

SEROJA INVESTMENTS LIMITED

(Company Registration Number: 198300847M)

(Incorporated in the Republic of Singapore)

RESPONSE TO SGX-ST QUERY

In response to the queries raised by the Singapore Exchange Securities Trading Limited on 12 May 2021 in relation to the Company's Annual Report for the financial year ended 31 December 2020 ("**2020 Annual Report**"), the Board of Directors wishes to provide the following information:

SGX Query (a):

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 Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your 2020 Annual Report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company's Response to SGX Query (a):

The Board is committed to attracting experienced individuals to serve as Directors, regardless of their gender, race, ethnicity, religion, age or other aspects of diversity. To this end, the Company endeavours to ensure that the Board comprises individuals with diverse experience and expertise who, as a group, will provide an appropriate balance and range of skills, experience, perspectives and knowledge for effective stewardship of the Group's business.

As disclosed on Page 11 of the 2020 Annual Report – "The Board and Board Committees are of an appropriate size, and comprise directors who as a group provide an appropriate balance and mix of skills, experience, and knowledge of the Company. The Board Members also 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."

As disclosed on Page 11 of the 2020 Annual Report – "The Company has not implemented a board diversity policy under Provision 2.4 of the Code but the Company has taken into consideration the major aspects of diversity in the current Board composition. The Board, through its Nominating Committee, reviews the structure, size, and composition of the Board in order to evaluate the Board's effectiveness in performing its duties."

While the Board has not implemented a fixed diversity policy, the Board and the Nominating Committee ("**NC**") are satisfied that the current Board composition has the appropriate mix of expertise and experience that as a group, provides an appropriate balance and diversity of skills, experience, competencies, and knowledge of the Company, as disclosed on Pages 11 to 12 of the Annual Report.

As disclosed on Page 11 of the 2020 Annual Report – "With effect from 31 March 2021, the Board comprises one Non-Executive Director and two Independent Directors. As such, the Board is made up entirely of all Non-Executive Directors which will enable the Board to be more independent in approving decisions made by the Company's management."

As disclosed on Pages 11 and 12 of the 2020 Annual Report – “The Board is aware of the need to implement a board diversity policy in order to broaden the view of diversity when establishing and reviewing board composition, beyond skills, experience, competencies, and knowledge of the Company to include other aspects such as age and gender, so as to avoid groupthink and foster constructive debate. In consideration of the Company’s market capitalisation, revenue and industry, the Board places primary emphasis on its core competencies without increasing its size. It will endeavour to include further additional attributes when there is a need to bring in fresh perspectives and enhancements.”

The Board will periodically examine its composition and size to assess the optimal composition and size of the Board needed to facilitate robust engagement and effective decision-making. As the Company is currently a cash company, the Board is comprised of three directors. If the Company expands the Board in future, the Board and NC are committed to revisit and consider the implementation of a board diversity policy.

Given the above, the Board and the NC are satisfied that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company and the intent of Principle 2 of the Code is met.

SGX Query (b)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in 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 Provision 8.1 of the Code with regards to the disclosure of remuneration, and there were no explanations provided for in your 2020 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 Response to SGX Query (b)

The Company had disclosed the remuneration payable to each individual director and the top 2 key executives of the Group for services rendered during the financial year ended 31 December 2020 (“FY2020”) on Page 17 of the 2020 Annual Report.

On Pages 16 and 17 of the 2020 Annual Report, the Company had 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 pressures in a specialized industry, potential for poaching of staff and other disadvantages that this might bring.

As disclosed on Page 17 of the 2020 Annual Report, there were only 2 key management personnel (who are not directors or the CEO) whom the Company considered to be key executives 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.

As disclosed on Page 16 of the 2020 Annual Report – “A significant and appropriate proportion of the Executive Directors’ and key Management personnel’s remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with Shareholders’ interests and other stakeholders and promotes the long-term success of the Company.”

As further disclosed on Page 16 of the 2020 Annual Report – “In setting remuneration packages, the [Remuneration Committee (“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. The remuneration for Executive Directors and key management personnel takes into account the performance of the Group and the individual. 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. Such performance-related remuneration also takes into account the risk policies and risk tolerance of the Company, as well as the time horizon of risks. No Director is involved in deciding his own remuneration. In determining the actual quantum of remuneration of executive Directors and key management personnel, the RC had taken into account the extent to which their performance conditions have been met. These performance conditions are selected by the RC as they support how the Group achieves its strategic objectives.”

The Company had disclosed on Page 16 of the 2020 Annual Report that 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.

Accordingly, the Board believes that the current disclosures and practices are consistent with the intent of Principle 8 of the Code. The Board, with the assistance of RC, will periodically review the extent of disclosure of the remuneration of the directors and key management personnel, and the Board will determine the disclosure of more details of such remuneration in future annual reports of the Company.

By order of the Board

Lim Poh Chen
Financial Controller
17 May 2021