

**SEROJA INVESTMENTS LIMITED**  
(Company Registration Number: 198300847M)  
(Incorporated in the Republic of Singapore)  
(the “**Company**”)

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**PROPOSED DISPOSAL OF THE ENTIRE BUSINESS AND BUSINESS ASSETS OF THE COMPANY**

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**1. INTRODUCTION**

- 1.1. The board of directors (“**Board**”) of the Company (and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has today entered into a conditional sale and purchase agreement (“**SPA**”) with Mr. Masdjan (“**Masdjan**”, or the “**Purchaser**”), an Executive Director and Chief Operating Officer of the Group, pursuant to which the Company has agreed to sell, and the Purchaser has agreed to acquire the entire issued and paid up share capital of Trans LK Marine Pte. Ltd. (“**TLM**”), which comprises the Business (as defined below) as a going concern and all the TLM Business Assets (as defined below) for an aggregate consideration of US\$32,160,000 (“**Consideration**”), upon the terms and subject to the conditions of the SPA (“**Proposed Disposal**”). Masdjan is also a substantial shareholder of the Company.
- 1.2. The Proposed Disposal is an interested person transaction under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing Manual**”), and is also considered a major transaction under Chapter 10 of the Listing Manual, both of which requires approval of the shareholders of the Company (“**Shareholders**”). Please refer to Paragraph 5 of this announcement for further details.

**2. INFORMATION ON THE BUSINESS AND THE TLM BUSINESS ASSETS**

**2.1. Information on the Business and the TLM Business Assets**

Under the SPA, the Company will sell, and the Purchaser will acquire, the entire issued and paid up share capital of Trans LK Marine Pte. Ltd, which comprises:

- (a) the business and undertaking of the Company which involves the provision of marine transportation of drybulk freight, including the provision of chartering services of tugboats and barges primarily to transport dry bulk freight comprising thermal coal, sand, and other quarry materials (the “**Business**”); and
- (b) all the property, assets, rights, undertakings and liabilities of the Company pertaining to the Business and existing on the Company's balance sheet as at completion of the Proposed Disposal (“**TLM Business Assets**”), which include the Company's legal and beneficial interest in PT. Pulau Seroja Jaya.

**2.2. Asset Value of the Business and the TLM Business Assets**

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2018 (“**Group's FY2018 Results**”), the book value or the net tangible asset value of the Business and the TLM Business Assets was approximately US\$27,627,000.

The excess of the Consideration over the book value of the Business and the TLM Business Assets as at 31 December 2018 is approximately US\$4,533,000.

**2.3. Net Profits of the Business and the TLM Business Assets**

The net profits after tax attributable to the Business and the TLM Business Assets, based on the Group's FY2018 Results, is approximately US\$773,000.

#### 2.4. Profit on the Proposed Disposal

The estimated profit on the Proposed Disposal is approximately US\$4,533,000 based on the Consideration and the book value of the Business and the TLM Business Assets as of 31 December 2018.

### 3. MATERIAL TERMS OF THE PROPOSED DISPOSAL

#### 3.1. Consideration

The Consideration is payable by the Purchaser to the Company in cash on completion of the Proposed Disposal. The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser, on a willing-buyer willing-seller basis, after taking into account, amongst other things, the net tangible asset value of the Business and the TLM Business Assets based on the Group FY2018 Results.

#### 3.2. Conditions Precedent

Completion of the Proposed Disposal is conditional upon satisfaction or waiver (as the case may be) of, *inter alia*, the following conditions ("**Conditions**"):

- (a) The Company having obtained the approval of its shareholders at an extraordinary general meeting for the sale and purchase of the entire issued and paid up share capital of TLM and other acts as may be required to give effect to the transactions contemplated in the SPA ("**Contemplated Transactions**");
- (b) the approval of the Board of the Company for the sale and purchase of the entire issued and paid up share capital of TLM and other acts as may be required to give effect to the Contemplated Transactions;
- (c) if required, from the SGX-ST for the Contemplated Transactions, including clearance from the SGX-ST for the circular from the Company to its shareholders that is required under the SGX-ST listing rules for the Contemplated Transactions;
- (d) all relevant licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals as may be required by the Company for or in respect of the sale and purchase of the entire issued and paid up share capital of TLM; and
- (e) the Purchaser having procured the execution of a deed of assignment by PT. Pulau Seroja Jaya in favour of the Company, to be entered into with the Company and TLM.

If the Conditions are not satisfied or waived on or before Completion (as described in paragraph 3.3 below) or such other date as may be agreed in writing between the Company and the Purchaser, the SPA (other than certain specified provisions) shall lapse.

#### 3.3. Completion

Subject to the fulfilment of the conditions precedent contained in the SPA, completion of the Proposed Disposal shall take place on a Business Day within seven (7) Business Days from the date that the last condition precedent is fulfilled or at such other date as may be agreed in writing between the Company and the Purchaser.

### 4. RATIONALE FOR THE PROPOSED DISPOSAL

The Company is of the view that the Consideration of US\$32,160,000 is attractive. This translates to S\$0.1142 per share which is a 278% premium over the volume weighted average price of the shares of the Company of S\$0.0302 on 8 August 2019, being the last market day when the shares were traded preceding the date of the SPA, as there was no other trade for the Company's shares after 8 August 2019 to the signing of the SPA.

The Directors are of the view that the Disposal presents a good opportunity to unlock value for the Shareholders and is in the best interests of the Company and Shareholders after taking into consideration the financial position and business prospect of TLM and its subsidiaries.

The Disposal will result in a gain of approximately US\$4.3 million for the current financial year ending 31 December 2019 and the Company will receive net proceeds of approximately US\$32.0 million after deducting all costs and expenses. With a strong balance sheet, the Company will be able to source for investment opportunities that will provide sustainable long term growth for the Company and generate value for the Shareholders.

Shareholders should note that the Proposed Disposal is subject to independent Shareholders' approval at the EGM to be convened. In accordance with Rule 919 of the Listing Manual, Masdjan and his associates must abstain from voting on the resolutions approving the Proposed Disposal as an interested person transaction, nor accept appointments as proxies unless specific instructions as to voting are given.

## 5. COMPLIANCE WITH CHAPTERS 9 AND 10 OF THE LISTING MANUAL

### 5.1. The Proposed Disposal as a Major Transaction

Based on the Group's FY2018 Results, the relative figures of the Proposed Disposal computed on the bases set out in Rules 1006 (a) to (e) of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figure (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	99 <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	164 <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	378 <sup>(3)</sup>
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable

#### **Notes:**

- (1) "Net asset" means total assets less total liabilities. Based on the net asset value of the Business and TLM Business Assets of US\$28,115,000 and the unaudited net asset value of the Group of US\$28,406,000 as at 30 June 2019.
- (2) "Net profits" means profit or loss before income tax, minority interests and extraordinary items. Based on the net profits attributable to the Business and the TLM Business Assets of US\$1,134,000 and the unaudited net profits of the Group of US\$691,000 for the financial period ended 30 June 2019.
- (3) Based on the Consideration of US\$32,160,000 and the market capitalisation of the Company of approximately US\$8,501,000 as at 8 August 2019, being the last market day when the shares were traded preceding the date of the SPA. The Company's market capitalisation is determined by

multiplying the number of shares in issue (excluding treasury shares) of 390,388,110 Shares by the weighted average price of S\$0.0302 per Share on 8 August 2019.

Rule 1014 of the Listing Manual states, *inter alia*, that where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the transaction is classified as a 'major transaction' and must be made conditional upon approval by the Shareholders in general meeting. As the relative figures for the Proposed Disposal as computed on the bases set out in Rules 1006 (a), (b) and (c) of the Listing Manual exceed 20%, the Proposed Disposal constitutes a "major transaction" for the purpose of Chapter 10 of the Listing Manual, which requires Shareholders' approval.

## 5.2. The Proposed Disposal as an Interested Person Transaction

The Purchaser, Masdjan, is an Executive Director and Chief Operating Officer of the Group. Accordingly, the Purchaser is an interested person as defined under Chapter 9 of the Listing Manual.

The Company is an entity-at-risk as defined under Chapter 9 of the Listing Manual. Accordingly, the Proposed Disposal constitutes an interested person transaction for the purpose of Chapter 9 of the Listing Manual.

The Consideration represents approximately 113% of the Group's latest unaudited consolidated net tangible assets ("**NTA**"). As the value exceeds 5% of the Group's latest unaudited NTA, the Proposed Disposal is subject to the approval of the Shareholders at the EGM pursuant to Rule 906 of the Listing Manual.

Save for the Proposed Disposal, there are no other interested person transactions with the Purchaser or any of his associates for the current financial year of the Company to date.

## 6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The pro forma financial effects of the Proposed Disposal set out below are purely for illustration purposes only and do not necessarily reflect the actual results and financial position of the Group and of the Company following completion of the Proposed Disposal.

The pro forma financial effects of the Proposed Disposal on the NTA per share and earnings per share ("**EPS**") of the Group are prepared based on the Group FY2018 Results, and are subject to the following assumptions:

- (a) the financial effect on the consolidated NTA per share is computed based on the assumption that the Proposed Disposal was completed on 31 December 2018;
- (b) the financial effect on the consolidated EPS is computed based on the assumption that the Proposed Disposal was completed on 1 January 2018; and
- (c) after taking into account the estimated transaction expenses.

### 6.1. Financial Effects on the Proposed Disposal on the Consolidated NTA per Share

	Before the Proposed Disposal	After the Proposed Disposal
<b>NTA (US\$'000)</b>	28,362,000	32,695,597
<b>Number of Shares</b>	390,388,110	390,388,110
<b>NTA per Share (US cents)</b>	7.27	8.38

### 6.2. Financial Effects on the Proposed Disposal on the Consolidated EPS

	Before the Proposed Disposal	After the Proposed Disposal
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<b>Profit after tax attributable to Shareholders (US\$'000)</b>	773,000	5,106,597
<b>Number of Shares</b>	390,388,110	390,388,110
<b>EPS (cents)</b>	0.20	1.31

## 7. USE OF PROCEEDS

The net proceeds from the Proposed Disposal, after deducting all costs and expenses, is estimated to be approximately US\$31,960,000 (“**Net Proceeds**”).

The Net Proceeds may be used to acquire new assets or businesses to satisfy the listing requirements of the SGX-ST, subject to the restrictions under Rule 1018 of the Listing Manual. Please refer to Paragraph 8 of this announcement for further details. The Board will announce the specific uses for the proceeds arising from the Proposed Disposal in greater detail as and when appropriate.

## 8. CASH COMPANY – COMPLIANCE WITH RULE 1018 OF THE LISTING MANUAL

- 8.1. Upon completion of the Proposed Disposal, the Company will cease to have any operating business and will be deemed as a cash company under Rule 1018 of the Listing Manual. As a result, the Company will be required to comply with the restrictions under Rule 1018 of the Listing Manual, and will continue to provide updates on the matter soon.
- 8.2. Shareholders are to note that under Rule 1018, in addition to the compliance requirements stated therein, if the assets of an issuer consist wholly or substantially of cash or short-dated securities, its securities will normally be suspended. The suspension will remain in force until the issuer has a business which is able to satisfy the SGX-ST's requirements for a new listing, and all relevant information has been announced. The SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company, subject to any extension as may be approved by the SGX-ST.

## 9. INDEPENDENT FINANCIAL ADVISER

Pursuant to Chapter 9 of the Listing Manual, the Company will be appointing an independent financial adviser (the “**IFA**”) to provide an opinion letter as to whether the Proposed Disposal, as an interested person transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. The Company has currently short listed 2 potential parties to appoint as the IFA. The Audit Committee of the Company will obtain an opinion from the IFA before forming its view on the Proposed Disposal. The views of the Audit Committee, as well as a copy of the letter from the IFA, will be included in the circular to be issued by the Company to the Shareholders in connection with the Proposed Disposal.

## 10. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal.

## 11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for the Purchaser as disclosed in Paragraph 5.2 above, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect (other than through their respective shareholdings in the Company, if any), in the Proposed Disposal.

## 12. CIRCULAR TO SHAREHOLDERS

The Company will convene an EGM to seek the approval of the Shareholders for the Proposed Disposal. A circular to the Shareholders containing, inter alia, information on the Proposed

Disposal, the opinion and recommendations of the independent Directors, the letter from the IFA, and the notice of the EGM to be convened, will be despatched to Shareholders in due course.

### **13. RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been taken to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

### **14. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at 50 Raffles Place #06-00 Singapore Land Tower Singapore 048623 during normal business hours for three months from the date of this announcement.

### **By order of the Board**

Andreas Tjahjadi  
Executive Director  
15 August 2019