



Securities Investors Association (Singapore)

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Issuer: Sinarmas Land Limited

Security: Sinarmas Land Limited

Meeting details:

Date: 24 April 2019

Time: 11.00 a.m.

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

Company Description

Sinarmas Land Limited is a Singapore-based investment holding company. The Company and its subsidiaries are engaged in the property business, through its investments in Indonesia, China, Malaysia, Singapore and the United Kingdom. The Company's segments include Indonesia Property, International Property, United Kingdom Property and Others. Indonesia Property segment is engaged in investment and development of commercial, industrial and residential properties, and ownership and management of hotels and resorts in Indonesia (excluding Batam). International Property segment is engaged in investment and development of commercial and residential properties and ownership and management of hotels and resorts in Malaysia, certain mixed development in China and ownership and leasing of investment property in Singapore. The United Kingdom Property segment is engaged in leasing of investment property. Its Others operations include investment holding and corporate office.

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

1. Would the board/management provide shareholders with better clarity on the following operational and financial matters? Specifically:

- (i) **Rental income:** As noted in the chairman and CEO statement, recurring income for the group has increased consistently to hit S\$163.5 million in FY2018, of which about a third was derived from outside Indonesia. **Has management set a target for the quantum and percentage of recurring income to be derived from outside Indonesia?**
- (ii) **Occupancy rates: What are the occupancy rates of the group's major investment properties?** In Indonesia, the group has Sinar Mas Land Plaza (Jakarta), Sinarmas MSIG Tower, Sinar Mas Land Plaza (Surabaya) and Sinar Mas Land Plaza (Medan). In the UK, it has Alphabeta Building, 33HF and Warwick House.
- (iii) **China:** In August 2018, the group signed a definitive cooperation agreement with Rong Qiao for a 40% stake in a commercial and residential project, Chengdu Yue Rong Cheng (成都悦蓉城) that has a land area of 56,868 sqm, with a total investment of RMB396 million. **What is the level of oversight and opportunity to value-add by management to the project? Is the group a passive investor in this agreement?**
- (iv) **Interest rates:** In Note 39 (page 165 – Financial risk management: Interest rate risk), as at 31 December 2018, approximately 47% of its \$2.03 billion financial liabilities are variable rate. **Has the board evaluated the group's interest rate risks and determined that the current arrangement is optimal?**
- (v) **Foreign currency risk:** The group is exposed to foreign currency risks due to its net investments into investment properties in the United Kingdom, China and Malaysia. While the group uses the Singapore Dollar ("SGD") as its presentation currency, the group's major subsidiaries are mainly in Indonesia with the Indonesian Rupiah ("IDR") as its functional currency. **Given the increased fluctuation in foreign currency rates, would the board evaluated if the group would benefit from a more deliberate hedging framework?**

2. The board has 5 executive directors, namely:

- Mr. Franky Widjaja as executive chairman
- Mr. Muktar Widjaja as executive director and the chief executive officer
- Ms. Margaretha Widjaja as executive director
- Mr. Ferdinand Sadeli as executive director and the chief financial officer
- Mr. Robin Ng Cheng Jiet as executive director

From the biography of the directors (pages 13 to 17), only the roles and responsibilities of Ms. Margaretha Widjaja is disclosed:

Since 2008, Ms. Margaretha Widjaja was Vice-Chairman of the Indonesian Property Division of SML and she was instrumental in leading the transition of the management organization structure and the re-branding of "Sinarmas Land" in Indonesia. She

supports the Chief Executive Officer in formulating the Group's business plans and strategies, and is also responsible for the Group's Enterprise Risk Management activities and corporate governance initiatives.

(i) Would the board help shareholders understand the roles and responsibilities of all five executive directors on the board?

Furthermore, the company operates mainly through three public listed Indonesia subsidiaries, namely PT Bumi Serpong Damai Tbk ("BSDE"), PT Duta Pertiwi Tbk ("DUTI") and PT Puradelta Lestari Tbk ("DMAS").

(ii) What is the level of influence and control in the day-to-day management of the listed subsidiaries?

(iii) With Is there significant overlap in roles and responsibilities of the executive directors for the company given that there are five executive directors on the board? The listed subsidiaries have their individual boards and key executives.

3. Mr. Hong Pian Tee, as an independent director of the company joined in April 2017. Mr. Willy Shee Ping Yah @ Shee Ping Yan and Mr. Lew Syn Pau joined as independent directors in April 2018.

Mr. Hong was on the board of Golden Agri-Resources Ltd from November 2001 to April 2017.

Mr. Shee has been on the board of Bund Center since February 2010.

Mr. Lew has been on the boards of Golden Agri-Resources and Golden Energy and Resources Limited since 1999 (except for a short break from May 2007 to December 2007) and April 2015 respectively.

The controlling shareholders of the company also control Golden Agri-Resources, Golden Energy and Resources Limited and Bund Center.

The nominating committee (NC) has stated that "Mr. Shee and Mr. Lew were shortlisted by Management to the NC for assessment of their suitability for appointment."

(i) Has the NC considered the relationship the then-candidates have with the controlling shareholders?

In the 2012 Code of Corporate Governance, an independent director is one who has no relationship with the company, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the company, that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

(ii) What deliberations did the NC have on how the relationships the directors have with the controlling shareholders could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company?

This is especially so for Mr. Lew who has been associated with the controlling shareholders since 1999 and sits on the board of three of their listed companies.

A copy of the questions for the Annual Report for the financial year ended 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Sinarmas%20Land%20Ltd&cid=6487,4277>

The company's response could be found here:

2016: https://sias.org.sg/media/qareport/1493343051_SML19-27-04-2017-Response-to-Questions-from-SIAS-on-FY2016-Annual-Report.pdf