

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

(Incorporated in the Republic of Singapore)

RESPONSE TO SGX-ST QUERY ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 ("FY2019 Annual Report")

In response to the queries raised by the Singapore Exchange Securities Trading Limited on 11 May 2020 in relation to the Company's FY2019 Annual Report, the Board of Directors wishes to provide the following information:

SGX Query 1:

Listing Rule 1207(10c) provides that the annual report must contain the audit committee's comment on whether the internal audit function is independent, effective and adequately resourced.

We note that the Company has complied with Listing Rule 1207(10c). In addition, please provide information on the relevant experience of the accounting firm and the engagement team engaged for the Company's internal audit function.

Company's Response:

The Group has outsourced its internal audit function to a qualified accounting firm, Johan Malonda Mustika & Rekan ("**JMMR**") which is an independent member of Baker Tilly International. Based on the information provided by JMMR, the firm provides corporate governance and risk management services which include internal audit services to public listed and non-public listed companies.

The partner in charge of the engagement team, Mr Glenn Martinus Marjono, is assisted by an associate director, Mrs Fransiska Yohan and a senior staff, Ms Dwiaprillianty Supriadi. Mr Glenn Martinus Marjono is currently a member of Ikatan Akuntan Indonesia ("**IAI**") or the Institute of Indonesia Chartered Accountants and has more than 10 years of experience in the audit and accounting industry. Mrs Fransiska Yohan has more than 10 years of experience in the internal audit industry and Ms Dwiaprillianty Supriadi has more than 5 years of experience in the internal audit industry. Mr Glenn Martinus Marjono, in turn, reports to a Director, Mr Kiman Mustika Karta, who is currently a member of IAI and has more than 20 years of experience in the audit and accounting industry.

SGX Query 2:

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

Please disclose how the Company has deviated from Provision 2.4, and in particular, the required disclosure on board diversity policy and progress made towards implementing the board diversity policy, including objectives.

Company’s Response:

Although the Company has deviated from Provision 2.4 of the Code by not implementing a board diversity policy, the Board has considered that its current size is adequate and appropriate for effective decision-making, taking into account the scope and nature of the operations of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. As disclosed on pages 21 and 22 of the Corporate Governance Report, the Board of directors provide core competencies such as accounting, finance, business, legal, management experience, industry knowledge and strategic planning experience and hence would be able to provide a balanced view within the Board. In consideration of the Company’s market capitalisation, revenue and industry, the Board places primary emphasis on its core competencies without increasing its size. Nevertheless, the Board will endeavour to include further additional attributes when there is a need to bring in fresh perspectives and enhancements. The composition and renewal of the Board, including the need for progressive refreshing of the Board, will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate balance and mix of skills, knowledge, expertise, experience and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate and possesses the necessary competencies for effective decision making.

SGX Query 3:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), the provision from which it has varied, an explanation for the variation and 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 Provision 8.1 of the Code with regards to amounts of remuneration of each individual director and the CEO and there were no explanations provided for 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:

The details of the mix of remuneration for each individual director and the CEO is as set out on page 27 of the FY2019 Annual Report (“FY2019AR”). The Company had also explained on page 27 that due to competitive reasons and the sensitive nature of such information, the Company will only disclose the remuneration of Directors in bands no wider than S\$250,000. As shown in the table on page 27 of FY2019AR, only the remuneration of Mr Andreas Tjahjadi (CEO and Director) falls within the range of S\$250,000 to S\$500,000 while the remuneration of the remaining Directors are in the form of director’s fees only and is of a lower band of less than S\$80,000.

The procedures for developing remuneration policies and for fixing the remuneration packages of individual directors have been set out under principle 6 of the Corporate Governance Report on pages 25 to 26 of FY2019AR. For example, the Company disclosed, *inter alia*, (i) aspects of remuneration that the Remuneration and Compensation Committee (“**RC**”) considers to ensure that they are fair; (ii) that the remuneration of employees related to the Company’s Directors and Substantial Shareholders are reviewed annually to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities; and (iii) that the framework of remuneration policies for Directors is recommended by the RC to the Board and that each RC member will abstain from voting on any resolution in respect of his own remuneration.

The relationships between the remuneration of the Board and key management personnel and the performance and value creation of the Company have been set out under principle 7 of the Corporate Governance Report on page 26 of FY2019AR. The Company disclosed, *inter alia*, that (i) the RC will take into consideration the pay and employment conditions within the industry and in comparable companies and whether the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term; (ii) the remuneration packages include a fixed salary and a variable performance related bonus which is designed to align the interests of the Executive Directors and key management personnel with those of shareholders and promote the long-term success of the Group; and (iii) the Non-Executive Directors receive Directors’ fees appropriate to their level of contribution, taking into account factors such as effort, time spent and the responsibilities of the Directors.

Based on the above and taking into consideration that it is for the benefit of the Group that the remuneration of individual directors and the CEO be kept confidential, the Company is of the view that its practices are consistent with the intent of Principle 8 of the Code.

By order of the Board

Andreas Tjahjadi
Executive Director
12 May 2020