



(Registration No. 199202071D)
(Incorporated in the Republic of Singapore on 22 April 1992)

**ANNOUNCEMENT PURSUANT TO RULE 706A OF THE LISTING MANUAL OF SINGAPORE
EXCHANGE SECURITIES TRADING LIMITED**

Pursuant to Rule 706A of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), the Board of Directors (the “**Board**”) of Serial System Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) wishes to announce the following transactions that occurred in respect of the period from 1 July 2020 to 23 February 2021:

(1) INCORPORATION OF A SUBSIDIARY

The Group’s wholly owned Malaysia subsidiary, Achieva Technology Sdn. Bhd. has incorporated a 100% owned subsidiary, Straitsmart Sdn. Bhd. (“**Straitsmart**”) on 29 June 2020, a company incorporated in Malaysia with a paid up capital of MYR 1.00 (US\$0.23) comprising 1 ordinary share. Straitsmart’s principal activity is the trading and distribution of consumer products.

The transaction is not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

None of the Directors and to the best of the Directors’ knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the transaction, save in respect of their respective shareholdings (if any) in the Company.

(2) INCREASE IN PAID UP SHARE CAPITAL OF A SUBSIDIARY

The Group’s 65% owned subsidiary, SB Global Ventures Pte. Ltd. (“**SB Global**”) has fully subscribed to its entitlement of 69,300 new ordinary shares issued by its 70% owned Singapore subsidiary, URG Pte. Ltd. (“**URG**”) on 3 July 2020. The balance of 29,700 new ordinary shares was taken up by the 30% non-controlling shareholder of URG. The consideration of S\$69,300 (US\$49,713) was funded by internal funds. URG has increased its paid up share capital from S\$1,000 (US\$717), comprising 1,000, ordinary shares to S\$100,000 (US\$71,736), comprising 100,000 ordinary shares, pursuant to the issuance of 99,000 new ordinary shares. The capital increase is to strengthen the financial position of URG. The Group has an effective equity interest in URG of 45.5% before and after the new shares issue.

The transaction is not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

None of the Directors and to the best of the Directors’ knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the transaction, save in respect of their respective shareholdings (if any) in the Company.

(3) INVESTMENT IN AN ASSOCIATED COMPANY

The Company's wholly-owned subsidiary, Serial System International Pte. Ltd. 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 on 13 July 2020 ("**Rights Issue**"). The 19.5% equity interest in Stars Tea was acquired from an existing shareholder on 17 April 2020.

Stars Tea, a company incorporated in Singapore, is in the business of 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 total consideration for the 28.7% equity interest in Stars Tea amounting 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 assets value and net tangible assets value of Stars Tea, based on the unaudited management accounts of Stars Tea as at 31 May 2020 post Rights Issue of S\$500,000 are approximately S\$792,467 (US\$568,484) and S\$789,662 (US\$566,472) respectively. The consideration for the investment was funded by internal funds.

In the same transactions, 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 (as defined in the Listing Manual) of the Company have any interest, direct or indirect, in the transactions, save in respect of their respective shareholdings (if any) in the Company.

The transactions are not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

(4) INCREASE IN PAID UP SHARE CAPITAL OF A SUBSIDIARY

The Group's 91% owned Hong Kong subsidiary, Seria Microelectronics (HK) Limited ("**SMHK**"), has increased the paid up share capital of its 51% owned Hong Kong subsidiary, Uniserial Electronics Limited. ("**Uniserial HK**") from HK\$7,800,000 (US\$1,000,000), comprising 7.8 million ordinary shares to HK\$23,400,000 (US\$3,000,000), comprising 23.4 million ordinary shares, pursuant to the issuance of 15.6 million new ordinary shares on 15 April 2020 and 23 July 2020 respectively. The capital increase is to strengthen the financial position of Uniserial HK. SMHK has fully subscribed to its entitlement of 7.956 million ordinary shares via internal funds. The remaining 7.644 million ordinary shares were fully taken up by the 49% non-controlling shareholder, Unitrontech Co., Ltd. ("**Unitrontech**"), a Korean company listed on the Korean Securities Dealers Automated Quotations (KOSDAQ) of the Korea Exchange in South Korea. UniSerial HK remained a 51% owned subsidiary of SMHK following the increase in paid up share capital of which the Group's effective equity interest is 46.4%.

The transaction is not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

None of the Directors and to the best of the Directors' knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the transaction, save in respect of their respective shareholdings (if any) in the Company.

(5) NOTIFICATION OF CLOSURE OF A SUBSIDIARY

The Group has dissolved its 91% owned subsidiary, Serial Vision Limited (“SVL”) on 24 July 2020. The Group recognised a net loss of approximately US\$39,000 on the closure of SVL.

The closure of SVL is not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

None of the Directors and to the best of the Directors’ knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the transaction, save in respect of their respective shareholdings (if any) in the Company.

(6) INCREASE IN INVESTMENT IN AN ASSOCIATED COMPANY

The Company’s wholly-owned subsidiary, Serial System International Pte. Ltd. has increased its investment in Stars Tea & Coffee Asia Pte. Ltd. (“**Stars Tea**”) from 28.7% to 30.6% on 26 August 2020. The increase in investment of 1.9% was made via the purchase of an additional 29,146 ordinary shares of Stars Tea at S\$0.50 (US\$0.36) per share totaling S\$14,573 (US\$10,641) from an existing shareholder.

The net assets value and net tangible assets value of Stars Tea, based on the unaudited management accounts of Stars Tea as at 31 July 2020 are approximately S\$783,521 (US\$572,122) and S\$780,716 (US\$570,074) respectively. The consideration was arrived at based on the attributable net asset value of about S\$14,573 (US\$10,641). The consideration for the investment was funded by internal funds.

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 increased his deemed equity interest by 1.9% via the purchase of an additional 30,432 ordinary shares of Stars Tea at S\$0.50 (US\$0.36) per share from an existing shareholder for a total consideration of S\$15,216 (US\$11,111). Derek Goh’s total deemed equity interest in Stars Tea increased from 30.0% to 31.9% following the additional investment. Save as disclosed above, none of the Directors, and to the best of the Directors’ knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company have any interest, direct or indirect, in the investment, save in respect of their respective shareholdings (if any) in the Company.

The transaction is not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

(7) DISPOSAL OF SHARES IN A SUBSIDIARY

The Group's wholly-owned Singapore subsidiary, Serial System International Pte. Ltd. had disposed 5% equity interest ("**Disposal**") in SB Global Ventures Pte. Ltd. ("**SB Global**") for a cash consideration ("**Consideration**") of US\$76.65 on 15 September 2020.

The net assets value of SB Global, based on the unaudited management accounts of SB Global as at 31 July 2020 is approximately US\$1,533. The Consideration was arrived at based on the attributable net assets value of about US\$76.65. The Group's effective equity interest in SB Global decreased from 65.0% to 60.0% following the Disposal.

The Disposal is not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

None of the Directors and to the best of the Directors' knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the transaction, save in respect of their respective shareholdings (if any) in the Company.

(8) INCREASE IN PAID UP SHARE CAPITAL OF A SUBSIDIARY

The Group's wholly owned Singapore subsidiary, Serial Multivision Pte. Ltd. ("**SMV**"), has increased its paid up share capital from S\$500,000 (US\$367,918), comprising 500,000 ordinary shares to S\$5,200,000 (US\$3,826,343), comprising 5,200,000 ordinary shares, pursuant to the issuance of 4,700,000 new ordinary shares on 15 September 2020. The consideration is fully satisfied through the capitalization of an amount for S\$4,700,000 (US\$3,458,425), being amount owing from SMV to SCE Enterprise Pte. Ltd., the holding company of SMV and a wholly owned subsidiary of the Company.

The transaction is not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

None of the Directors and to the best of the Directors' knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the transaction, save in respect of their respective shareholdings (if any) in the Company.

(9) NOTIFICATION OF CLOSURE OF SUBSIDIARIES

The Group's 70% owned subsidiary, Hydra & Thermal Pte. Ltd. has dissolved two Cambodia subsidiaries, namely, wholly-owned subsidiary, Hydra & Thermal International (Cambodia) Co., Ltd ("**H&TC**") and 60% owned subsidiary, Serial Netcom Co., Ltd ("**Serial Netcom**") on 16 September 2020 and 28 September 2020 respectively. The Group recognised a total net gain of approximately US\$22,000 on the closure of H&TC and Serial Netcom.

The closure of H&TC and Serial Netcom is not expected to have any financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

None of the Directors and to the best of the Directors' knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the transactions, save in respect of their respective shareholdings (if any) in the Company.

(10) NOTIFICATION OF CLOSURE OF A SUBSIDIARY

The Group's wholly owned subsidiary, Serial I-Tech (Far East) Pte. Ltd. has dissolved its wholly owned Cambodia subsidiary, Serial I-Tech (Cambodia) Pte Ltd ("**Serial I-Tech Cambodia**") on 1 October 2020. The Group recognised a net gain of approximately US\$18,000 on the closure of Serial I-Tech Cambodia.

The closure of Serial I-Tech Cambodia is not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

None of the Directors and to the best of the Directors' knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the transaction, save in respect of their respective shareholdings (if any) in the Company.

(11) INCREASE IN INVESTMENT IN A SUBSIDIARY

The Company's wholly-owned subsidiary, SCE Enterprise Pte. Ltd. ("**SCE**") has increased its investment in its Singapore subsidiary, Hydra & Thermal Pte. Ltd. ("**H&T**") from 70% to 100% via the purchase of an additional 920,356 ordinary shares of H&T at a consideration of S\$1.00 (US\$0.76) from its 30% non-controlling shareholder on 28 October 2020. The net liabilities of H&T based on the unaudited management accounts as at 30 September 2020 was S\$10,393 (US\$7,868). H&T became a wholly owned subsidiary of SCE following the increase in investment.

The transaction is not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

None of the Directors and to the best of the Directors' knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the transaction, save in respect of their respective shareholdings (if any) in the Company.

(12) REORGANISATION OF SUBSIDIARIES

The Group has completed an internal reorganisation exercise on 21 December 2020 as follows:-

1. Transfer the entire 100% equity interest in Achieva Technology Sdn Bhd ("**ATSB**") from wholly-owned subsidiary, Achieva Technology Pte Ltd ("**ATPL**") to another wholly-owned subsidiary, Serial I-Tech (Far East) Pte. Ltd. ("**Serial I-Tech**") for a total consideration of US\$1;
2. Transfer the entire 100% equity interest in Achieva Technology Australia Pty Ltd ("**ATPY**") from wholly-owned subsidiary, Achieva Technology Pte Ltd ("**ATPL**") to another wholly-owned subsidiary, SCE Enterprise Pte. Ltd. ("**SCE**") for a total consideration of US\$1.

(hereinafter called "**Internal Reorganisation**")

There will be no change in the effective interest of ATSB and ATPY held by the Group subsequent to the Internal Reorganisation. The purpose of the Internal Reorganisation is to streamline the Group's structure for the consumer products distribution business. Following the Internal Reorganisation, ATPL has changed its name to SerialTec Pte Ltd on 22 December 2020.

The Internal Reorganisation will not affect the existing operations of the Group's businesses and is not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

None of the Directors and to the best of the Directors' knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the Internal Reorganisation, save in respect of their respective shareholdings (if any) in the Company.

(13) INCREASE IN PAID UP SHARE CAPITAL OF A SUBSIDIARY

The Group's 95.5% owned Taiwan subsidiary, Seria Microelectronics Inc. ("**SMTW**") has increased its paid up share capital from NTD 56,000,000 (US\$1,966,000), comprising 5,600,000 ordinary shares to NTD 71,218,270 (US\$2,501,000), comprising 7,121,827 ordinary shares, pursuant to a bonus shares issue of 1,521,827 ordinary shares, through capitalization of its retained earnings on 31 December 2020. SMTW remained a 95.5% owned subsidiary of the Group following the bonus shares issue.

The transaction is not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ended 31 December 2020.

None of the Directors and to the best of the Directors' knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the transaction, save in respect of their respective shareholdings (if any) in the Company.

(14) INCREASE IN INVESTMENT IN A SUBSIDIARY

The Company has increased its investment in its Singapore subsidiary, Uniserial Electronics Pte. Ltd. ("**Uniserial SG**") from 51% to 100% via the purchase of an additional 9,800,000 ordinary shares of Uniserial SG from Unitrontech Co., Ltd. ("**Unitrontech**") a Korean company listed on the Korean Securities Dealers Automated Quotations (KOSDAQ) of the Korea Exchange in South Korea for a cash consideration of US\$440,470 on 19 February 2021. The attributable net assets of Uniserial SG based on the unaudited management accounts as at 31 December 2020 was US\$440,470 on 19 February 2021. Uniserial SG became a wholly owned subsidiary of the Company following the increase in investment.

The transaction is not expected to have any material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ending 31 December 2021.

None of the Directors and to the best of the Directors' knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the transaction, 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

23 February 2021