



SERIAL SYSTEM LTD

(the “Company”)

(Company Registration No.: 199202071D)

(Incorporated in the Republic of Singapore on 22 April 1992)

Announcement on Civil Suit

The Board of Directors of Serial System Ltd (“SSL or the Company”) wishes to announce that a civil suit (“Civil Suit”) has been initiated by the Securities and Futures Investors Protection Centre of Taiwan (“SFIPC”) against the Company, the Company’s Executive Chairman and Group CEO, Derek Goh Bak Heng (“Derek Goh”), the Company’s CFO, Alex Wui Heck Koon (“Alex Wui”) and Senior Vice President, Sean Goh Su Teng (“Sean Goh”).

The Civil Suit

The Civil Suit amounting to approximately US\$3.63 million (NT\$113.7million) was filed by SFIPC on behalf of certain shareholders (“shareholders”) of Bull Will Co., Ltd (“Bull Will”) against Bull Will, its directors, independent directors, supervisors, accounting supervisors and legal shareholder. Bull Will is a company listed on the Over-The-Counter Securities Exchange in Taiwan and 29.03% owned by SSL. SSL is the legal shareholder and director of Bull Will and has proxy Derek Goh and Sean Goh as legal representative directors of Bull Will and Alex Wui is the supervisor of Bull Will.

The Civil Suit arose due to charges brought by the public prosecutor of New Taipei District Prosecutor Office against Bull Will’s former chairman, Peter Ho I-Chin for alleged financial statement fraud. The Civil Suit alleged that SSL, Derek Goh and Sean Goh have caused damages to shareholders in the discharge of their duties as directors of Bull Will. The Civil Suit also alleged negligence in duties by Alex Wui in the preparation, auditing and approving the financial reports from third quarter of year 2013 to second quarter of year 2015.

Legal Opinion

The Company has been advised by lawyers in Taiwan that SFIPC has not provided any evidence to prove that SSL, Derek Goh and Sean Goh had breached their duties as directors nor provided any evidence of alleged negligence in duties by Alex Wui. SFIPC pursued this civil suit relying entirely on articles under the Taiwan Civil Code, Taiwan Securities and Exchange Act and Taiwan Company Act. Further, no actions has been taken by the public prosecutor against SSL, Derek Goh, Sean Goh and Alex Wui. As a result, the lawyers are of the opinion that the Civil Suit is baseless and without merit, and it is highly likely that the Civil Suit will not succeed.

Directors' and Supervisors' Liability Insurance

The Company also wishes to inform that Bull Will has insured its directors and supervisors with a US\$5 million directors and supervisors liability insurance from Cathay Century Insurance which is more than adequate to cover the Civil Suit.

The Company will make further announcements to update its shareholders on any material developments in connection with the Civil Suit.

As at the date of this announcement, the Board does not expect the Civil Suit to have any material financial impact on the Group's earnings per share or net tangible assets for the financial year ending 31 December 2017.

BY ORDER OF THE BOARD

Derek Goh Bak Heng
Executive Chairman/ Group CEO

23 February 2017