

SERIAL SYSTEM LTD
(Incorporated in the Republic of Singapore)
(Co. Reg No: 199202071D)

MINUTES OF ANNUAL GENERAL MEETING

Place : At 8 Ubi View, #05-01, Serial System Ltd, Singapore 408554 via live webcast

Date : 30 April 2020 (Thursday)

Time : 11.00 am

Present : As per Attendance list maintained by the Company Secretary

Chairman of the Meeting : Mr. Derek Goh Bak Heng (“**Derek Goh**”)

Company Secretary : Mr. Alex Wui Heck Koon (“**Alex Wui**”)

1. INTRODUCTION

The Chairman of the meeting, Mr. Derek Goh, Executive Chairman and Group CEO of Serial System Ltd welcomed shareholders to the live webcast of the Annual General Meeting (“**AGM**”) of Serial System Ltd.

The Chairman of the meeting introduced Alex Wui, the Group Chief Financial Officer and Company Secretary, and all members of the Board of Directors and the Audit Engagement Partner, Ms Chan Rouh Ting who attended the AGM via live webcast to the Shareholders on the live webcast.

2. QUORUM

The Company Secretary, Alex Wui confirmed that a quorum is present. The quorum is met through Alex Wui who is a Shareholder of the Company and Derek Goh who has been appointed as proxy for various shareholders.

After ascertaining the quorum, the Chairman called the meeting to order at 11.03 a.m.

3. NOTICE

The Notice of the Annual General Meeting dated 15 April 2020 convening the meeting was taken as read.

4. OPENING ADDRESS

Derek Goh greeted and thanked Shareholder’s participation via webcast in this new AGM format amid such challenging circumstances.

Derek Goh informed the Shareholders that he wishes to update the Shareholders the Group's business operations in light of the COVID-19 before proceeding with the resolutions of the AGM:

"Very few businesses around the world have been spared by COVID-19. Factories are slow to restart and many supply chains are still disrupted. The COVID-19 situation coincided with the sharp drop in world oil prices, a situation in which global supply and demand collapsed at the same time.

At Serial System Ltd, the impact of the pandemic began to be felt after Chinese New Year. So our performance in FY2019 was not yet affected. It was a year in which we continued to restructure after the termination in 2018 of our longstanding relationship with a major supplier, Texas Instruments.

We have already set in motion some measures to mitigate the impact of the business disruption and will continue to monitor the situation to ensure Serial System gives its best possible performance in FY2020.

As a company we have gone through many crisis. Each time we came out stronger. Serial System has just gone through a post- Texas Instruments restructuring and we are dealing with the COVID-19 impact.

We are working hard. We don't give up. And I am confident we will emerge stronger than before.

So thank you once again for being here. Let us commence with the AGM."

5. RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS PRIOR TO THE AGM

Derek Goh presented the Company's responses to the substantial questions received from Shareholders via the live webcast platform.

The Company's responses to the substantial questions received from Shareholders is annexed as [Appendix 1](#) to these minutes. The Company's responses were also announced on SGXNET on 30 April 2020.

6. PROXY VOTING

Derek Goh informed Shareholders that all resolutions at this AGM are voted by poll pursuant to the Company's Constitution and the Singapore Exchange's Listing Rules. Derek Goh further informed that in accordance with the joint guidance issued by the ACRA, MAS and SGX, and the Company's Constitution on Absentia Voting, the poll votes on all the resolutions have been collected and the results will be presented in the meeting.

7. RESOLUTIONS PROPOSED AND VOTES

ORDINARY BUSINESS

RESOLUTION 1-DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS AND AUDITOR'S REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019.

That the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2019 and the Independent Auditor's Report thereon be hereby received and adopted.

The motion was put to vote by poll and the result as follows:

The number of "For" votes is **609,405,932** which is **100%**.

The number of "Against" votes is **21,000** which is **0%**.

The Chairman declared Ordinary Resolution 1 carried.

RESOLUTION 2 – ONE-TIER TAX-EXEMPT FINAL CASH DIVIDEND

That the payment of one-tier tax-exempt Final Cash Dividend of 0.13 Singapore cent per ordinary share for the financial year ended 31 December 2019 be hereby approved.

The motion was put to vote by poll and the result as follows:

The number of "For" votes is **609,405,932** which is **100%**.

The number of "Against" votes is **21,000** which is **0%**.

The Chairman declared Ordinary Resolution 2 carried.

RESOLUTION 3 – DIRECTORS' FEES

That the payment of Directors' Fees of S\$225,000 (US\$158,000) for the financial year ending 31 December 2020 payable quarterly in arrears be hereby approved.

The motion was put to vote by poll and the result as follows:

The number of "For" votes is **609,405,932** which is **100%**.

The number of "Against" votes is **21,000** which is **0%**.

The Chairman declared Ordinary Resolution 3 carried.

RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR DEREK GOH BAK HENG

Derek Goh handed over the conduct of the next resolution to Alex Wui as it relates to his re-election. Alex Wui duly took over the chair of the meeting.

That Mr Derek Goh Bak Heng, who retires by rotation pursuant to Article 89 of the Company's Constitution, be and is hereby re-elected as a Director of the Company. Upon re-election as a Director of the Company, Mr Derek Goh Bak Heng will remain as the Executive Chairman of the Company and CEO of the Group.

The motion was put to vote by poll and the result as follows:

The number of "For" votes is **609,405,932** which is **100%**.

The number of "Against" votes is **21,000** which is **0%**.

Alex Wui declared Ordinary Resolution 4 carried.

Alex Wui handed the chair back to Derek Goh to continue with the meeting.

RESOLUTION 5 – RE-ELECTION OF DIRECTOR – MR TAN LYE HENG PAUL

That Mr. Tan Lye Heng Paul, who retires by rotation pursuant to Article 89 of the Company's Constitution, be and is hereby re-elected as a Director of the Company. Upon re-election as a

Director of the Company, Mr Tan Lye Heng Paul will remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The motion was put to vote by poll and the result as follows:

The number of "For" votes is **609,405,932** which is **100%**.

The number of "Against" votes is **21,000** which is **0%**.

The Chairman declared Ordinary Resolution 5 carried.

RESOLUTION 6 – RE-ELECTION OF DIRECTOR – MR GOI KOK MING KENNETH

That Mr. Goi Kok Ming Kenneth, who retires by rotation pursuant to Article 88 of the Company's Constitution, be and is hereby re-elected as a Director of the Company. Upon re-election as a Director of the Company, Mr. Goi Kok Ming Kenneth will remain a Non-Executive Director of the Company and will be considered non-independent.

The motion was put to vote by poll and the result as follows:

The number of "For" votes is **608,786,532** which is **99.89%**.

The number of "Against" votes is **640,400** which is **0.11%**.

The Chairman declared Ordinary Resolution 6 carried.

RESOLUTION 7 – RE-APPOINTMENT OF AUDITORS – MESSRS MOORE STEPHENS LLP

That Messrs Moore Stephens LLP be and are hereby re-appointed as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting, and to authorize the Directors to fix their remuneration.

The motion was put to vote by poll and the result as follows:

The number of "For" votes is **609,405,932** which is **100%**.

The number of "Against" votes is **21,000** which is **0%**.

The Chairman declared Ordinary Resolution 7 carried.

SPECIAL BUSINESS

RESOLUTION 8 – APPROVAL OF SHARE ISSUE MANDATE

THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or grant offers, agreements of options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the share capital of the Company;
- (b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercising share options outstanding at the time this Resolution is passed; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (c) and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the term of such convertible securities.

The motion was put to vote by poll and the result as follows:

The number of "For" votes is **607,465,632** which is **99.68%**.

The number of "Against" votes is **1,961,300** which is **0.32%**.

The Chairman declared Ordinary Resolution 8 carried.

**RESOLUTION 9 – AUTHORITY TO OFFER AND GRANT SHARE OPTIONS AND TO ALLOT AND
ISSUE SHARES UNDER THE SERIAL SYSTEM EMPLOYEE SHARE OPTION
SCHEME 2014**

THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be and are hereby authorised to offer and grant share options in accordance with the provisions of the Serial System Employee Share Option Scheme 2014 (the "2014 Scheme"), and to allot and issue from time to time such number of Shares in the Company as may be required to be issued pursuant to the exercise of share options granted under the 2014 Scheme, provided that the aggregate number of Shares issued and issuable pursuant to the 2014 Scheme, when added to the aggregate number of Shares issued and issuable pursuant to all other share schemes of the Company, shall not exceed fifteen per

centum (15%) of the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company from time to time and provided also that, subject to such adjustments as may be made to the 2014 Scheme as a result of any variation in the capital structure of the Company.

The motion was put to vote by poll and the result as follows:

The number of "For" votes is **606,846,232** which is **99.58%**.

The number of "Against" votes is **2,580,700** which is **0.42%**.

The Chairman declared Ordinary Resolution 9 carried.

RESOLUTION 10 – APPROVAL OF RENEWAL OF THE SHARE BUYBACK MANDATE

That:

(a) for the purposes of the Companies Act, Chapter 50 of Singapore (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or
- (ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

(b) the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next annual general meeting of the Company ("AGM") is held or is required by law to be held;
- (ii) the date on which the share buybacks have been carried out to the full extent of the Share Buyback Mandate; or
- (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

(c) in this Resolution:

"Prescribed Limit" means 80,632,791 Shares;

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, in the case of a Market Purchase, preceding the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period; and

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from its Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.”

The motion was put to vote by poll and the result as follows:

The number of “Abstain” votes is **355,933,670**

The number of “For” votes is **253,472,262** which is **99.99%**.

The number of “Against” votes is **21,000** which is **0.01%**.

The Chairman declared Ordinary Resolution 10 carried.

8. CLOSING OF THE AGM

There being no other business, the meeting was declared closed at 11.30 a.m. The Chairman thanks Shareholders for attending the live webcast of Serial System Ltd’s AGM.

Confirmed as a correct record

Mr Derek Goh Bak Heng
Chairman

Shareholder Questions & Answers

1. What would be the impact on Serial due to COVID-19 and its implications? What are the steps taken by the company to mitigate the disruptions to business?

How does COVID-19 affect Serial's business in Singapore and overseas?

Earlier this year, our subsidiary offices in China were temporarily closed due to measures set out by the local authorities. We are pleased to say that they have resumed work as of the end of February. While the situation in China looks to be improving, it is still evolving and some of our customers and suppliers continue to be affected by disruptions.

ANNUAL GENERAL MEETING

Shareholder Questions & Answers



1. What would be the impact on Serial due to COVID-19 and its implications? What are the steps taken by the company to mitigate the disruptions to business?

How does COVID-19 affect Serial's business in Singapore and overseas? [Cont'd]

Our South Korea and Taiwan offices are business as usual. However, the Singapore, South East Asia and India offices have been affected by the movement restriction measures undertaken by the respective countries to contain the spread of the COVID-19 and for these offices, we have equipped our staff with the necessary resources to work from home. The restrictions have certainly impacted the businesses of the Group in these countries as both suppliers and customers are working at less than normal capability, coupled with weak global demand affected by the COVID-19 pandemic.

ANNUAL GENERAL MEETING



Shareholder Questions & Answers

1. What would be the impact on Serial due to COVID-19 and its implications? What are the steps taken by the company to mitigate the disruptions to business?

How does COVID-19 affect Serial's business in Singapore and overseas? [Cont'd]

For our staff who are working from offices, we have implemented measures such as temperature screening and social distancing and will continue to maintain vigilance on health matters.

We continue to review our operations to boost efficiency and reduce costs in whatever areas we can. In addition, we are focusing on managing our inventories and trade credit so that we remain resilient to the ever-changing situation. One of the major impacts of the slower business turnover and movement restrictions is manpower costs, the largest component of our operating expenses, which we are currently addressing in Singapore as well as in the rest of Asia.

ANNUAL GENERAL MEETING

Shareholder Questions & Answers



2. What is the expected drop in revenue and profit for FY2020?

While we expect our business and revenue for FY2020 to be negatively affected as a result of the COVID-19, the situation is extremely fluid and we are unable to ascertain exactly the impact the virus outbreak will have on our profit for FY2020. We continue to monitor the business environment closely, and hope that the situation will improve for everyone as governments get the virus under control.

The Group will be providing further updates when it reports its half-yearly results ending 30 June 2020 or whenever it is deemed necessary in compliance with the listing rules of the Singapore Exchange Securities Trading Limited.

ANNUAL GENERAL MEETING

Shareholder Questions & Answers



3. Will there be any reduction in manpower?

We have implemented manpower management measures to reduce costs in line with the drop in business requirements.

We have introduced reduced working days and/ or salary reduction to cut down on costs. The Singapore government support measures have provided some relief and we are hoping that governments in the countries which we operate will also provide some forms of relief to ease the costs of business. We try to avoid retrenchments unless absolutely necessary.

We will continue to manage our employee base as the situation hopefully improves in Singapore and the rest of Asia.

ANNUAL GENERAL MEETING

Shareholder Questions & Answers

4. Will Serial have any bank liabilities due in 2020 and will the company have enough resources to roll it over?

Our bank liabilities are mainly trade borrowings supported and repaid through ongoing businesses. We have less than USD 10 million of term loans and other borrowings that are repayable in FY2020. Our current working capital and cash flow will be adequate to manage these repayments.

ANNUAL GENERAL MEETING



Shareholder Questions & Answers

5. Any future projects?

As you are aware, Texas Instruments ended its agreements with us in 2018, which has opened up a lot of our resources to find new channel partners and customers in the semiconductor space as we endeavour to recover as much and as fast as possible the loss in revenue due to Texas Instruments' termination.

We will continue to explore business opportunities including joint ventures and investments as part of the corporate strategy of the Company for long term growth to provide shareholders with diversified returns. But we do expect the level of investments, if any, will not be significant, in light of the current uncertain and volatile environment.

ANNUAL GENERAL MEETING

Shareholder Questions & Answers



6. Why is Serial's share price low at below S\$0.07?

Unfortunately, we do not have control over the market reaction to the Company's share price which is a deep discount to our audited net assets per share of S\$0.22 (US\$0.156) as at 31 December 2019. Investor sentiment has definitely dampened due to the economic uncertainty, as a result of the COVID-19 pandemic. We are hopeful that confidence will be restored as the situation gets under control and businesses resume full operations.

ANNUAL GENERAL MEETING

Shareholder Questions & Answers



7. Are Serial's financials strong enough to weather the COVID-19 situation?

While FY2019 was a year of restructuring, we were affected at the start of FY2020 by the pandemic. We have already implemented cost containment measures. We will continue to work relentlessly to improve operational efficiencies while seeking to build up our top line through new product lines, distribution relationships and other new businesses amid the challenging environment.

We are confident that our financial position and reserves accumulated through the years will keep us in good stead to weather the COVID-19 outbreak and the resultant global economic slowdown.