



SERIAL SYSTEM LTD
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199202071D)
(the “**Company**”)

INVESTMENT IN 28.7% EQUITY INTERESTS IN STARS TEA & COFFEE ASIA PTE. LTD.

1. The board of directors (“**Board**”) of Serial System Ltd and its subsidiaries (“**Group**”) is pleased to announce that the Company’s wholly-owned subsidiary, Serial System International Pte. Ltd. has increased its equity interest in Stars Tea & Coffee Asia Pte. Ltd. (“**Stars Tea**”) from 19.5% to 28.7% pursuant to a rights issue subscription (“**Rights Issue**”).
2. Stars Tea, a company incorporated in Singapore, is in the business of retail sale of beverages. The Board believes that the Investment may provide new market opportunities and additional income streams for the Group with a view to enhancing shareholders’ value over the long term. The Investment is also synergistic to the Group’s subsidiary, URG Pte Ltd which is in the business of trading consumer products including beverages.
3. The total consideration for the 28.7% equity interests in Stars Tea amounted to S\$405,429 (US\$290,839) was arrived at on a willing-buyer willing-seller basis taking into consideration the financial position and business prospects of Stars Tea. The net asset value and net tangible asset value of Stars Tea, based on the unaudited management accounts of Stars Tea as at 31 May 2020 and before the Rights Issue of S\$500,000 are approximately S\$292,467 (US\$209,804) and S\$289,662 (US\$207,792) respectively. The consideration for the Investment is funded by internal funds.
4. In the same transaction, Dr. Derek Goh, the Executive Chairman and Group Chief Executive Officer and a 40.46% substantial shareholder of the Company, has invested a total deemed equity interest of 30.0% of Stars Tea for a consideration of S\$424,572 (US\$304,571). Save as disclosed above, none of the directors, and to the best of the Directors’ knowledge, none of the controlling shareholders have any interest, direct or indirect, in the Investment, save in respect of their respective shareholdings (if any) in the Company.

BY ORDER OF THE BOARD

Derek Goh Bak Heng
Executive Chairman and Group CEO
13 July 2020