



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

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## SGX WAIVER FROM REQUIREMENT TO COMPLY WITH RULE 1014(2) OF THE LISTING MANUAL IN RELATION TO THE PROPOSED DISPOSAL OF NON-CORE ASSETS

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The Board of Directors (the “**Board**”) of Serial System Ltd (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the announcement of 12 September 2018 (“**Disposal Announcement**”) in relation to the Proposed Disposal. Unless otherwise defined, capitalised terms used in this announcement shall have the meanings given to them in the Disposal Announcement.

### 1. Introduction

The Company (through its wholly owned subsidiary, SCE Enterprise Pte Ltd) holds the Sale Shares, which represents approximately 27.34% of the share capital of SPL, a company incorporated in Australia. SPL and its subsidiaries (the “**SPL Group**”) own and operate one of the leading laundry services businesses in Australia, whose business is not part of the Company’s core business of distribution of electronic components.

As disclosed in the Disposal Announcement, the relative figure in relation to the Proposed Disposal of the Sale Shares computed on the basis set out in Rule 1006(c) of the Listing Manual of SGX-ST exceeds 20%. The Proposed Disposal therefore constitutes a major transaction as defined in Chapter 10 of the Listing Manual and would be subject to the approval of shareholders of the Company (“**Shareholders**”), unless waived or exempted by the SGX-ST.

### 2. SGX Waiver from requirement to seek Shareholder approval for the Proposed Disposal

The Company made an application to the SGX-ST to seek a waiver of Rule 1014(2) of the Listing Manual (the “**Waiver**”), which requires the prior approval of Shareholders for the Proposed Disposal, on the grounds set out in paragraph 3 of this Announcement.

The Company is pleased to announce that the SGX-ST has granted the Waiver, subject to the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions required under Rule 107 of the Listing Manual and if the Waiver conditions have been satisfied.

With this announcement, the Company is pleased to inform Shareholders that the Waiver conditions have been satisfied. Accordingly, the Company will not be convening an EGM to seek Shareholders’ approval for the Proposed Disposal.

### 3. Grounds for seeking the SGX Waiver

The Company's grounds for the application of the Waiver (the "**Application**") are as follows:

(a) Non-core Asset

The laundry business of SPL is not the core business of the Group. The core business of the Group is the distribution of electronic components, which comprised approximately 96% of the Group's revenue in the financial year ended 31 December 2017. The Group is not involved in the day to day management of SPL's business.

The Sale Shares are a non-core asset of the Company held as an investment to diversify the Group's income streams with a view to enhancing shareholder value over the long term. The Proposed Disposal (if completed) will not materially affect the operations of the Group. Accordingly, the Board is of the opinion that the Proposed Disposal will not materially change the risk profile of the Company.

(b) Independent Sale Process

The Purchaser was identified pursuant to a competitive process for the sale of the entire share capital of SPL (the "**Sale Process**"), which was managed by an independent corporate finance advisory firm in Australia. The Purchaser is not related to the Company or its substantial shareholders.

The Company applied for the Waiver in order to provide increased deal certainty and reduce the number of conditions to complete the Proposed Disposal. If the Waiver was not obtained and Shareholder approval is required for the Proposed Disposal, the timeline to closing the Proposed Disposal would be materially extended, which may have adversely affected the negotiations of the terms of the Proposed Disposal.

(c) Financial Benefit to the Group

The Sale Process, which was conducted as a competitive auction, is a mechanism to expose SPL and its business to a larger number of potential bidders in order to determine its market value and find the most attractive price available for SPL.

The Board is of the view that the terms of the Proposed Disposal offers attractive returns from the Company's investment in the Sale Shares. The Company's net proceeds from the Proposed Disposal is estimated to be US\$31.2 million. The Company's estimated net proceeds from the Proposed Disposal represents gains of US\$20.0 million, a premium of 179% over the book value of the Sale Shares as at 30 June 2018 and an attractive return on the Company's cost of investment in SPL of US\$10.5 million.

The Company intends to utilise approximately 40% of the net proceeds from the Proposed Disposal to repay bank borrowings. It is also the present intention of the Company to utilise a portion of the net proceeds to distribute surplus cash in excess of the Group's funding requirements to Shareholders as a special dividend. The balance of the net proceeds will be retained as working capital to substantially increase the Group's cash reserves to support the Group's core businesses and future investments.

Taking into account the financial benefits to be derived from the Proposed Disposal, the Board is of the view that the Proposed Disposal is in the best interests of the Company and its shareholders.

(d) Support of Majority Shareholders

The Company has obtained confirmations from Shareholders who collectively control over 50% of the Company's share capital (as at the date of this announcement) that they are supportive of the Proposed Disposal and would, if required, vote in favour of the Proposed Disposal.

**By Order of the Board**

Alex Wui Heck Koon

Company Secretary  
12 September 2018