



(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 during financial year ended 31 December 2022:

(1) DISPOSAL OF SHARES IN A SUBSIDIARY

The Group’s wholly owned subsidiary, SCE Enterprise Pte. Ltd. had disposed a total of 22.18% equity interest (“**Disposal**”) in Contract Sterilization Services Pte. Ltd. (“**CSS**”) to the managing director, Mr. Tan Kim Heng of CSS, for a total cash consideration (“**Consideration**”) of S\$393,250 (US\$279,200). The total attributable net assets of CSS, based on the unaudited management accounts of CSS amounted to S\$546,600 (US\$387,900). The Consideration of S\$393,250 (US\$279,200) was arrived at based on negotiation between the parties and agreed at a discount of 20% to the attributable audited net assets of CSS as at 31 December 2021 of S\$491,600 (US\$363,700). The Group’s effective equity interest in CSS decreased from 97.18% to 75.00% and Mr. Tan Kim Heng holds 25.00% equity interest in CSS following the Disposal.

The Disposal has no material 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 2022.

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) CHANGE OF INTEREST IN AN ASSOCIATED COMPANY

The Company’s equity interest in associated company, Bull Will Co., Ltd was diluted from 15.92% to 15.10% following the exercise of 1,017,000 share options by employees of Bull Will Co., Ltd for the period from July 2022 to November 2022. The Group recorded a loss on dilution of US\$2,000.

The transaction has no material 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 2022.

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) REORGANISATION OF A SUBSIDIARY

The Group has completed an internal reorganisation on 23 December 2022 to transfer the entire 100% equity interest in Straitsmart Sdn. Bhd. (“**Straitsmart**”) from wholly owned subsidiary, Achieva Technology Sdn Bhd (“**ATSB**”) to a 59.5% owned subsidiary, URG Pte. Ltd. (“**URG**”) for a cash consideration of MYR1 (US\$0.23) (“**Internal Reorganisation**”). The effective interest of Straitsmart held by the Group reduced from 100% to 59.5% following the Internal Reorganisation

Straitsmart which is engaged in the business of trading and distribution of consumer goods similar to URG, was inactive during the financial year ended 31 December 2022. The purpose of the Internal Reorganisation is to streamline the Group’s structure for the other business in trading and distribution of consumer goods.

The Internal Reorganisation has no material 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 2022.

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.

(4) CHANGE OF INTEREST IN AN ASSOCIATED COMPANY AND DERECOGNITION OF ASSOCIATED COMPANY TO FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group’s equity interest in associated company, Otsaw Digital Pte. Ltd. (“**Otsaw**”) was diluted from 19.90% to 18.97% pursuant to a restructuring exercise by Otsaw (“**Otsaw Restructuring Exercise**”) in its 69.40%-owned subsidiary, Otsaw Technology Solutions Pte. Ltd. (“**OTS**”) to exchange OTS shares to Otsaw shares via a share swap agreement at terms agreed between the other shareholders of OTS and Otsaw. The Group’s existing 2.82% equity interest in OTS was converted to 0.52% equity interest in Otsaw. The Group’s total equity interest in Otsaw was diluted to 19.49% pursuant to the Otsaw Restructuring Exercise and the Group recorded a gain on dilution in Otsaw of US\$1,036,000.

During the financial year, the Group further disposed a total of 3.57% equity interest in Otsaw (“**Disposal**”) for a total cash consideration, net of expenses of S\$1,230,360 (US\$918,100) to third parties. The consideration was arrived at after arm’s length negotiation on a “willing-buyer, willing-seller” basis between the parties. Based on the unaudited consolidated management accounts of Otsaw as at 31 December 2022, the attributable net liability of the disposal was approximately S\$109,000 (US\$81,300). The Group recorded a gain on disposal of US\$329,000. The consideration of S\$1,230,360 (US\$918,100) was loaned to Otsaw for its working capital and expansion.

The Group’s equity interest in Otsaw was reduced to 15.92% following the Disposal. Otsaw ceased to be an associated company of the Group following its loss of significant influence over Otsaw and was reclassified to financial assets, at fair value through profit or loss. The Group recorded a gain on reclassification of associated company to financial assets, at fair value through profit or loss upon derecognition of US\$2,344,000.

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

Group Chief Executive Officer

23 February 2023