

**Issuer:** Sinarmas Land Limited

**Security:** Sinarmas Land Limited

**Meeting details:**

Date: 25 April 2017

Time: 13:30H

Venue: PARKROYAL on Beach Road, Grand Ballroom, Level 1, 7500 Beach Road, Singapore 199591

**Company Description**

Sinarmas Land Limited, an investment holding company, develops and leases properties in Indonesia, China, Malaysia, Singapore, and the United Kingdom. It operates through Indonesia Property and International Property segments. The company engages in the investment and development of commercial, industrial, and residential properties; and ownership and management of hotels and resorts. It also develops and operates country club and golf clubs; develops and operates toll roads; and provides management and consultancy, hotel marketing agency, and treasury management and related services. The company was formerly known as AFP Properties Limited and changed its name to Sinarmas Land Limited in April 2011. Sinarmas Land Limited was incorporated in 1994 and is headquartered in Singapore. Sinarmas Land Limited is a subsidiary of Flambo International Limited.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=A26](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=A26))

**Q1.** The valuation and classification of development properties was highlighted as a key audit matter in the Independent Auditors' Report (page 90 of the annual report). Of the group's total development properties amounting to \$3.0 billion (most of it located in the core market of Indonesia), properties held for sale amounted to \$1.266 billion while properties under development were \$1.794 billion as at 31 December 2016. In 2015, the group recognised an impairment loss on completed properties held for sale of \$4.05 million (page 131).

Completed properties held for sale increased from \$994.5 million in 2015 to \$1,265.6 million in 2016 (page 131 – Properties held for sale). The group is now holding on to an increased inventory of completed properties and at the same time developing at a faster rate (\$1.79 billion as at 31 December 2016 vs \$1.59 billion). Furthermore, it was mentioned in the Chairman's statement (page 7) that the Group will accelerate the pace of property development.

- a) **Can management provide better visibility into the completed properties that are held for sale? Shareholders would like to know the type of property, the geographical distribution and how long since they have been completed.**
- b) **Is there a risk that the group is building at a rate faster than the market can absorb?**

**Q2.** In November 2014, the company sought shareholders' approval for the waiver of the then-existing mutual undertakings between the company and Bund Center Investment Ltd, and to substitute with a set of new procedures to better and more constructively address any potential for undue and commercially harmful conflicts of interest going forward.

The new procedures essentially gave the company the exclusivity to develop township and/or residential development projects with a land area equal to or more than 20 hectares and Industrial projects in the PRC (with some restrictions in Shanghai and Ningbo), and also the freedom to compete more freely in the rest of the world (outside of the PRC and Indonesia).

- a) **Since obtaining shareholders' approval for the new procedures, has the company been actively evaluating township/industrial development projects in the PRC?**
- b) **After Phase 3 of the Shenyang project, does the group still have any development projects in the pipeline?**
- c) **Can management update shareholders on the group's overall investment strategy?**

**Q3.** As disclosed in the Corporate Governance Statement (page 20) all three independent directors, Mr. Foo Meng Kee, Mr. Rodolfo Castillo Balmater and Mr. Kunihiko Naito have each served on the Board as a non-executive independent Director for more than nine years. Mr. Foo, Mr. Naito and Mr. Balmater were first appointed to the board in 2001, 2007 and 2006 respectively.

The board has weighed the need for board refreshment against tenure and continues to regard the three directors as independent Directors of the Company.

Guideline 2.4 of the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore calls for the board to "also take into account the need for progressive refreshing of the Board".

- a) **As all three directors have already served for more than nine years, can shareholders understand the board's plan for a progressive refreshing of the board?** A progressive refreshing of the board would ensure a smooth transition and preserve institutional knowledge among the independent directors.
- b) **What is the company's search and nomination process for directors, and in particular independent directors?**