



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

RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The board of directors ("Board") of Serial System Ltd (the "Company") and its subsidiaries (collectively the "Group") set out its responses to the queries raised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 22 April 2022 in relation to the Company's Annual Report for the financial year ended 31 December 2021 as follows:-

Query 1:

- (i) Listing Rule 710 requires issuers to explicitly state, when varying from any provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), to explain the reason for variation, and explain how the practices it has adopted are consistent with the intent of the relevant principle. In this regard:

Provision 2.4 of the Code states that:

"The Board and Board Committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report."

With reference to page 31 of the annual report, the Company has provided that:

"Notwithstanding that the Group has not adopted a formal board diversity policy, the composition of the Board is reviewed annually by the NC to ensure that the Board has the appropriate level of independence and mix of expertise and experience, and collectively possesses the necessary core competencies to enable it to make decisions in the best interests of the Group."

Please explain whether and how the Company has complied with Provision 2.4 of the Code.

If the Company has not complied with Provision 2.4 of the Code, please explain its reason(s) for varying from Provision 2.4 of the Code. Please also explain and explicitly state whether the practices it has adopted are consistent with the intent of Principle 2 of the Code.

Company's response to Query 1:

The Board and the Nominating Committee ("NC") recognise the importance of having an effective and diverse Board, taking into consideration the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. As disclosed on Page 20-22 under Board of Directors and Page 31 under Corporate Governance Report "Board composition and guidance, Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company" of our FY2021 Annual Report, the Board is made up of a team of highly qualified leaders, bringing a diverse set of expertise and core competencies in accounting and finance, legal expertise, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. In view of the above, the Board and the NC are of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

In the process of searching for new directors to serve the Board, the Board together with the NC ensures that it sets the relevant objectives to promote and achieve the intent of Principle 2 including Provision 2.4 of the Code. The Directors provide core competencies such as business acumen, legal, accounting and finance, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management required for the Board to be effective. The NC in its annual review of Board composition will consider the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. Gaps identified, if any, will be considered in determining the optimum composition of the Board. Taking into consideration the above factors, the appointments of Mr. Sean Goh Su Teng and Ms. Victoria Goh Si Hui to the Board on 05 October 2021 and 26 January 2022 respectively have further added diversity of age and gender to the current Board.

Accordingly, the Board is of the view that the practices adopted by the Company are consistent with the intent of Principle 2 of the Code.

Query 2:

- (ii) **At pg 40, the Company disclosed that it "has hired an in-house IA who reports directly to the AC". Please provide information on whether the Company's in-house IA has the relevant experience and qualifications.**

Company's response to Query 2:

The Company's in-house internal auditor (the "IA") has the relevant experience and qualifications. The IA has a total of 8 years of internal audit experiences; 2 years serving the Group, 4 years as an assistant internal audit manager with a subsidiary of a Hong Kong public-listed company and 2 years as a senior consultant with an international professional consulting firm. Prior to his internal audit career, he has 3 years of external audit experiences with international professional accounting firms.

The IA holds a Bachelor Degree in Accounting and Finance and is a certified internal auditor by Institute of Internal Auditors Singapore.

BY ORDER OF THE BOARD

Derek Goh Bak Heng
Group CEO
24 April 2022