



**SERIAL SYSTEM LTD**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199202071D)  
(the “**Company**”)

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**PROPOSED SPIN-OFF AND SEPARATE LISTING OF SERIAL MICROELECTRONICS (HK)  
LIMITED**

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**1. THE PROPOSED SPIN-OFF**

The board of directors (the “**Board**”) of Serial System Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company is proposing to undertake a spin-off of its subsidiary, Serial Microelectronics (HK) Limited (“**SMHK**”, and together with SMHK’s group companies, the “**Spin-off Group**”) to be listed separately on the main board of the Stock Exchange of Hong Kong Limited (the “**SEHK**”) (the “**Proposed Spin-off**”).

In connection with the Proposed Spin-off, the Company intends to transfer its listing from the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) to Catalyst (the “**Proposed Transfer**”).

The SGX-ST has on 21 June 2017 informed the Company that the Proposed Spin-off is subject to the following conditions:

- (a) the Company’s compliance with the listing rules of the SGX-ST;
- (b) the Proposed Transfer being approved by the SGX-ST and the Company’s shareholders (the “**Shareholders**”);
- (c) Shareholders’ approval being obtained for the Proposed Spin-off at a general meeting to be convened;
- (d) confirmation from the continuing sponsor to be appointed that the Proposed Spin-off is in compliance with Rule 406(7) of the Catalyst Listing Manual; and
- (e) disclosure in the Company’s circular to the Shareholders of the basis for the Board’s assessment that the Proposed Spin-off and listing of SMHK on the SEHK would bring about tangible benefits to the Shareholders.

**The Company would like to highlight that the Proposed Spin-off is in its preliminary stages and is dependent on, among other things, the results of preparatory work to be undertaken, requisite approvals from all relevant regulatory authorities, including the SEHK, and market conditions prevailing at the relevant time. Accordingly, there is no assurance that the Proposed Spin-off will be a certainty.**

## **2. THE SPIN-OFF GROUP**

SMHK is a private company incorporated in Hong Kong, which is 91% owned by the Company through its wholly owned subsidiary, Serial Microelectronics Pte. Ltd. The remaining 9% of the shares of SMHK is owned by Lawrence Ho Yung, President of SMHK. SMHK holds interests in the following subsidiaries and associated companies:

- Serial Microelectronics (Shenzhen) Co., Ltd (PRC) – 100%
- Serial Microelectronics (Beijing) Co., Ltd (PRC) – 100%
- Serial Design Limited (Hong Kong) – 100%
- Serial Vision Limited (Hong Kong) – 55%
- Newstone Technology Limited (Hong Kong) – 51%
- Serial Automotive Limited (Hong Kong ) - 60%
- Serial Automotive (Shanghai) Co., Ltd (PRC)– 100%
- Unitrontech China Co. Ltd. (Hong Kong) – 45%

The Spin-off Group is engaged in the business of distributing electronic components in Hong Kong and the People's Republic of China (PRC). The Spin-off Group's customers are primarily smartphone and telecommunications, household appliances, consumer electronics, automotive and industrial manufacturers based in the PRC and Hong Kong, who purchase electronic components from the Spin-off Group. The Spin-off Group has offices and warehousing facilities in Hong Kong and various cities in the PRC, which services suppliers and distributes electronic components to its customers.

## **3. RATIONALE FOR THE PROPOSED SPIN-OFF**

The Company intends to maintain a controlling interest in the Spin-off Group following the Proposed Spin-off. A separate listing of SMHK will enable the Group to unlock the value of the Spin-off Group, which the Company can leverage to fund further growth and expansion. The Spin-off Group will be able to independently raise new funds from the HK market, enabling the Spin-off Group to fund its business expansion independently of the Company. Independent access to capital will allow the Spin-off Group to augment its position in the burgeoning PRC market, without increasing the Company's exposure to the financial risks of the Spin-off Group. The Proposed Spin-off will also enable the Group to re-deploy its financial and other resources to its other businesses that are not under the Spin-off Group.

Accordingly, the Board believes that the Proposed Spin-off will be in the best interests of the Group and the Shareholders.

## **4. FURTHER ANNOUNCEMENTS AND CAUTION IN TRADING**

The Company will make further announcements on the Proposed Spin-off as and when there are any material developments.

**Shareholders and potential investors should exercise caution when trading in the Shares as there is no certainty or assurance as at the date of this announcement that approval for the Proposed Spin-off will be obtained or that the Proposed Spin-off will be undertaken.**

**Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.**

**By Order of the Board**

Dr. Derek Goh Bak Heng  
Executive Chairman/ Group CEO  
22 June 2017