

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

(Incorporated in the Republic of Singapore)

RESPONSE TO SGX-ST QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 ("FY2021 Annual Report")

In response to the queries raised by the Singapore Exchange Securities Trading Limited on 4 May 2022 in relation to the Company's FY2021 Annual Report (AR2021), the Board of Directors wishes to provide the following information:

SGX Query 1:

We note that the Company had not complied with Provision 3.1 of the Code as the Company's Chairman and CEO position is filled by the same person, and there were no explanations provided for in your AR2021 on how it is consistent with the intent of Principle 3 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Company's Response:

The Company notes that Provision 3.1 of the Code is not complied with as Mr Edwin Soeryadjaya is both the Chairman and CEO of the Company.

Notwithstanding that Mr Edwin Soeryadjaya is undertaking the roles of both the Chairman and CEO of the Company, the Board has ensured that there is no concentration of power and authority under any one individual. As stated on page 11 of AR2021, any major decisions are made in consultation with the Board. The Board is majority made up of Independent Directors and this will provide a strong independent element to the decision-making process of the Board with no one individual dominating the Board's decision-making.

In addition to the above, any proposals or decisions made by Mr Edwin Soeryadjaya as the CEO of the Company will be discussed and approved by the Audit Committee ("AC"). The appointment and performance of the Chairman and CEO will be reviewed by the Nominating Committee ("NC") and their remuneration packages will be reviewed by the Remuneration ("RC"). All the AC, NC and RC are majority comprised of Independent Directors and this will ensure an appropriate balance of power and authority within the spirit of good corporate governance.

With a strong independent element of the various Committees and the Board, the Board is of the view that there are adequate safeguards in place to ensure that the Board's decision-making process is based on collective decisions of the Board and no one individual has unfettered powers of decision making on the Board. In view of the above, the Board believes that there is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making which are consistent with the intent of Principle 3 of the Code.

SGX Query 2:

We note that the Company had not complied with Provision 8.1(a) of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your AR2021 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 Company had disclosed the remuneration payable to each individual director and the top key executive of the Group for services rendered during the financial year ended 31 December 2021 ("FY2021") on Page 15 of the AR2021. On the same page, the Company had also disclosed the names and remuneration of the directors and key executives in remuneration bands of no wider than S\$250,000 instead of disclosing the exact remuneration, given the competitive conditions in the industry.

As disclosed on Page 15 of the AR2021, the directors are only paid directors' fees and not other forms of remuneration. Furthermore, the band is reduced to S\$70,000 to reflect a close estimate of the highest fees paid. As disclosed on Page 14 of the AR2021, the non-executive directors received directors' fees appropriate to their level of contribution, taking into account factors such as effort, time spent and the responsibilities of the directors. The directors' fees are recommended by the entire Board for shareholders' approval at each AGM. The RC is mindful non-executive directors should not be overcompensated to the extent that their independence may be compromised.

For FY2021, there is only one key management personnel (who are not directors or the CEO) whom the Company considered to be key executive of the Group. The remuneration of key management personnel generally comprises primarily a basic salary component and a variable component which is the bonuses based on the performance of the Company and the Group as a whole and the individual performance of each key management personnel. The aggregate amount paid to the key executive, with breakdown of salary and bonus in percentage, is disclosed on Page 15 of the AR2021.

The Board is of the view that the disclosure and remuneration framework as explained above provides a reasonable amount of information to enable shareholders to understand the link between the Company's performance and remuneration of the directors and key management personnel. Based on the above, the Board believes that the current disclosures and practices are consistent with the intent of Principle 8 of the Code.

SGX Query 3:

Listing Rule 1207(18B) provides for "An explanation of how the issuer has complied with the following:-

- (a) the issuer has designated an independent function to investigate whistleblowing reports made in good faith;
- (b) the issuer ensures that the identity of the whistleblower is kept confidential;
- (c) the issuer discloses its commitment to ensure protection of the whistleblower against detrimental or unfair treatment; and
- (d) the Audit Committee is responsible for oversight and monitoring of whistleblowing."

Please clarify whether and how Listing Rule 1207(18B) has been complied with, in particular (a) and (d).

Company's Response:

As disclosed on Page 17 of the AR2021, the AC has reviewed the Company's whistle blowing framework which was put in place to establish a confidential line of communication for employees to report in confidence, without fear of reprisal, concerns about possible improprieties in matters of financial reporting or other matters.

The Whistle Blowing Policy ("Policy") aims to provide an avenue for employees to raise concerns and offer reassurance that they will be protected from reprisals for whistle blowing in good faith. The AC is responsible to ensure the proper implementation of this Policy and will monitor and provide updates to the Board for any such incidents under investigation.

Unless required by law to disclose the identity of the whistle-blower, the Company will take all necessary means to ensure that his/her identity will be kept confidential. No action will be taken against the whistle-blower who makes an allegation in good faith, reasonably believing it to be true, even if the allegation is not subsequently confirmed through investigation.

Based on the above, the Board is of the view that Listing Rule 1207(18B) has been complied with.

By order of the Board

Lim Poh Chen
Financial Controller
6 May 2022