

RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND THE COMPANY'S RESPONSE OF 24 APRIL 2020

Sinarmas Land Limited ("SML" or the "Company" and together with its subsidiaries, the "Group") sets out its response to the queries raised by the Singapore Exchange Regulation (the "SGX") on 6 May 2020 in relation to the Company's Annual Report for the financial year ended 31 December 2019 ("Annual Report") and the Company's response of 24 April 2020, as follows:

SGX Queries:

1. We note that for the financial year under review, the CEO and the CFO have provided assurance to the Board on the integrity of the financial statements of the Group. The Company had made reference to the interim financial statements where the Board had only provided a negative assurance confirmation pursuant to Rule 705(5) of the Listing Manual.

The CEO and CFO have obtained relevant assurances on corporate governance from the business heads in the Group, and, in turn, assured the Board of the following:

- (a) **Financial Records**
The financial records of the Group for FY2019 have been properly maintained and the FY2019 Financial Statements give a true and fair view of the Group's operations and finances in accordance with the applicable financial reporting framework that are free from material misstatement; and
- (b) **Risk Management and Internal Controls**
The internal controls, including financial, operational and information technology controls, and risk management systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment.

Please provide the assurance by the CEO and CFO on the (a) Financial Records, and the assurance by the CEO and CFO who are responsible on (b) Risk Management and Internal Controls.

Company's Response:

The CEO and CFO have given written assurance to the Board of Directors, as follows:

- (a) **Financial Records**
The financial records of the Group for FY2019 have been properly maintained and the FY2019 Financial Statements give a true and fair view of the Group's operations and finances in accordance with the applicable financial reporting framework that are free from material misstatement; and
- (b) **Risk Management and Internal Controls**
The internal controls, including financial, operational, and information technology controls, and risk management systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment.

2. Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provisions 8.1 and 8.2 of the Code with **regards to the disclosure of remuneration**, and there were no explanations provided in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the **relationships between remuneration, performance and value creation**.

Company’s Response:

SML’s remuneration policies are centered upon a structured balanced scorecard methodology which is guided by the Group’s long term vision and corporate strategies and supported by each of our shared values, namely Integrity, Positive Attitude, Commitment, Continuous Improvement, Innovation and Loyalty. Our vision and shared values are cascaded into key success factors in the various dimensions such as Financials, Business Processes, Customer Focus and People Management, which are regularly reviewed and moulded into Company-wide shared Key Performance Indicators (KPIs) and Individual KPIs. Every year, SML will formulate an annual budget for all business units, setting our key operational and financial KPIs. These KPIs will be weighted according to the relevance and relative importance to each position and will form part of the annual remuneration review.

3. Listing Rule 1207(10A) requires issuers to disclose the relationship between the Chairman and CEO if they are immediate family members. Please confirm whether the Chairman and CEO are immediate family members, and if so, their relationship.

Company’s Response:

Our Executive Chairman, Mr Franky Oesman Widjaja, and our CEO, Mr Muktar Widjaja, are brothers. This information is also disclosed in paragraph 8.3 of the Corporate Governance Report in the Annual Report on page 33.

4. Listing Rule 1207(10C) requires the Audit Committee’s comments on whether the internal audit function is independent, effective and adequately resourced. Please also provide information on whether the head of the internal audit function team has the relevant experience and qualifications. Where the internal audit function is outsourced, please provide information on the relevant experience of accounting firm and the engagement team.

Company’s Response:

The Head of Internal Audit holds a Bachelor degree (majoring in Accounting) from Tarumanagara University, Jakarta, Indonesia, and is professionally qualified as a Certified Internal Auditor (CIA). Prior to her employment with the Company, she worked as Internal Audit Deputy Director in AFP China Ltd, Shanghai, China (2000-2009) and Andersen Worldwide Assurance Manager at Prasetyo Utomo & Co Public Accounting Office (Member of Arthur Andersen) (1992-1999).

The internal audit team collectively comprises of members who have in-depth knowledge and skills of internal audit standards and best practices, risks, and controls of the business processes; knowledge of IT General and Application Controls and the organization's industry; good communication and presentation skills; and professional certifications, i.e., CIA, Certified Information System Auditor, Certified Management Accounting, and Chartered Accountant.

In addition, members of the internal audit team regularly attend relevant public trainings as part of the continuing professional education requirements. Therefore, collectively, the internal audit function has met the Attribute Standards (i.e. Proficiency and due professional care) for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

By Order of the Board
SINARMAS LAND LIMITED

Robin Ng Cheng Jiet
Director
8 May 2020