



(Registration No. 199202071D)

(Incorporated in the Republic of Singapore on 22 April 1992)

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## PROFIT WARNING FOR HY June 2020 AND MEASURES TO MITIGATE IMPACT OF COVID-19 PANDEMIC

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The Board of Directors (the “**Board**”) of Serial System Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) wishes to update shareholders on the Group’s financial performance during this period as well as measures implemented to mitigate the impact of the COVID-19 pandemic.

Following the outbreak of COVID-19, the Company initiated measures to ensure business continuity as well as the health and well-being of all its staff. These measures included temperature screenings, use of sanitisers, social distancing, staggering of working and lunch hours, segregation of office going staff into two teams to work in separate locations, and as much as possible, all staff will continue to work from home until further notice.

The supply and demand shock, supply chain disruptions as well as lockdowns or restrictions on business activities resulting from the COVID-19 have had a significant impact, compounding the challenges imposed earlier by the ongoing China-US trade tensions which had already weakened global consumer sentiment and demand.

Following an assessment of the Group’s performance, the Company expects to report a net loss for the six months ended 30 June 2020 (“**HY June 2020**”). Further details of the Group’s performance will be disclosed when the Company announces its 1HFY2020 results by the middle of August 2020.

In view of the deterioration of the business climate, the Management has undertaken a thorough review of its operations to mitigate the impact of COVID-19 and to position the Group for future growth opportunities following the pandemic.

Accordingly, the Board has implemented the following cost-containment measures:

- i) Since May 2020, the CEO and senior management in Singapore have taken a salary cut of 50%. Directors of the Company have also take a 20% cut in directors’ fees.
- ii) Tiered salary cuts, ranging from 5% to 35%, have also been implemented across the Group for various staff.
- iii) The Group has also implemented clearance of annual leave and no-pay leave for certain entities of the Group since April 2020.

Beyond natural attrition and resignation, the Company has not undertaken staff termination during this COVID-19 period. The Company as far as possible, will continue to pursue other cost-saving initiatives to reduce its operating expenses further including freight costs, warehouse rentals, staff transport and travelling expenses etc. At the same time as interest rates decline in various countries, the Company has also benefited from lower finance costs from bank borrowings.

The Company has also expanded its range of suppliers of semiconductors while building up new sales channels and customers, amid gradual opening of the economy by various countries in Asia which the Group operates.

The Board will continue to monitor the situation closely and make the appropriate announcement(s) on any material developments as and when they arise.

**Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company.**

**BY ORDER OF THE BOARD**

**Derek Goh Bak Heng**

Executive Chairman and Group CEO

29 July 2020