Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Seroja Investments Limited

Stock code: IW5

Meeting details:
Date: 29 June 2021
Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q1. As noted in the corporate profile, the company completed the disposal of its wholly owned subsidiary corporation, Trans LK Marine Pte. Ltd. which owns the entire business and business assets of the company on 21 October 2020. Consequently, the company ceased to have any operating business and was deemed a cash company under Rule 1018 of the Listing Manual of Singapore Exchange Securities Trading Limited.

Trading of the company's shares on SGX has been suspended since 9 October 2020 as disclosed to shareholders in section 6.2 of the EGM circular (dated 24 September 2020).

Rule 1017 of the listing rules allow for the company's shares to continue trading (as a cash company) on a case-by-case basis, subject to: (a) contractual undertakings from the issuer's directors, controlling shareholders, chief executive officer and their associates to observe a moratorium on the transfer or disposal of all their interests, direct and indirect, in the securities of the issuer; and (b) the period of the moratorium must commence from the date shareholders approve the disposal of business, up to and including the completion date of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing.

(i) **Did the board consider the benefits of the continued trading of the company's shares as a cash company?**

(ii) **Did the independent directors discuss with the directors, the controlling shareholders, the chief executive officer and their associates to provide their contractual undertakings so that the company can apply to SGX for the continued trading of the company's securities?**

In addition, on 22 April 2021, the company had issued a notice of annual general meeting and a letter to shareholders in relation to the proposed capital reduction and cash distribution. However, as the letter to shareholders was not submitted to SGX Regco for its prior clearance, the company withdrew the letter on 10 May 2021 and postponed the AGM (originally scheduled on 14 May 2021).

(iii) **Are the company, its officers (including the company secretary) and the directors familiar with the listing rules?**

(iv) **Has the board reviewed its policies, procedures and controls to ensure that they are implemented in practice and that they are adequate and effective?**

(v) **Are there any reasons for the delay in proposing the capital reduction?** The company was ready to proceed with a capital reduction in April/May 2021 but has not followed up with a proposed capital reduction at the AGM to be held on 29 June 2021.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q2. Following the disposal of its business and assets, the company has stated that it will be exploring opportunities to acquire new assets or businesses which can satisfy the listing requirements of SGX-ST and generate value for shareholders.

(i) **What is the focus of the company's search for a new business, in terms of industry/sector, geography and deal size?**

(ii) **Can the board elaborate further on how it is sourcing for a new business? Who is leading the search?**

(iii) **Is the company engaging a professional investment bank or reputable broker in its search for a business that are suitable for a listed company?**

(iv) **What is the involvement of the independent directors in the search?**

(v) **Can the board help shareholders understand its expertise and experience in deal sourcing, due diligence and deal structuring?**

(vi) **Given that one of the independent directors, Mr Yap Kian Peng, is presently an executive director and deputy chairman of Jackspeed Corporation Limited which is also a cash company actively looking to acquire new assets or businesses, would Mr Yap Kian Peng be frequently put in a position of conflict?**

Q3. At the annual general meeting scheduled to be held on 29 June 2021, the company has proposed the payment of $450,000 to Mr Edwin Soeryadjaya for his past efforts and performance of his duties as the non-executive chairman and director of the company (resolution 9).

As noted in the company's balance sheet (statements of financial position) (page 32), the company has accumulated losses of US$(25.4) million as at 31 December 2020. Equity attributable to owners of the company amount to US$31.5 million as the end of FY2020. Shareholders' equity was US$50.2 million and US$45.6 million as at FY2015 and FY2010 respectively.

The trend of the company's net tangible asset per share is shown below:

- FY2010: 10.1 US cents
- FY2011: 12.6 US cents
- FY2012: 13.6 US cents
- FY2013: 10.9 US cents
- FY2014: 10.87 US cents (restated)
- FY2015: 8.69 US cents
- FY2016: 6.81 US cents
- FY2017: 7.08 US cents

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

- FY2018: 7.27 US cents
- FY2019: 7.78 US cents
- FY2020: 7.11 US cents

In addition, the company has not paid a dividend to shareholders since 1998. Based on SGX records[1], the company last paid a dividend of 0.25 cents less tax/share in July 1998. Mr Edwin Soeryadjaya was first appointed to the board in April 1998.

(i) **Can the remuneration committee help shareholders understand the basis of the proposed payment of $450,000 to the non-executive chairman?**

(ii) **Does the board keep track of the long-term performance of the group? What is the 10-year or 20-year total shareholder return or return on equity?**

(iii) **Would the non-executive chairman, PT Saratoga Investama Sedaya Tbk and his associates be abstaining from voting on the proposed resolution?**

In addition, it was noted that the company had also disclosed that it had accrued bonus of US$1.0 million payable to directors and management for their past efforts and performance.

(iv) **Would the remuneration committee help shareholders understand the basis to award bonus to directors and management?**

(v) **What were the key performance indicators used?**

(vi) **Please provide a breakdown of the US$1.0 million payable to directors and management.**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant

[1] https://www.sgx.com/securities/corporate-actions?value=SEROJA%20INVESTMENTS%20LIMITED
^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US