

First Meeting

ShangriLa Hotel - Singapore
November 14, 2000

- *Mr George Gunawan, Balindo (GG)*
- *Mr Vic Apps, Manulife Financial (VA)*
- *Mr Mitch New, Manulife Financial (MN)*

First Meeting November 14, 2000.

Vic Apps (VA):

“ ...Who wrote a letter to Mr. Philip Hampden-Smith six days ago in our Indonesian office saying that he wanted to talk to us about the transaction relating to Manulife Indonesia. In specific, he claims to represent a company called, I’m sorry, he does represent a company called PT Balindo Lelang Indonesia which is Balindo and which, in his words, is a licensed auction company established in Indonesia has received a mandate from Roman Gold assets to auction certain shares of PT Asuransi Jiwa Dharmala Manulife on behalf of their client, the legitimate owners of the shares in question.

Mr Gunawan, then it goes on to say, that I am aware of the details involving the transactions of the previous owners of the shares and I would like to have the opportunity to discuss with you in more detail the unsolved issues surrounding this transaction in order to reach an amicable solution. We are in the process, he further adds in the letter, to set up a tentative auction date for the shares of PT Asuransi Jiwa Dharmala in compliance to the standard operating procedure on behalf of our client and we would appreciate a reply to our request, to meet at your earliest convenience. The meeting could be an informal arrangement to exchange views between your good self and myself.

We followed up that letter by arranging this meeting with Mr. Gunawan here in Singapore and as we talk to you now we are just awaiting him and expect him to come in about 15 minutes."

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Mitchell New (MN): ...so I have heard the name Balindo before...

VA: So who, you got the mandate on October 20th?

George Gunawan (GG): Right.

VA: And who gave you the mandate?

GG: That Roman...

VA: ...Roman Gold...

GG: Yes Haryanto.

VA: He's the...Haryanto approached you?

GG: Yeah.

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VA: So Mr. Haryanto approached you the next day after buying it reportedly for 350 and...

GG: Yeah, before that they actually they asked me already how if we are doing the auction...or ...we give them all the information.

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GG: I think, and maybe I am making the wrong judgment, but I think Mr. Haryanto is just a businessman and he's just taking the opportunity to make some profit, but he's not in the insurance business, right. So if he's in the insurance business I am pretty sure that when he buy, of course he they are willing to get the profit from the company but he's just a...

MN: Yeah, I understand that.

VA: He just wants to buy it and sell it...

GG: Right, buy it and sell it so in my opinion, **I know that the case is up to the police or something like that so it is good if we can reach the certain agreement to settle this right?**

VA: Yes, because in that letter you talked about an amicable solution, ofcourse that's what we would like is an amicable solution too, we could. Because even though we are confident in our position, we are sure that it would take a quite a lot of costs and expenses and legal costs to sort it out. But you are in a position to negotiate?

GG: I think so.

VA: To work something out?

GG: Yeah. I think so.

VA: We can negotiate? What sort of amicable solution is in your mind?

GG: Of course if I am thinking, if we can achieve how much is the price let's say, maybe we can take the original, they claim the original certificates, and give them to you. This is just the matter of the pricing.

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MN: We would like some sort of solution. How do we work out an amicable solution? What do you suggest?

GG: In my opinion... if we are not talking about the pricing list, let's say, the 170

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billion that you now pay is now come to Adi Purnowo, the curator...

MN: Ari Effendi...

GG: Oh, sorry, Ari Effendi, it come to Effendi or Haryanto. There is only two thing right? We forget about the amount. Haryanto is asking that the amount come to him and not to the Ari Effendi. Am I right?

VA: What Mr. Haryanto wants is that the 170 billion not to go to the Dharmala creditors...

GG: ...yes...

VA: When it goes to Effendi, he is just acting for the courts. His job is just to give it to the people who are owed money. Because as Dharmala, DSS, I am sure you know, has huge debts, huge debts, including many major banks including Indonesian banks and foreign banks and is the single biggest debtor to the IBRA.

GG: right...

VA: yes, they have half the debt. So of the money, the 170 billion, about 90 billion goes to the IBRA and the other 80 goes to the many banks.

GG: Yes.

VA: So you are suggesting what?

GG: The problem is this money comes to creditors or come to Haryanto. Forget about where Haryanto comes from. Just forget it. Now this is fighting between these two. Creditors and Haryanto. I know you are a genuine buyer. You pay it.

VA: So you are saying that Haryanto is like a creditor of DSS in a sense.

GG: Right.

VA: DSS owes him something. He paid all this money for the shares.

GG: Yeah...right. Yes. So this is because I don't know because Suyanto and Haryanto... this is not my business. But nowadays the certificate is in Haryanto's hand, that is the thing. Now you pay to Ari, give to creditors. Right of course, this cycle will not accept it. So nowadays the money is in the account right? I don't think it is too difficult, still can be dissolved. Now is just between you and Haryanto, let's say I represent Haryanto just we are talking about how to settle this and let's say how much is the amount. After the amount, the 170 billion let's say we take from that account, this we can manage it, and the rest of it, maybe you pay directly to Haryanto.

Dra. Joice Wilandari B. Satrio
Pemerintah Kabupaten Bantul
Kantor Dinas Hukum dan
Kepolisian

VA: So you are saying of the 170, some of it goes to Haryanto and some goes to the creditors?

GG: No, no, no. Haryanto will not accept that money come to the creditors.

VA: So nothing should go to the creditors.

GG: Nothing.

VA: So the 170 should go Haryanto...

GG: Yes, the concept in his mind is like that.

VA: So he thinks the 170, instead of going to, that we paid to Effendi, instead of going to the creditors of DSS, should be paid directly to Mr. Haryanto.

GG: Yes.

VA: That is what Mr. Haryanto asked? That's what he told you?

GG: Yes, that 170 of course he is asking more right...that amount we negotiate later. We make a principal payment first. Haryanto will not accept any single cents come to Ari and come to the creditors.

VA: OK, so I understand so he thinks the 170 billion should go to him and nothing to the creditors.

GG: Yes.

VA: So for us it will be the same?

MN: No, what you're saying is that after the 170 goes to him then we can talk about the rest...

GG: No, we can talk about the rest first. After we say we find out how much how many million, I don't know yet, right, **all the total should come to Haryanto.**

VA: You are saying that he is asking maybe more than 170 billion.

GG: Yes of course, he is asking more. He is saying that he is 354 is true or not true but in the paper there is 354 let's say if you pay him 300 he is losing 50. This is the scenario.

VA: So he wants three hundred and... he wants more than 170?

GG: Of course.

VA: And nothing to go to the creditors.

GG: Yes.

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VA: So is Haryanto working independent here or is he working with Suyanto?

GG: In my opinion he is not working with Suyanto but there is a relationship.

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GG: I am trying to find out all the information from the police, from other source. It's **very difficult for me to state that actually, but I think right now, you know your position, we know our position, and Haryanto knows his position. So I think everything is clear. This is just talking about the money.**

So everything can be cleared, of course it can be cleared, just talking about the amount. Make more simple.

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VA: Do we meet Haryanto and discuss it with him or do we discuss it with you? Uh, for...

GG: For the first stage I think you can discuss it with me I think the amount is okay, that is no hiding...

VA: So we just offer you an amount for the shares and that amount would have to be more than 170...

GG: of course...

VA: ...but not necessarily as high as 350. Would it...

GG: I think, I am the negotiator, I am in the middle, so whatever you feel it is good.. Of course he is asking minimum 354, right.

VA: So he wants minimum 354?

GG: Minimum. He is asking for 400!

VA: He is asking for 400.

GG: Yeahhh...

Mr. Joseph A. ...
Francis ...
...
...

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If he really owns 40% of the company having articles about a senior officer in jail articles, you know, Mr Lukas is starting a bankruptcy proceeding against the company and so on and so forth. Is that going to make the company worth more or less?

GG: Less of course...

MN: Of course...

VA: Is Mr. Lucas working on behalf of Mr. Haryanto as well on this matter?

GG: They are friends. They know each other. I should be honest, tell you the truth. They know each other, I should tell you.

VA: So they are using this to cause more problems from our view. Is that what you're saying?

GG: I think ya, when we are talking about negotiations I can advise them, please don't make a move.

VA: So you can talk to them?

GG: Otherwise it will not be a good result for everybody.

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Second Meeting

ShangriLa Hotel – Singapore
November 15, 2000

- *Mr George Gunawan, Balindo (GG)*
- *Mr Vic Apps, Manulife Financial (VA)*
- *Mr Mitch New, Manulife Financial (MN)*

Vic Apps (VA): I am in room 1354 in the Shangri-la Hotel in Singapore and I arranged for a follow up meeting. In this meeting I fully intend to give Mr. Gunawan an indication that Manulife is interested in making initial payments in what I consider to be in an illegal manner to the company he represents. There is actually no intent on my part to make these payments and make the comments strictly with a view to understand the situation so that we try to do what we can to get ourselves in a situation where we get out Mr. Adi Purnomo free from custody, okay, so hopefully Mr. Gunawan will arrive in a few minutes.

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GG: Yes, sure, you know why? Now Mr. Haryanto lawyer is Arif. Arif is call to the police to report to the police that this is a criminal something like that. Right. I will ask Haryanto to make an agreement that this everything is be already settled. Of course there is some funds that should be transferred to the police. But of course I should get that letter...

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GG: Or either, maybe we can get something letter from Suyanto that everything is clear.

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VA: I guess what we are trying to say, let's be honest, is what we suspect is that there is a post connection, is that the case? Are we really dealing with the same people here or are we dealing with two separate people with different motivations?

GG: I can say there is a relation. Of course there is a relation but I can not talk about they are all. **Suyanto is behind this.** But I think Suyanto in '96 or nowadays or whenever he can receive some money otherwise he would not pledge the shares.

VA: Have you met Suyanto on this?

GG: This time not yet but I am easily to see him.

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MN: So you can come back, you can do some work and you can come back and say that Suyanto is on side.

GG: Okay.

VA: So you can get a letter or something... all we need is a letter that says that if this

transaction goes ahead he relinquishes all claims, or something like that.

GG: Yes, so I am trying to discuss with Pak Suyanto and trying to get the letter or something when we signed an agreement that he acknowledge or something like that so if he acknowledge or he say that he is not, he don't have a problem with that negotiate, Haryanto and you, your deal. I try to find...

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VA: My problem is that the auctioneer, sorry the curator Effendi is dealing with the...his job is to sell the DSS assets. He started the process and the first thing he did was take the biggest, which was the shares in Manulife Indonesia.

GG: Right.

VA: Now, do we at this stage, how do we deal with him? I meant, this is now my concern.

GG: So I think, now Effendi is also as a victim, right? So now when we clear everything we should have an agreement with him so he does not dealing with regarding the shares. He can sell other properties.

VA: The rest of DSS...

GG: Yes, DSS. He can sell other assets except this because he already he should give us this asset.

VA: So I see, the police as part of releasing him from his problem will make him agree that he won't deal with this anymore.

GG: Yes, Yep.

VA: So we – the police - will tell Mr. Effendi that he was mistaken...

GG: Yes, otherwise he will not be released.

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GG: You as the buyer, you are the real buyer. You are the genuine buyer.

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GG: So, I think, give me...tonight I am going home. So I think give me...

MN: You are going home to...

GG: To Jakarta. Yeah, two or three days maybe I will fax you to your office or...

VA: ...you have my card...

GG: Yes, in the Hong Kong office...

VA: I am going back to Hong Kong.

GG: Okay, so I will fax you what is the situation and maybe let you call me back to talk more clearly the situation. Give me two or three days to sort out Suyanto and their place. After that we can discuss further. Okay?