



SERIAL SYSTEM LTD
(Incorporated in the Republic of Singapore on 22 April 1992)
(Registration No. 199202071D)
(the “**Company**”)

ANNOUNCEMENT OF LITIGATION

The Board of Directors of Serial System Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wish to announce that Bast Investment Pte. Ltd. (“**Bast**”), a 55% owned subsidiary company has received from its Malaysian lawyers on 11 March 2022, a statement of defence (“**Defence**”) and counterclaim (“**Counterclaim**”) from Musang Durians Frozen Food (M) Sdn. Bhd. (the “**First Defendant**”), a 27.5% owned Malaysian joint venture company of the Group and Dato’ John Lee Siew Neng (the “**Second Defendant**”), managing director and 40% shareholder of the First Defendant pursuant to a legal proceeding filed in the High Court of Malaya at Kuala Lumpur, Malaysia by Bast (“**Litigation**”).

The Litigation is in relation to a claim for default by the First Defendant in the repayment of the outstanding balance of a shareholder’s loan from Bast amounting to RM14,090,000 (approximately US\$3,355,000) and unpaid interest amounting to RM1,362,109.63 (approximately US\$324,000) totalling RM15,452,109.63 (approximately US\$3,679,000) (the “**Claim**”), and the Second Defendant’s failure to pay the guaranteed amount of RM7,726,054.82 (US\$1,839,500), being 50% of the Claim. In response to the Litigation, the First and Second Defendant have on 9 March 2022 filed their Defence and counterclaimed against Bast for RM3,915,133.60 (approximately US\$932,000) for alleged outstanding amounts being loss of remuneration and outstanding rental owed to the Second Defendant by Bast.

Based on the Company’s assessment and after taking into consideration the advice of its Malaysian lawyers, the Company is confident of success in the Litigation and the Claim. The Company also believes that the Defence and Counterclaim has no sufficient basis. Bast will both rigorously pursue the Claim and defend the Counterclaim.

Notwithstanding confidence of success in the Litigation and the Claim, for prudence purpose, the Company has made full accounting provision for the Claim in the financial statements of the Group in the previous financial years ended 31 December 2020 and 31 December 2021. Accordingly, the Claim is not expected to have any material adverse impact on the financial statements of the Group for the financial year ending 31 December 2022. On the Counterclaim, taking into consideration the grounds of the Counterclaim and the total amount claimed, the Company is of the view that the Counterclaim is not expected to have a material adverse impact on the financial statements of the Group for the financial year ending 31 December 2022.

The Company will make further announcements as and when there are material developments in the matter.

BY ORDER OF THE BOARD

Derek Goh Bak Heng
Group CEO

14 March 2022