Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Samko Timber Limited

Stock code: E6R

Meeting details:
Date: 29 April 2022
Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the chairman's statement, revenue for the group increased by 23% year-on-year to Rp. 3,900 billion, mainly due to stronger export sales to the US market.

Despite the group being able to increase its average selling price by 19%, selling expenses for FY2021 increased at a faster pace by 65% to Rp 268.4 billion. This was mainly due to the challenges in logistics and higher global freight costs. Interest expense also increased 11% to Rp 123 billion due to higher borrowings.

At the group level, net loss was Rp (3.6) billion in FY2021 compared to Rp (36.9) billion in FY2020.

Loss attributable to owners of the company amounts to Rp (11.3) billion in FY2021 compared to Rp (92.0) billion in FY2020. The group is in a net current liability position of Rp (139.2) billion. Equity attributable to owners of the company amounts to Rp 45 billion.

(i) **Can the board/management elaborate further on the challenges in the supply chain? How has the group addressed or mitigated these?**

(ii) **Can management reconcile the significant difference between the consolidated profit/(loss) and the profit/(loss) attributable to owners of the company?** Profit attributable to non-controlling interests was Rp 7.7 billion in FY2021 and Rp 55.1 billion in FY2020. As noted above, loss attributable to owners of the company was Rp (11.3) billion in FY2021 and Rp (92.0) billion in FY2020.

(iii) **How are transfer prices between operating segments determined?**

(iv) **Can management share with shareholders its detailed strategy (including milestones, priorities and targets) to turn around the group? Please present this at the AGM for the benefit of all shareholders.**

The group's loans and borrowings amounted to approximately Rp1,517 billion of which approximately Rp1,013 billion were short-term bank loans which are due within one year from 31 December 2021.

(v) **Has the board assessed the group's liquidity risk?**

Q2. On the sustainability front, the group successfully expanded its Forest Stewardship Council ("FSC") and Chain of Custody ("CoC") certification to cover the larger plywood mills in Jambi, Jombang and Salatiga.

(i) **What is the total certified area (by hectares and as a percentage of total land) achieved by the group?**

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(ii) **What is the timeline set for the group to achieve 95-100% FSC certification (or its equivalent)?**

(iii) **How critical is the FSC certification? What is the level of oversight by the board in the group's certification efforts?**

In FY2021, the group became the first plywood company to have been invited to present its sustainability and decarbonisation roadmap in COP26 UNFCC that was held in Glasgow, United Kingdom.

(iv) **Can management share the key features of its decarbonisation roadmap?**

Q3. At the annual general meeting scheduled to be held on 29 April 2022, Mr Ng Cher Yan will be retiring under article 94 of the company's constitution and will be seeking his re-election. The profile of the director can be found on page 13. Additional information on directors seeking re-election can be found on pages 41 to 45.

Mr Ng Cher Yan was first appointed to the board on 14 December 2007. He is also the lead independent director, chairman of the audit committee and a member of the nominating committee, remuneration committee and the board risk committee.

(i) Mr Ng Cher Yan has been on the board for more than 14 years. **As the lead independent director, would Mr Ng Cher Yan be holding himself to higher governance standards and lead by example, especially in setting the tone with regard to the tenure of independent directors?**

On 30 November 2021, Mr Tan Boon Gin, chief executive of Singapore Exchange Regulation (SGX RegCo), gave guidance that companies are expected to use the two-tier rule sparingly to promote renewal and succession planning[1].

(i) **Can the nominating committee provide shareholders with greater clarity on the near-term plans to facilitate the progressive renewal of the board in view of the guidance from SGX RegCo?**

(ii) **Will the continued appointment of the long-tenured independent directors (including Mr Sim Idrus Munandar) delay the progressive renewal of the board?**

[1] https://www.businesstimes.com.sg/companies-markets/answer-my-question-before-i-vote-sgx-regco-sets-new-timelines-for-companies-to

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)