

## SERRANO LIMITED

(Company Registration Number 201223004Z)

(Incorporated in the Republic of Singapore on 18 September 2012)

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### RECEIPT OF LETTERS OF DEMAND

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The Board of Directors ("**Board**" or "**Directors**") of Serrano Limited ("**Company**" and, together with its subsidiaries, "**Group**") refers to the Company's announcement on 25 February 2016 in relation to the corporate guarantees ("**Guarantees**") provided by the Company's wholly-owned subsidiary, Serrano Holdings Pte. Ltd. ("**Serrano Holdings**") to secure credit facilities granted by Malayan Banking Berhad, Ho Chi Minh City Branch and Hanoi Branch ("**Maybank**") and An Binh Commercial Jointstock Bank, Binh Duong Branch to the Group's major supplier, Sorrento Vietnam Shareholding Company ("**Sorrento Vietnam**") and the undertaking agreement dated 25 February 2016 ("**Undertaking Agreement**") entered into between Serrano Holdings and Sorrento Vietnam pursuant to which Sorrento Vietnam had undertaken, subject to the relevant approvals being obtained, to dispose of its factory located at Vietnam-Singapore Industrial Park (VSIP), Binh Duong Province, Vietnam (the "**Property Disposal**") and to apply the net proceeds from the Property Disposal towards the discharge of the Credit Facilities (the "**Announcement**").

Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to them in the Announcement and references therein.

Further to the Announcement, the Board wishes to announce that Serrano Holdings has received on 27 September 2016, a letter of demand dated 27 September 2016 ("**Maybank Letter of Demand**") from the lawyers acting for Maybank to inform that Sorrento Vietnam has defaulted in making payment of amounts due and owing to Maybank in respect of term loan facilities granted by Maybank to Sorrento Vietnam ("**Maybank Facilities**") and that the lawyers acting for Maybank have been instructed to demand that Serrano Holdings, as guarantor under the Guarantees, make payment of outstanding amounts of US\$2,028,114.87 and VND32,367,173,814 in aggregate, comprising of overdue principal amounts and accrued/penalty interests, as at 31 August 2016 ("**Maybank Amounts Due**").

Notice is given in the Maybank Letter of Demand that, unless the Maybank Amounts Due are fully repaid to Maybank within ten (10) days from 27 September 2016, Maybank reserves their rights to take such legal action as appropriate to recover the said debts including commencement of legal proceedings and/or realising the securities held by them without further reference and in which event, Serrano Holdings shall be made liable for all interests and legal costs of the proceedings. Maybank further reserves their rights to demand for payment of the interests accrued on the Maybank Amounts Due from 30 August 2016 to the date of actual receipt of the Maybank Amounts Due from Serrano Holdings.

Sorrento Vietnam is currently in negotiations with a potential buyer in connection with the Property Disposal. However, there is no assurance that such discussions will be successful or will result in any transaction or definitive agreement. In the interim, the Group continues to be in discussions with Sorrento Vietnam and Maybank on the Undertaking Agreement, the Property Disposal and the Maybank Facilities with a view to an amicable resolution. The Company is also seeking professional advice in relation to the Maybank Letter of Demand and will keep its shareholders ("**Shareholders**") updated on material developments.

**Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders are also advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.**

**BY ORDER OF THE BOARD**

**Winston Chia Wing Keong**

Executive Director and Chief Executive Officer

28 September 2016

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*This announcement has been prepared by Serrano Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).*

*The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr David Tham, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.*