of the next AGM of the Company.

5.4 Compliance with Rule 715 of the Listing Manual

Following Shareholders' approval of the proposed Change of Auditors, BDO will be the Auditors of the Company and the Company's subsidiaries incorporated in Singapore. Other independent member firms of BDO International will be the Auditors of the significant foreign-incorporated Subsidiaries. As at the date of this Circular, the Company does not have any associated companies. Accordingly, the Board confirms that Rule 715 of the Listing Manual will be complied with.

5.5 Compliance with Rule 1203(5) of the Listing Manual

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (a) the Company had received the Professional Clearance Letter from Moore Stephens to BDO dated 18 September 2023, confirming that they are not aware of any professional reasons why BDO should not accept appointment as the new Auditors of the Company;
- (b) the Company confirms that there were no disagreements with Moore Stephens on accounting treatments within the last 12 months from the date of this Circular;

- (c) the Company confirms that it is not aware of any circumstances connected with the proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Circular;
- (d) the reasons for the proposed Change of Auditors are disclosed in section 5.1 of this Circular above; and
- (e) the Board confirms that the Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of BDO as its new Auditors, after taking into account the various factors in sections 5.3 and 5.4 of this Circular above.

5.6 Audit Committee's Recommendation

The Audit Committee has reviewed the proposed Change of Auditors and recommended the appointment of BDO as Auditors in place of Moore Stephens, after taking into account the suitability and independence of BDO to meet the audit requirements of the Group, the various factors set out in section 5 of this Circular and compliance with the requirements of the Listing Manual.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Riko Setyabudhy Handoko	38,056,990	1.58	-	-
Substantial Shareholders				
Sampoerna Forestry Limited	1,520,673,015	63.15	-	-
First Fortuna Holdings Pte Ltd	150,597,000	6.25	-	-

Notes:

- (1) Based on the Existing Share Capital as at the date of this Circular.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this Circular and save for their interests arising by way of their shareholdings in the Company and/or directorships in the Company, as the case may be, none of the Directors or Substantial Shareholders or their respective associates has any direct or indirect interest in the Rights Issue.

8. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-5 of this Circular, will be convened and held at Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558 on 4 December 2023 at 3.00 p.m. (or any adjournment thereof) for the purpose of considering, and if thought fit, passing with or without any modifications, the Proposed Resolutions set out in the Notice of EGM.

9. DIRECTORS' RECOMMENDATIONS

9.1 Proposed Rights Issue

The Directors having considered, *inter alia*, the rationale for the Rights Issue as set out in section 2.10 of this Circular, are of the opinion that the Rights Issue is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 1 in respect of the proposed Rights Issue, including the allotment and issue of the Rights Shares pursuant to the Rights Issue, as set out in the Notice of EGM.

Shareholders are advised to read this Circular in its entirety and for those who may require advice in the context of their specific investment, to consult their respective bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser.

In giving the above recommendation, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique constraints of any individual Shareholder.

9.2 Proposed Change of Auditors

After having considered the rationale and the information relating to the proposed Change of Auditors, the Directors are of the opinion that the proposed Change of Auditors is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of Ordinary Resolution 2 in respect of the proposed Change of Auditors as set out in the Notice of EGM.

10. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible in the following manner:

- (a) if submitted by post, be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07 Singapore 098632; or
- (b) if submitted electronically, be sent via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at EGM.TeamE@boardroomlimited.com,

not less than 48 hours before the time fixed for the EGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register as at 72 hours before the EGM.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed Rights Issue and the proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

12. CONSENT

Dentons Rodyk & Davidson LLP, the legal adviser to the Company for the proposed Rights Issue and the proposed Change of Auditors, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and all references to itself in the form and context in which they appear in this Circular.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by Shareholders at the registered office of the Company at 7500A Beach Road #08-305 The Plaza, Singapore 199591, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2020, FY2021 and FY2022;
- (c) the Company's announcement dated 11 August 2023 in relation to the unaudited consolidated financial statements of the Group for 1H2023;
- (d) the consent letter referred to in section 13 of this Circular;
- (e) the Professional Clearance Letter from Moore Stephens to BDO;
- (f) the Written Consent to Act from BDO to the Company; and
- (g) the Notice of Resignation from Moore Stephens.

Yours faithfully

For and behalf of the Board of Directors of
SAMKO TIMBER LIMITED

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer

APPENDIX A – FINANCIAL INFORMATION OF THE GROUP AND REVIEW OF PAST PERFORMANCE

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

The unaudited consolidated statement of comprehensive income of the Group for 1H2023 and 1H2022, and audited consolidated statement of comprehensive income of the Group for FY2022, FY2021 and FY2020 are set out below:

	1H2023	1H2022	FY2022	FY2021	FY2020
	(Unaudited)	(Unaudited)	(Audited)	(Audited & Restated)	(Audited)
	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
Revenue	1,303,079	2,158,965	3,618,477	3,943,162	3,194,734
Cost of sales	(1,247,247)	(1,760,007)	(3,015,055)	(3,216,870)	(2,709,897)
Gross profit	55,832	398,958	603,422	726,292	484,837
Other income (expenses)	57,519	(9,956)	(79,942)	10,036	95,620
Selling expenses	(88,148)	(155,427)	(291,675)	(268,478)	(162,340)
General and administrative expenses	(160,509)	(160,771)	(289,757)	(322,987)	(325,661)
Finance expenses	(89,895)	(64,648)	(155,543)	(123,253)	(110,281)
Profit (loss) before taxation	(225,201)	8,156	(213,495)	21,610	(17,825)
Taxation	(6,900)	(4,914)	(38,928)	(21,676)	(19,076)
Net profit (loss) for the period	(232,101)	3,242	(252,423)	(66)	(36,901)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Net actuarial gain (loss) on post-employment benefits	867	(5,818)	(3,075)	(13,105)	(18,810)
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation gain (loss)	17,141	(9,225)	(28,801)	(3,210)	(16,356)
Total comprehensive income for the period	(214,093)	(11,801)	(284,299)	(16,381)	(72,067)
Net profit (loss) attributable to:					
Owners of the Company	(247,739)	4,514	(252,889)	(7,790)	(91,997)
Non-controlling interests	15,638	(1,272)	466	7,724	55,096
	(232,101)	3,242	(252,423)	(66)	(36,901)
Total comprehensive income attributable to:					
Owners of the Company	(229,702)	(10,514)	(284,657)	(24,155)	(127,080)
Non-controlling interests	15,609	(1,287)	358	7,774	55,013
	(214,093)	(11,801)	(284,299)	(16,381)	(72,067)
Earnings per share attributable to owners of the Company					
Basic	(103)	2	(106)	(3)	(39)
Diluted	(103)	2	(106)	(3)	(39)

Source: Annual reports of the Group for FY2022, FY2021 and FY2020 and the unaudited half year financial results announcements for 1H2023 and 1H2022

APPENDIX A – FINANCIAL INFORMATION OF THE GROUP AND REVIEW OF PAST PERFORMANCE

2. REVIEW OF FINANCIAL PERFORMANCE

A review of the operations, business and financial performance of the Group is set out below.

2.1. 1H2023 (Unaudited) versus 1H2022 (Unaudited)

Revenue

The Group's revenue was lower by 40% from Rp2,159 billion in 1H2022 to Rp1,303 billion in 1H2023, due mainly the export sales volume dropped by 41% followed by lower average selling price by 20%, while for the domestic market reported a slight decrease by 3% and slightly lower average selling price by 3% as well. The export sales were lower coupled with the lower export pricing had caused the decrease in export sales.

Gross profit

The Group's gross profit dropped by 86% from Rp399 billion in 1H2022 to Rp56 billion in 1H2023, due mainly to lower sales revenue from export market as mentioned above since export sales generally have higher margin.

Other income (expenses)

The Group's other income in 1H2023 came mainly from the net gain on foreign exchange and the net gain on change in fair value of biological assets, and offset by the idle capacity costs incurred during the period, as compared to net foreign exchange losses in 1H2022. The weakening of US Dollar against Rupiah has resulted in unrealised foreign exchange gain due to translation of the Group's US Dollar denominated loans.

Selling expenses

The Group's selling expenses decreased by 43% from Rp155 billion in 1H2022 to Rp88 billion in 1H2023, due mainly to the lower export sales and the lower logistics costs as the global supply chain pressures were easing.

General and administrative expenses

The Group's general and administrative expenses have been stable over that of previous periods, decreased by only 1% from Rp161 billion in 1H2022 to Rp160 billion in 1H2023, mainly due to the Group's cost cutting measures to counter the increase in staff salary.

Finance Expenses

The Group's finance expenses increased by 39% from Rp65 billion in 1H2022 to Rp90 billion in 1H2023, relate mainly to interest expense. The increase was mainly due to drawdown of additional loans for capital expenditure and working capital and higher interest rate.

Loss for the period

As a result of the above, the Group reported a net loss of Rp232 billion in 1H2023 as compared to a net profit of Rp3 billion in 1H2022. The Group's overall performance in 1H2023 has been affected mainly by lower sales and gross profit achieved, and higher interest expenses incurred during the period, offset by lower selling expenses, the net foreign exchange gain and net gain on change in fair value of biological assets.

2.2. FY2022 (Audited) versus FY2021 (Audited and restated)

Revenue

The Group's revenue was lower by 8% from Rp3,943 billion in FY2021 to Rp3,618 billion in FY2022, mainly due to lower sales volume which was down by 4% for domestic front and 12% for export market for FY2022 vs FY2021, respectively, while the average selling price for both total markets FY2022 vs FY2021 remain relatively stable.

Gross profit

The Group's gross profit decreased by 17% from Rp726 billion in FY2021 to Rp603 billion in FY2022, due mainly to lower sales volume achieved in FY 2022.

APPENDIX A – FINANCIAL INFORMATION OF THE GROUP AND REVIEW OF PAST PERFORMANCE

2. REVIEW OF FINANCIAL PERFORMANCE (cont'd)

2.2. FY2022 (Audited) versus FY2021 (Audited and restated) (cont'd)

Selling expenses

The Group's selling expenses increased by 9% from Rp268 billion in FY2021 to Rp292 billion in FY2022. The increase of the selling expenses was due mainly to higher logistics costs as a result of the global supply chain pressures.

General and administrative expenses

The Group's general and administrative expenses have decreased by 10% from Rp323 billion in FY2021 to Rp290 billion in FY2022, due mainly to the decrease in pension expenses because in FY2022, the Group had adopted a new scheme of employee benefit under the new Labor Law in Indonesia that resulting in the reduction of the post-employment benefits.

Finance Expenses

The Group's finance expenses increased by 26% from Rp123 billion in FY2021 to Rp155 billion in FY2022, relate mainly to interest expense. The increase was mainly due to drawdown of additional loans and higher interest rate.

Loss for the period

As a result of the above, the Group reported a net loss of Rp252 billion in FY2022 as compared to a net loss of Rp66 million in FY2021. The Group's overall performance in FY2022 has been affected by lower sales volume and lower gross profit particularly in the second half of the year. Besides, the results for FY2022 were also affected mainly by higher interest expenses and net foreign exchange losses during the year, offset by the net gain on change in fair value of biological assets, net gain on disposal of property, plant and equipment, and lower post-employment benefits expense.

2.3 FY2021 (Audited and restated) versus FY2020 (Audited)

Revenue

The Group's sales revenue was significantly higher by 23% from Rp3,195 billion in FY2020 to Rp3,943 billion in FY2021, mainly due to the export sales continued to perform well. The increase in export sales was due to continue improvement in both sales volume (improved by 26% in FY2021) and selling prices (improved by 19% in FY2021) amid an improvement in export demand over the period as compare to FY2020.

The Group's domestic sales deteriorated in FY2021 came mainly from lower sales volume which was down by 13% as compare to FY2020, owing to weaker market condition domestically caused by the COVID-19 pandemic, while the average selling price remained stable for FY2021 as compare to FY2020.

Gross profit

The Group's gross profit increased by 50% from Rp485 billion in FY2020 to Rp726 billion in FY2021, due mainly to higher sales revenue from export markets as already mentioned above.

Other income (expenses)

The Group's other income in FY2021 was derived mainly from the net gain on change in fair value of biological assets and income from insurance claim, offset by inventories written-off due to fire incident, net foreign exchange loss and amortisation of land use rights, while in FY2020, other income came mainly from the net gain on change in fair value of biological assets arising from the acquisition of SGM, offset by the net foreign exchange losses and workers separation expenses. The strengthening of US Dollar against Rupiah has resulted in unrealised foreign exchange losses due to translation of our US Dollar denominated loans.

Selling expenses

The Group's selling expenses increased by 65% from Rp162 billion in FY2020 to Rp268 billion in FY2021, due mainly to not only because of the increase in the freight costs, which was in line with the increase in the export activities, but also because most industries around the world faced business disruptions due to the COVID-19 pandemic which resulted in the logistic costs to be significantly higher compare to FY2020.

APPENDIX A – FINANCIAL INFORMATION OF THE GROUP AND REVIEW OF PAST PERFORMANCE

2. REVIEW OF FINANCIAL PERFORMANCE (cont'd)

2.3 FY2021 (Audited and restated) versus FY2020 (Audited) (cont'd)

General and administrative expenses

The Group's general and administrative expenses have remained stable, reported a decrease by 1% from Rp326 billion in FY2020 to Rp323 billion in FY2021, mainly due to the Group's cost cutting measures to counter the increase in staff salary.

Finance Expenses

The Group's finance expenses increased by 12% from Rp110 billion in FY2020 to Rp123 billion in FY2021, relate mainly to interest expense, mainly due to higher utilisation of loans for working capital.

Loss for the period

As a result of the above, the Group reported a net loss of Rp66 million in FY2021 as compared to a net loss of Rp37 billion in FY2020. Throughout the year, the Group's sales revenue significantly improved compared to those in FY2020, offset by higher selling expenses during the year and lower net gain on change in fair value of biological assets.

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

The unaudited consolidated statement of financial position of the Group as at 30 June 2023 and audited consolidated statement of financial position of the Group as at 31 December 2022, 31 December 2021 and 31 December 2020 are set out below:

	As at 30 June 2023 (Unaudited) <i>Rp'million</i>	As at 31 December 2022 (Audited) <i>Rp'million</i>	As at 31 December 2021 (Audited & Restated) <i>Rp'million</i>	As at 31 December 2020 (Audited & Restated) <i>Rp'million</i>
ASSETS				
Current assets				
Cash and cash equivalents	108,280	26,882	39,586	30,322
Restricted deposits	318	25	21	6,196
Trade and other receivables	524,697	456,934	528,259	463,278
Inventories	920,782	1,079,883	843,045	876,641
Advances to suppliers	354,817	341,541	72,762	70,282
Derivative financial instruments	-	-	2,509	5,412
Prepaid operating expenses	147,348	109,470	77,997	93,999
Total current assets	2,056,242	2,014,735	1,564,179	1,546,130
Non-current assets				
Deferred tax assets	87,552	89,929	104,751	94,900
Land use rights	66,175	68,702	63,721	70,268
Property, plant and equipment	1,140,616	898,114	530,318	521,923
Right-of-use assets	78,828	86,150	86,701	103,229
Biological assets	516,878	495,535	434,862	414,724
Other non-current assets	43,840	35,058	92,522	6,643
Total non-current assets	1,933,889	1,673,488	1,312,875	1,211,687
Total assets	3,990,131	3,688,223	2,877,054	2,757,817

APPENDIX A – FINANCIAL INFORMATION OF THE GROUP AND REVIEW OF PAST PERFORMANCE

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP (cont'd)

	As at 30 June 2023 (Unaudited) <i>Rp'million</i>	As at 31 December 2022 (Audited) <i>Rp'million</i>	As at 31 December 2021 (Audited & Restated) <i>Rp'million</i>	As at 31 December 2020 (Audited & Restated) <i>Rp'million</i>
LIABILITIES				
Current liabilities				
Trade and other payables	1,000,180	757,875	564,716	451,855
Other liabilities	90,867	83,647	41,339	61,091
Advances from customers	82,937	33,480	5,369	4,361
Provision for taxation	6,455	3,887	9,740	8,409
Derivative financial instruments	-	2,116	-	-
Loans and borrowings	1,438,639	1,435,813	1,044,526	1,238,979
Lease liabilities	10,484	9,071	31,105	58,387
Total current liabilities	2,629,562	2,325,889	1,696,795	1,823,082
Non-current liabilities				
Deferred tax liabilities	74,921	70,401	53,547	43,508
Post-employment benefits	215,313	224,393	237,723	232,984
Loans and borrowings	1,042,233	925,897	472,872	196,551
Lease liabilities	6,527	11,157	1,517	32,063
Advance from customers	105,182	-	-	-
Total non-current liabilities	1,444,176	1,231,848	765,659	505,106
Total liabilities	4,073,738	3,557,737	2,462,454	2,328,188
Net assets (liabilities)	(83,607)	130,486	414,600	429,629
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	545,713	545,713	542,889	539,028
Accumulated losses	(1,284,698)	(1,037,855)	(781,999)	(761,054)
Other reserves	321,106	303,965	335,405	341,124
	(417,879)	(188,177)	96,295	119,098
Non-controlling interests	334,272	318,663	318,305	310,531
Total equity	(83,607)	130,486	414,600	429,629

Source: Annual reports of the Group for FY2022, FY2021 and FY2020 and the unaudited half year financial results announcements for 1H2023

APPENDIX A – FINANCIAL INFORMATION OF THE GROUP AND REVIEW OF PAST PERFORMANCE

4. REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A review of the financial position of the Group as at 30 June 2023, 31 December 2022, 31 December 2021, and 1 December 2020 is set out below:

4.1. 30 June 2023 (Unaudited) versus 31 December 2022 (Audited)

The Group's total assets increased by Rp302 billion from Rp3,688 billion as at 31 December 2022 to Rp3,990 billion as at 30 June 2023. The increase was mainly due:

- a) the Group's property, plant and equipment increased by Rp242 billion mainly due to the addition of assets primarily for machineries and production facilities and offset by depreciation charges during the period;
- b) the Group's biological assets increased by Rp21 billion mainly due to the net gain on change in fair value of biological assets;
- c) higher cash and cash equivalents of Rp81 billion mainly due to higher cash advances from customers near the end of the period;
- d) higher trade receivables of Rp68 billion amid delay of sales collection from domestic sales;
- e) higher advance to suppliers of Rp13 billion mainly due to additional advances for property, plant and equipment needed for the Mangole Project;
- f) higher prepaid operating expenses of Rp38 billion. Prepayments were made in the ordinary course of business, mainly for VAT receivables and income taxes, insurance, rental, freight, and thirteen month bonus; and
- g) and offset by the decrease in inventories by Rp159 billion, in line with the decrease in production volume.

As at 30 June 2023, the Group's total liabilities increased by Rp516 billion from Rp3,558 billion as at 31 December 2022 to Rp4,074 billion. This was contributed mainly by:

- a) higher trade and other payables of Rp242 billion as a result of the Management trying to manage the working capital;
- b) increase in loans and borrowings and lease liabilities totaling Rp116 billion to finance the investment activities and operations; and
- c) increase in advances from customers by Rp155 billion.

4.2. 31 December 2022 (Audited) versus 31 December 2021 (Audited and restated)

The Group's total assets increased by Rp811 billion from Rp2,877 billion as at 31 December 2021 to Rp3,688 billion as at 31 December 2022. The increase was mainly due to as follows:

- a) the Group's property, plant and equipment increased by Rp368 billion mainly due to the addition of assets primarily for machineries and production facilities, and offset by depreciation charges during the year;
- b) the Group's biological assets increased by Rp61 billion mainly due to the recognition of the net gain on change in fair value of biological assets and capitalisation of plantation costs;
- c) additional advances for property, plant and equipment totaling Rp269 billion, mainly for the Mangole Project; and
- d) increase in inventory levels by Rp237 billion, as a result of the sales volume decreased in the second half of the year;

and offset by:

- a) lower trade receivables of Rp71 billion, which was in line with the decrease in sales revenue; and
- b) lower cash and cash equivalents of Rp13 billion.

APPENDIX A – FINANCIAL INFORMATION OF THE GROUP AND REVIEW OF PAST PERFORMANCE

4. REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

4.2. 31 December 2022 (Audited) versus 31 December 2021 (Audited and restated) (cont'd)

The Group's total liabilities increased by Rp1,096 billion from Rp2,462 billion as at 31 December 2021 to Rp3,558 billion as at 31 December 2022. This was contributed mainly by:

- a) increase in loans and borrowings and lease liabilities totaling Rp832 billion to finance the investment activities and operations;
- b) higher trade and other payables of Rp193 billion as a result of the Company trying to manage the working capital;
- c) higher advances from customers of Rp28 billion; and
- d) increase in other liabilities by Rp42 billion.

4.3. 31 December 2021 (Audited and restated) versus 31 December 2020 (Audited and restated)

The Group's total assets increased by Rp119 billion from Rp2,758 billion as at 31 December 2020 to Rp2,877 billion as at 31 December 2021. The increase was mainly due to as follows:

- a) the Group's property, plant and equipment increased by Rp8 billion mainly due to the addition of assets primarily for machineries and production facilities and offset by depreciation charges during the year;
- b) the Group's biological assets increased by Rp20 billion mainly due to the gain on change in fair value of biological assets and capitalisation of plantation costs;
- c) the Group's other non-current assets increased by Rp86 billion mainly due to the Group's effort to put in place a new upgrade of ERP/SAP infrastructures for 2022 and additional claims for corporate tax refund; and
- d) higher trade and other receivables of Rp65 billion mainly due to the increase in export sales and insurance claim;

and offset by:

- a) the rights-of-use assets decreased by Rp16 billion, mainly due to depreciation charges during the year;
- b) lower inventories of Rp33 billion, as a result of the Company trying to manage the working capital during the COVID-19 pandemic; and
- c) lower prepaid operating expenses of Rp16 billion. Prepayments were made in the ordinary course of business, mainly for VAT receivables and income taxes, insurance, rental, and freight.

As at 31 December 2021, the Group's total liabilities increased by Rp134 billion from Rp2,328 billion as at 31 December 2020 to Rp2,462 billion. This was contributed mainly by:

- a) increase in loans and borrowings and lease liabilities totaling Rp24 billion; and
- b) increase trade and other payables of Rp113 billion.

APPENDIX A – FINANCIAL INFORMATION OF THE GROUP AND REVIEW OF PAST PERFORMANCE

5. CONSOLIDATED STATEMENT OF CASH FLOWS OF THE GROUP

The unaudited consolidated statement of cash flows of the Group for 1H2023 and audited consolidated statement of cash flows of the Group for FY2022, FY2021 and FY2020 are set out below:

	1H2023	FY2022	FY2021	FY2020
	(Unaudited)	(Audited)	(Audited & Restated)	(Audited)
	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
Cash flows from operating activities				
Profit (loss) before income tax	(225,201)	(213,495)	21,610	(17,825)
Adjustments:				
Interest expenses from loans and borrowings	86,440	145,387	111,747	97,944
Depreciation of property, plant and equipment	27,896	80,161	98,431	108,033
Post-employment benefits expense	20,538	7,383	43,582	45,598
Depreciation related to idle capacity costs	7,298	-	-	-
Depreciation of right-of-use assets	7,148	16,785	16,758	16,198
Amortisation of land use rights	2,650	7,203	7,548	4,395
Inventories written-down	1,351	14,927	22,837	79
Interest expenses from lease liabilities	541	1,630	3,110	5,247
Interest income	(228)	(259)	(490)	(298)
Net gain on disposal of property, plant and equipment	(8,858)	(18,399)	(1,708)	(1,106)
Net gain on change in fair value of biological assets	(20,000)	(52,645)	(17,811)	(127,979)
Net foreign exchange (gain) loss	(51,401)	97,954	(3,144)	(15,255)
Allowance for (recovery of) impairment losses of financial assets, net	-	9,648	(192)	346
Equity-settled performance share plan	-	185	1,352	1,247
Property, plant and equipment written-off	-	-	380	-
Bad debts written off	-	-	-	3,845
Reversal of allowance for advances to suppliers	-	-	-	744
Gain on disposal of land use rights	-	-	-	(931)
Operating cash flow before changes in working capital	(151,826)	96,465	304,010	120,282
Changes in working capital :				
Trade and other receivables	(67,629)	45,472	(47,470)	(3,206)
Inventories	157,750	(251,765)	10,759	117,740
Advances to suppliers	(9,406)	45,542	(24,677)	5,635
Prepaid operating expenses	(37,659)	3,697	31,438	10,839
Other non-current assets	(8,782)	4,731	(23,392)	(2,032)
Trade and other payable	238,190	209,139	101,030	(71,162)
Other liabilities	7,355	(19,699)	(9,827)	(1,595)
Advance from customers	154,639	28,111	1,008	(3,774)
Cash flow provided by operations	282,632	161,693	342,879	172,727
Income tax paid (refund)	(4,320)	603	(49,226)	(24,535)
Post-employment benefits paid	(22,007)	(16,700)	(47,466)	(29,644)
Net cash flows provided by operating activities	256,305	145,596	246,187	118,548

APPENDIX A – FINANCIAL INFORMATION OF THE GROUP AND REVIEW OF PAST PERFORMANCE

5. CONSOLIDATED STATEMENT OF CASH FLOWS OF THE GROUP (cont'd)

	1H2023 (Unaudited) <i>Rp'million</i>	FY2022 (Audited) <i>Rp'million</i>	FY2021 (Audited & Restated) <i>Rp'million</i>	FY2020 (Audited) <i>Rp'million</i>
Cash flows from investing activities				
Purchase of property, plant and equipment	(276,999)	(692,544)	(139,778)	(51,128)
Proceeds from disposal of property, plant and equipment	8,888	23,409	1,779	1,775
Additions of land use rights	(123)	(12,184)	(1,001)	(4,511)
Proceeds from disposal of land use rights	-	-	-	935
Additions of biological assets	(1,343)	(8,714)	(2,327)	(3,692)
Interest received	228	259	490	298
Interest capitalised to assets	-	(21,136)	-	-
Net cash flows used in investing activities	(269,349)	(710,910)	(140,837)	(56,323)
Cash flows from financing activities				
Drawdown of loans and borrowings	2,888,545	5,526,127	5,181,124	4,771,911
Repayment of loans and borrowings	(2,709,764)	(4,829,302)	(5,119,732)	(4,522,122)
Interest paid for loans and borrowings	(75,346)	(110,238)	(101,337)	(91,321)
Interest paid for lease liabilities	(541)	(1,630)	(3,110)	(5,247)
Repayment of lease liabilities	(7,275)	(34,198)	(59,476)	(72,120)
Withdrawal (placement) of restricted deposits	(294)	(4)	6,229	139
Repayment of loan from a third party	-	-	-	(98,083)
Payment of loan facility fee	-	-	-	(18,620)
Repayment of loan from a customer	-	-	-	(10,000)
Net cash flows provided by (used in) financing activities	95,325	550,755	(96,302)	(45,463)
Net increase (decrease) in cash and cash equivalents	82,281	(14,559)	9,048	16,762
Effect of exchange rate changes on cash and cash equivalents	(883)	1,855	216	86
Cash and cash equivalents at beginning of period	26,882	39,586	30,322	13,474
Cash and cash equivalents at end of period	108,280	26,882	39,586	30,322

Source: Annual reports of the Group for FY2022, FY2021 and FY2020 and the unaudited half year financial results announcements for 1H2023

APPENDIX A – FINANCIAL INFORMATION OF THE GROUP AND REVIEW OF PAST PERFORMANCE

6. REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS

A review of the cash flows and liquidity of the Group from FY2020 to 1H2023 is set out below:

6.1. 1H2023 (Unaudited)

In 1H2023, the Group generated cash inflow of Rp256 billion from operating activities and Rp95 billion from financing activities, and incurred cash outflow of Rp269 billion from investing activities, respectively. Net cash increased by Rp82 billion.

Net cash flows from operating activities

In 1H2023, net cash flows from operating activities of Rp256 billion consisted of negative operating cash flows before working capital changes of Rp152 billion, net of working capital inflow of Rp434 billion, post-employment benefits paid of Rp22 billion and income tax paid of Rp4 billion.

Net cash flows generated from operating activities was marginally higher compared to 1H2022 mainly due to advances from customers near end of the period and better inventories turnover.

Net cash flows used in investing activities

Net cash flows used in the investing activities was mainly for acquisitions of property, plant and equipment.

Net cash flows from financing activities

Net cash flows from the financing activities related mainly to net withdrawals of bank borrowings. The repayments of bank borrowings, lease liabilities, and their interests were in accordance with the repayments schedule.

Overall, cash and cash equivalents of the Group stood at Rp108 billion as at 30 June 2023.

6.2. FY2022 (Audited)

In FY2022, the Group generated cash inflow of Rp146 billion from operating activities and Rp551 billion from financing activities, and incurred cash outflow of Rp711 billion from investing activities, respectively. Net cash decreased by Rp14 billion.

Net cash flows from operating activities

In FY2022, net cash flows from operating activities of Rp146 billion consisted of operating cash flows before working capital changes of Rp96 billion, net of working capital inflow of Rp65 billion, post-employment benefits paid of Rp16 billion and income tax refund of Rp1 billion.

Net cash flows generated from operations was affected by lower sales and gross profit attained and higher inventory levels, offset by higher trade and other payables.

Net cash flows used in investing activities

Net cash flows used in the investing activities was mainly for acquisitions of property, plant and equipment.

Net cash flows from financing activities

Net cash flows from financing activities related mainly to net withdrawals of bank borrowings. The repayments of bank borrowings, lease liabilities, and their interests were in accordance with the repayments schedule.

Overall, cash and cash equivalents of the Group stood at Rp27 billion as at 31 December 2022.

6.3. FY2021 (Audited and restated)

In FY2021, the Group generated cash inflow of Rp246 billion from operating activities, and incurred cash outflow of Rp141 billion and Rp96 billion from investing and financing activities, respectively. Net cash increased by Rp9 billion.

Net cash flows from operating activities

In FY2021, net cash flows from operating activities of Rp246 billion consisted of operating cash flows before working capital changes of Rp304 billion, net of working capital inflow of Rp39 billion, post-employment benefits paid of Rp48 billion and income tax paid of Rp49 billion.

APPENDIX A – FINANCIAL INFORMATION OF THE GROUP AND REVIEW OF PAST PERFORMANCE

6. REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

Net cash flows generated from operating activities was attributable mainly to improved sales performance and better inventories turnover in FY2021 as compared to FY2020.

Net cash flows used in investing activities

Net cash flows used in the investing activities was mainly for acquisitions of property, plant and equipment.

Net cash flows from financing activities

Net cash flows from the financing activities related mainly to net repayments of bank borrowings and leases, along with the interest payments. The repayments of bank borrowings, lease liabilities, and their interests were in accordance with the repayments schedule.

Overall, cash and cash equivalents of the Group stood at Rp39 billion as at 31 December 2021.

6.4. FY2020 (Audited)

In FY2020, the Group generated cash inflow of Rp118 billion from operating activities, and incurred cash outflow of Rp56 billion and Rp45 billion from investing and financing activities, respectively. Net cash increased by Rp17 billion.

Net cash flows from operating activities

In FY2020, net cash flows from operating activities of Rp118 billion consisted of operating cash flows before working capital changes of Rp120 billion, net of working capital inflow of Rp52 billion, post-employment benefits paid of Rp30 billion and income tax paid of Rp24 billion.

Net cash inflow from operating activities is mainly due to lower inventories offset by lower payables.

Net cash flows used in investing activities

Net cash outflow from investing activities was mainly due to the addition of property, plant and equipment.

Net cash flows used in financing activities

Net cash outflow from financing activities was mainly to net drawdown of loans and leases offset by interest payments and repayments of loan from a third party. The repayments of bank borrowings, lease liabilities, and their interests were in accordance with the repayments schedule.

Overall, cash and cash equivalents of the Group stood at Rp30 billion as at 31 December 2020.

7. WORKING CAPITAL

The working capital of the Group as at 30 June 2023, 31 December 2022, 31 December 2021, 31 December 2020 were as follows:

	As at 30 June 2023 (Unaudited) Rp'million	As at 31 December 2022 (Audited) Rp'million	As at 31 December 2021 (Audited & Restated) Rp'million	As at 31 December 2020 (Audited & Restated) Rp'million
Total current assets	2,056,242	2,014,735	1,564,179	1,546,130
Total current liabilities	2,629,562	2,325,889	1,696,795	1,823,082
Working capital	(573,320)	(311,154)	(132,616)	(276,952)

Source: Annual reports of the Group for FY2022, FY2021 and FY2020 and the unaudited half year financial results announcements for 1H2023

APPENDIX A – FINANCIAL INFORMATION OF THE GROUP AND REVIEW OF PAST PERFORMANCE

8. REVIEW OF WORKING CAPITAL

A review of the working capital position of the Group as at 30 June 2023, 31 December 2022, 31 December 2021, 31 December 2020 is set out below:

8.1. 1H2023 (Unaudited) versus FY2022 (Audited)

The Group's working capital decreased by Rp262 billion from negative Rp311 billion as at 31 December 2022 to negative Rp573 billion as at 30 June 2023. This was mainly due to increase in current liabilities of Rp303 billion offset by increase in current assets by Rp41 billion.

Current assets increased by Rp41 billion from Rp2,015 billion as at 31 December 2022 to Rp2,056 billion as at 30 June 2023 due mainly to increase in cash and cash equivalents, trade receivables, advance to suppliers and prepaid operating expenses, offset by the decrease in inventories, as mentioned in note 4.1.

Current liabilities increased by 303 billion from Rp2,326 billion as at 31 December 2022 to Rp2,629 billion as at 30 June 2023 mainly due to increase in trade and other payables and advances from customers, as mentioned in note 4.1.

8.2. FY2022 (Audited) versus FY2021 (Audited and restated)

The Group's working capital decreased by Rp178 billion from negative Rp133 billion as at 31 December 2021 to negative Rp311 billion as at 31 December 2022. This was mainly due to increase in current liabilities of Rp629 billion offset by increase in current assets by Rp451 billion.

Current assets increased by Rp451 billion from Rp1,564 billion as at 31 December 2021 to Rp2,015 billion as at 31 December 2022 due mainly to increase in advance to suppliers and inventories, as mentioned in note 4.2.

Current liabilities increased by 629 billion from Rp1,697 billion as at 31 December 2021 to Rp2,326 billion as at 31 December 2022 mainly due to increase in trade and other payables, advances from customers, other liabilities and loan and borrowings, as mentioned in note 4.2.

8.3. FY2021 (Audited and restated) versus FY2020 (Audited and restated)

The Group's working capital increased by Rp144 billion from negative Rp277 billion as at 31 December 2020 to negative Rp133 billion as at 31 December 2021. This was mainly due to increase in current assets of Rp18 billion and decrease in current liabilities by Rp126 billion.

Current assets increased by Rp18 billion from Rp1,546 billion as at 31 December 2020 to Rp1,564 billion as at 31 December 2021 due mainly to increase in trade and other receivables, offset by decrease in inventories and prepaid operating expenses, as mentioned in note 4.3.

Current liabilities decreased by 126 billion from Rp1,823 billion as at 31 December 2020 to Rp1,697 billion as at 31 December 2021 mainly due to increase in trade and other payables and loan and borrowings, as mentioned in note 4.3.

APPENDIX B – NOTICE OF RESIGNATION FROM MOORE STEPHENS LLP

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Moore Stephens LLP
10 Anson Road
#29-15 International Plaza
Singapore 079903
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E email@mooresingapore.com
www.mooresingapore.com

Our Reference: AUD/NKJ/WT/nh

13 October 2023

The Board of Directors
Samko Timber Limited
Samko Trading Pte. Ltd.
Samko Forestry Pte. Ltd.
7500A Beach Road
#08-305 The Plaza
Singapore 199591

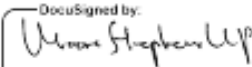
Dear Sirs,

RESIGNATION AS AUDITORS

We hereby give notice to resign as auditors of Samko Timber Limited, Samko Trading Pte. Ltd. and Samko Forestry Pte. Ltd..

We would like to place on record our thanks for the opportunity to have worked with your organisation. Should there be any occasion where we can be of service to you in any other capacity, we look forward to hearing from you.

Yours faithfully,

DocuSigned by:

E0F4B9C70F07405...

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Unless otherwise defined, all 1apitalized terms which are not defined herein shall bear the same meanings as used in the circular dated 17 November 2023 issued by Samko Timber Limited (the “Circular”).

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the Shareholders of Samko Timber Limited (the “**Company**”) will be held at Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558 on 4 December 2023 at 3.00 p.m. for the purposes of considering, and if thought fit, passing, with or without modifications, the following resolutions, which will be proposed as ordinary resolutions:

ORDINARY RESOLUTION 1 – THE PROPOSED RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE

RESOLVED THAT:

- (a) a proposed renounceable non-underwritten rights issue by the Company of up to 7,224,513,285 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.003 per Rights Share (“**Issue Price**”), on the basis of three (3) Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded (“**Rights Issue**”), be and is hereby approved;
- (b) authority be and is hereby given to the Directors to undertake the Rights Issue, provisionally allot and issue the Rights Shares at the Issue Price on the basis of three (3) Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded, and allot and issue the Rights Shares at the Issue Price on the terms and conditions set out below and/or on such other terms and conditions (including the basis of provisional allotments of the Rights Shares) as the Directors may in their absolute discretion and from time to time think fit:
 - (i) the provisional allotment of the Rights Shares shall be made on a renounceable basis to Entitled Shareholders;
 - (ii) no provisional allotment of the Rights Shares shall be made to Foreign Shareholders;
 - (iii) the provisional allotment of the Rights Shares which would otherwise accrue to Foreign Shareholders may be disposed of, or dealt with, by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the provisional allotment relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) among such Foreign Shareholders in proportion to their respective shareholdings as at the Record Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company;

- (iv) fractional entitlements to the Rights Shares shall be aggregated and used with the provisional allotment of the Rights Shares which are not taken up or allotted for any reason to satisfy excess applications for the 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; and
 - (v) the Rights Shares when allotted and issued will 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 that may be declared or paid, the record date for which falls before the date of allotment and issue of the Rights Shares,
- (c) the Directors or any of them be and are hereby authorised to fix the Record Date in their absolute discretion; and
- (d) the Directors be and are hereby authorised to take such steps, do all such acts and things (including but not limited to finalising, approving and executing all such documents as may be required in connection with the Rights Issue, the issue of the provisional allotments of Rights Shares and the issue of the Rights Shares, and making amendments to the terms and conditions of the Rights Issue (including the Issue Price)), and to exercise such discretion as the Directors may in their absolute discretion deem fit, advisable or to give full effect to this Ordinary Resolution 1, the Rights Issue and the allotment and issue of the Rights Shares.

ORDINARY RESOLUTION 2 – THE PROPOSED CHANGE OF AUDITORS FROM MOORE STEPHENS LLP TO BDO LLP

RESOLVED THAT:

- (a) BDO LLP having consented to act, be and are hereby appointed as the Auditors, to hold office until the conclusion of the next annual general meeting of the Company for a fee and on such terms as may be agreed by the Directors with BDO LLP; and
- (b) the Directors or any of them be and are hereby authorised to complete and do all acts and things (including executing all such documents as may be required) as they or he may in their discretion deem necessary, desirable or expedient or in the interests of the Company to give effect to the proposed Change of Auditors of the Company and/or the transactions authorised by this Ordinary Resolution 2.

[see Explanatory Note]

BY ORDER OF THE BOARD

Kiar Lee Noi
Company Secretary
Singapore
17 November 2023

Explanatory Note:

Shareholders should note that in accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (a) the Company had received a copy of the professional clearance letter from Moore Stephens LLP to BDO LLP dated 18 September 2023, confirming that they are not aware of any professional reasons why BDO LLP should not accept appointment as the new Auditors of the Company;
- (b) the Company confirms that there were no disagreements with Moore Stephens LLP on accounting treatments within the last 12 months from the date of the Circular;
- (c) the Company confirms that it is not aware of any circumstances connected with the proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in the Circular;
- (d) the reasons for the proposed Change of Auditors are disclosed in section 5.1 of the Circular; and
- (e) the Board confirms that the Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of BDO LLP as its new Auditors, after taking into account the various factors in sections 5.3 and 5.4 of the Circular.

Notes:

- (1) The members of the Company are invited to attend the EGM physically in person. There will be no option for members to participate the EGM by electronic means. Printed copies of the Circular (including this Notice of EGM and the accompanying Proxy Form) will also be sent to members by and has been made available on the SGXNET and on the Company's website at the URL <https://www.sampoernakayoe.co.id>.

- (2) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such member's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

A member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

- (3) A member can appoint the Chairman of the meeting as his/her/its proxy but this is not mandatory. A proxy need not be a member of the Company.
- (4) The instrument appointing a proxy(ies) and/or representative(s) must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. ("**BCAS**"), at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07 Singapore 098632; or
 - (b) if submitted electronically, be sent via email to the Company's Share Registrar, BCAS, at EGM.TeamE@boardroomlimited.com,

in either case, not less than 48 hours before the time appointed for the EGM.

Notwithstanding the above, the Chairman of the EGM shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy until the beginning of the EGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed proxy forms electronically via email.

- (5) Members may raise questions at the EGM or submit questions related to the ordinary resolutions to be tabled for approval at the EGM, in advance of the EGM. Members who would like to submit questions in advance of the EGM may do so in the following manner:
- (a) if submitted by post, be deposited with the Company's Share Registrar, BCAS, at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07 Singapore 098632; or
 - (b) if submitted electronically, be sent via email to the Company's Share Registrar, BCAS, at EGM.TeamE@boardroomlimited.com,

in either case, by 3.00 p.m. on 25 November 2023 (the "Questions Submission Cut-Off Date").

Members are strongly encouraged to submit questions electronically via email. Members submitting questions are requested to state: (i) their full name; (ii) their identification/registration number; (iii) contact telephone number; (iv) email address; and (v) the manner in which they hold shares (if you hold shares directly, please provide your CDP account number, otherwise, please state if you hold your shares through CPFIS or SRS, or are a relevant intermediary shareholder), failing which; the Company shall be entitled to regard the submission as invalid.

The Company will endeavour to address all substantial and relevant questions submitted by members prior to or during the EGM. The responses to substantial and relevant questions raised by members on or before the Questions Submission Cut-Off Date will be published on SGXNET and the Company's website at the URL <https://www.sampoernakayoe.co.id>. Substantial and relevant questions which are submitted after the Questions Submission Cut-Off Date will be consolidated and addressed either before the EGM via an announcement on SGXNET and the Company's website at the URL <https://www.sampoernakayoe.co.id> no later than 3.00 p.m. on 30 November 2023 or at the EGM.

- (6) Relevant intermediaries who wish to attend the EGM, or to appoint proxy(ies) to vote at the EGM should not make use of the Proxy Form and should instead approach their respective relevant intermediaries as soon as possible for the proxy(ies) appointment.

CPF/SRS investors who wish to vote at the EGM may attend the EGM in person physically, or may appoint the Chairman of the Meeting or such other person as their proxy to vote. The CPF/SRS investors who wish to appoint the Chairman of the Meeting or such other person as their proxy should not make use of the Proxy Form. They should approach their respective CPF agent banks and/or SRS operators to submit their votes at least seven (7) working days before the EGM (by 3.00 p.m. on 23 November 2023), in order to allow sufficient time for the respective relevant intermediaries to in turn submit a proxy form for voting on their behalf. CPF/SRS investors are requested to contact their respective CPF agent banks and/or SRS operators for any queries they may have with regard to the appointment of proxies for the EGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SAMKO TIMBER LIMITED

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

IMPORTANT

- For investors who have used their CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") to buy shares in the capital of Samko Timber Limited, this Circular is forwarded to them at the request of their CPF Agent Banks and/or SRS Operators (as the case may be) and is sent for their information only.
- This Proxy Form is not valid for use by such CPF Investor or SRS Investor and shall be ineffective for all intents and purposes if used or purported to be used by them.
- By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 17 November 2023.

PROXY FORM
Extraordinary General Meeting

I/We* _____ (Name) _____ (NRIC/Passport No.) of _____ (Address) being a member/members* of SAMKO TIMBER LIMITED (the "Company") hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings to be represented by proxy	
			No. of Shares	%

And/or* failing him/her*

Name	Address	NRIC/Passport Number	Proportion of Shareholdings to be represented by proxy	
			No. of Shares	%

or, failing him/her/them*, the Chairman of the Extraordinary General Meeting of the Company ("EGM") as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558 on Monday, 4 December 2023, at 3.00 p.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for/against* the Ordinary Resolutions to be passed at the EGM as indicated below by way of a poll. If no specific direction as to voting is given, my/our* proxy/proxies* will vote or abstain from voting at his/her/their* discretion, as he/she/they will on any other matter arising at the EGM. If no person is named in the above boxes, the Chairman of the EGM shall be my/our* proxy/proxies* to vote, for or against the Ordinary Resolutions to be passed at the EGM as indicated below, for me/us and on my/our behalf at the EGM and at any adjournment of the EGM.

Ordinary Resolutions		No. of Votes For*	No. of Votes Against*
1.	To approve the Rights Issue		
2.	To approve the Proposed Change of Auditors from Moore Stephens LLP to BDO LLP		

* If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2023

Signature(s) of Member(s) or Common Seal
 of Corporate Shareholder

*Delete accordingly **IMPORTANT: PLEASE READ NOTES OVERLEAF**



NOTES:

1. A Member of the Company should insert the total number of shares held. If the Member has shares entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he/she/it should insert that number of shares. If the Member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the Member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the Member of the Company.
2. A Member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such member's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
3. A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's instrument appointing a proxy(ies) appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
 - (c) the CPF Board established by the CPF Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A member can appoint the Chairman of the meeting as his/her/its proxy but this is not mandatory. A proxy need not be a member of the Company.
 4. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. ("**BCAS**"), at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07 Singapore 098632; or
 - (b) if submitted electronically, be sent via email to the Company's Share Registrar, BCAS, at EGM.TeamE@boardroomlimited.com,

in either case, not less than 48 hours before the time appointed for the EGM.

A Member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which; the instrument may be treated as invalid.
6. The Company shall be entitled to reject the instrument appointing or treated as appointing a proxy(ies) if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing or treated as appointing a proxy(ies) (including any related attachment). In addition, in the case of Members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing or treated as appointing a proxy(ies) lodged if such Members, being the appointer, are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) to attend and vote at the EGM of the Company and/or any adjournment thereof, the Member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 17 November 2023.