

SERIAL SYSTEM LTD
(Incorporated in the Republic of Singapore)
(Co. Reg No: 199202071D)

Minutes of the Annual General Meeting (“AGM”) of Serial System Ltd held at 10.30 a.m. on 28 April 2023 at 8 Ubi View #05-01, Serial System Building, Singapore 408554.

Present : Shareholders and Proxy Holders
As set out in the attendance records maintained by the Company

Board of Directors

Mr. Teo Ser Luck
Mr. Sean Goh Su Teng
Ms. Victoria Goh Si Hui
Mr. Tan Lye Heng Paul
Mr. Ravindran s/o Ramasamy
Mr. Ng Cher Yan

Absent with Apologies : Mr. Goi Kok Ming Kenneth

In Attendance : Group Chief Executive Officer
Mr. Derek Goh Bak Heng

Company Secretary and Group Chief Financial Officer

Mr. Alex Wui Heck Koon

Auditor

Ms. Chan Rouh Ting, Moore Stephens LLP

Chairman of the AGM : Mr. Teo Ser Luck (“Mr. Teo”)

1. NOTICE

The Notice of the AGM dated 13 April 2023 convening the meeting which had been published on SGXNET and the Company’s website for the requisite period, was taken as read.

2. QUORUM

After ascertaining the quorum by the Company Secretary, the Chairman called the meeting to order at 10.30 a.m.

3. WELCOME AND INTRODUCTION

Mr. Teo, Independent Non-Executive Acting Chairman of Serial System Ltd, welcomed all attendees to the AGM.

Mr. Teo introduced members of the Board of Directors, Mr. Derek Goh Bak Heng, Mr. Alex Wui Heck Koon, and Ms. Chan Rouh Ting, to the shareholders of the Company (“Shareholders”) who attended the meeting. Mr. Teo apologised for the absence of Mr. Goi Kok Ming Kenneth, Non-Executive Director.

Mr. Teo informed that the Company had invited Shareholders to submit their questions prior to the AGM by the cut-off time of 10.30 a.m., 20 April 2023. At the cut-off time and up to the AGM date, no questions have been received from Shareholders.

4. POLL VOTING

Mr. Teo stated that all resolutions at this AGM would be put to vote by poll pursuant to Article 58 of the Company's Constitution.

Mr. Teo informed that as Chairman of the AGM, he has been appointed as proxy by some Shareholders and would be voting on all resolutions in accordance with their instructions.

Mr. Teo informed that the voting on all the nine resolutions will be made on the poll voting paper handled to the Shareholders when they took their attendance. The poll voting paper would be collected by the Poll Counting Agent, after all the resolutions have been put to vote.

Mr. Teo informed that B.A.C.S Pte. Ltd. has been appointed as the Polling Counting Agent and Insights Law LLC. has been appointed as the Scrutineer. The Scrutineer, thereafter explained the procedures for voting to the Shareholders.

5. RESOLUTIONS PROPOSED AND VOTED

ORDINARY BUSINESS

RESOLUTION 1 - TO RECEIVE AND ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 AND DIRECTORS' STATEMENT AND THE INDEPENDENT AUDITOR'S REPORT THEREON

Ordinary Resolution 1 was proposed by Ms. Sng Sock Hui Juvena (Shareholder) and seconded by Ms. Yong Xiu Ling (Proxy).

Mr. Teo invited comments or questions from Shareholders prior to the resolution being put to vote.

Mr. Soo Kwok Weng (Shareholder) ("Mr. Soo") commented that 2022 was a tough year for the Company. While revenue and gross profit increased compared to 2021, the Group reported a loss arising from allowance for inventory obsolescence and finance costs. He enquired whether the Company will face similar trend this year and forward i.e. growing revenue and gross profit but incurring losses. Mr. Soo added that if this is the scenario, then why the Company wants to grow revenue. Mr. Derek Goh Bak Heng ("Derek Goh") replied that the profit margin is expected to reduce or at best, maintained as the current inflationary environment will result in higher labour costs, freight charges and finance costs. If we do not grow revenue to increase gross profit, we will be asking for trouble and landing ourselves into higher losses. We need to continually improve revenue to be able to cover higher and higher expenses. On profit margin, Derek Goh added that he will try his best to improve profit margin. As profit margin from the semiconductor business is highly competitive, he has ventured into other higher margin businesses but there is no guarantee that the Company will succeed in these businesses. There are presently a lot of unforeseen circumstances like the ongoing Russia-Ukraine war, USA-China trade war and sanctions and inflation affecting interest rates and currencies. These will add more challenges to the Company's operations and businesses.

Mr. Soo enquired whether there are any products that the Company distribute that can earn higher margin since Derek Goh mentioned that the Company needs to grow revenue. Derek Goh replied that certain business segments or products like Artificial Intelligence, ChatGPT etc. will be able to earn higher margin but the general rule of thumb for the Company's semiconductor business is the higher the revenue, gross profit margin will decline as high-gross-margin businesses generally have lower sales volume compared to low-margin businesses. In addition, over the longer term, even margin from these high margin business segments or products will eventually decline. To take an example, the attractive electric car industry, as more players enter the market, the intense competition will force margin to significantly reduce and if costs continue to increase, the weak players will suffer and exit the market. Only the strong players remain but profit may not be as attractive as they initially forecasted. Derek Goh added the Company's gross margin is already considered relatively higher compared to other distributors. Derek Goh assured that the Company remains focused and committed to expanding its revenue to earn higher profit to cover the escalating operating costs including finance costs, driven by high inflation rate.

Mr. Soo noted that given the current environment, revenue and gross profit will not be able to grow substantially, can the Company think of ways to reduce costs. He suggested since bank interest rate is currently high, will the Company consider bringing in a strategic investor through equity funding so that we can reduce bank borrowings and incur less interest costs. Derek Goh replied that based on the current market sentiment and market share price of Serial System Ltd, any new shares issue would likely be priced significantly below the Company's net assets value which he is deterred to consider currently. Mr. Derek Goh added that equity financing will further result in dilution of share value for existing shareholders due to increase in the Company's shares.

Derek Goh thanked Mr. Soo's concern for the Company and his active participation to help the Company. Mr. Teo thanked Mr. Soo for his questions.

As there were no further questions, Shareholders were requested to cast their vote on Resolution 1 on the Poll Voting Paper.

RESOLUTION 2 – APPROVE THE PAYMENT OF DIRECTORS' FEES OF S\$341,000 (US\$253,000) FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023 PAYABLE QUARTERLY IN ARREARS

Ordinary Resolution 2 was proposed by Ms. Chin Mei Fong Magadalene (Proxy) and seconded by Mr. Samuel Tay Ming Yao (Proxy).

Mr. Teo invited comments or questions from Shareholders.

As there were no questions, Shareholders were informed to cast their vote on Resolution 2 on the Poll Voting Paper.

The Chairman informed the meeting that the next three items on the agenda are the re-election of Directors retiring by rotation pursuant to Article 89 of the Company's Constitution.

RESOLUTION 3 – RE-ELECTION OF DIRECTOR, MR. TEO SER LUCK

Ordinary Resolution 3 was proposed by Ms. Ton Bee Lin (Shareholder) and seconded by Ms. Cheah Yeong Shy (Proxy).

Mr. Teo invited comments or questions from Shareholders.

As there were no questions, Shareholders were informed to cast their vote on Resolution 3 on the Poll Voting Paper.

RESOLUTION 4 – RE-ELECTION OF DIRECTOR, MR. TAN LYE HENG PAUL

Ordinary Resolution 4 was proposed by Ms. Soh Sor Hong (Proxy) and seconded by Ms. Sng Sock Hui Juvena (Shareholder).

Mr. Teo invited comments or questions from Shareholders.

Mr. Soo Kwok Weng (Shareholder) enquired about the number of years Mr. Tan Lye Heng Paul served on the Board of Directors of the Company. Mr. Tan replied that he has been with the Company as Independent Director for over nine years and under the new SGX listing rule, he will have to retire as Independent Director before the Company's next AGM in 2024.

As there were no further questions, Shareholders were informed to cast their vote on Resolution 4 on the Poll Voting Paper.

RESOLUTION 5 – RE-ELECTION OF DIRECTOR, MR. NG CHER YAN

Ordinary Resolution 5 was proposed by Ms. Yong Xiu Ling (Proxy) and seconded by Ms Soh Sor Hong (Proxy).

Mr. Teo invited comments or questions from Shareholders.

Mr. Soo Kwok Weng (Shareholder) enquired the number of years Mr. Ng Cher Yan has served on the Board of Directors of the Company. Mr. Ng replied that he first joined the Board of Directors in March 1997 and retired in April 2011. He re-joined the Board of Directors after a break of about six years in March 2017 and has been an Independent Director with the Company cumulatively for over nine years. With the new SGX listing rule, he will need to retire as an Independent Director before the Company's next AGM in 2024.

Derek Goh informed that three of the Independent Directors. Mr. Tan Lye Heng Paul, Mr. Ng Cher Yan and Mr. Ravindran s/o Ramasamy who have served more than nine years will need to retire as Independent Directors before the Company's AGM in 2024. The Board and Management has started to scout for new Independent Directors to replace them. These Independent Directors need to have experience, capability and possess the requisite knowledge, and be able to add value to the Company's businesses and operations. Derek Goh mentioned that cost will be another consideration and he is unlikely to appoint directors that will be too expensive, given the current size of the Company.

As there were no further questions, Shareholders were informed to cast their vote on Resolution 5 on the Poll Voting Paper.

RESOLUTION 6 – RE-APPOINTMENT OF AUDITORS, MESSRS MOORE STEPHENS LLP AND AUTHORISATION FOR THE DIRECTORS TO FIX THEIR REMUNERATION

Ordinary Resolution 6 was proposed by Mr. Samuel Tay Ming Yao (Proxy) and seconded by Ms. Ton Bee Lin (Shareholder).

Mr. Teo invited comments or questions from Shareholders.

As there were no questions, Shareholders were informed to cast their vote on Resolution 6 on the Poll Voting Paper.

SPECIAL BUSINESS

The Chairman proceeded with the Special Business of the AGM. Resolution 7, 8 and 9 tabled for Special Business were ordinary resolutions.

RESOLUTION 7 – APPROVAL OF SHARE ISSUE MANDATE

Mr. Teo informed that the full text of this resolution was set out under item 7 in the Notice of the AGM on pages 162 and 163 of the Serial System Ltd's Annual Report 2022.

Ordinary Resolution 7 was proposed by Ms. Cheah Yeong Shy (Proxy) and seconded by Ms. Yong Xiu Ling (Proxy).

Mr. Teo invited comments or questions from Shareholders.

As there were no questions, Shareholders were informed to cast their vote on Resolution 7 on the Poll Voting Paper.

RESOLUTION 8 – AUTHORITY TO OFFER AND GRANT SHARE OPTIONS AND TO ALLOT AND ISSUE SHARES UNDER THE SERIAL SYSTEM EMPLOYEE SHARE OPTION SCHEME 2014

Mr. Teo informed that the full text of this resolution was set out under item 8 in the Notice of the AGM on page 163 of the Serial System Ltd's Annual Report 2022.

Ordinary Resolution 8 was proposed by Ms. Ton Bee Lin (Shareholder) and seconded by Ms. Chin Mei Fong Magdalene (Proxy).

Mr. Teo invited comments or questions from Shareholders.

As there were no questions, Shareholders were informed to cast their vote on Resolution 8 on the Poll Voting Paper.

RESOLUTION 9 – APPROVAL OF RENEWAL OF THE SHARE BUYBACK MANDATE

Mr. Teo informed that the full text of this resolution was set out under item 9 in the Notice of the AGM on pages 163-164 and pages 175-196 of the Serial System Ltd's Annual Report 2022.

Ordinary Resolution 9 was proposed by Ms. Chin Mei Fong Magdalene (Proxy) and seconded by Ms. Cheah Yeong Shy (Proxy).

Mr. Teo invited comments or questions from Shareholders.

As there were no questions, Shareholders were informed to cast their vote on Resolution 9 on the Poll Voting Paper.

6. BREAK

Mr. Teo invited all attendees to have some refreshments outside the meeting room while the votes were being counted by the Poll Counting Agent.

7. RESULTS OF THE POLL

The meeting was resumed after the outcome of the results of the poll voting was available. The results of the poll voting on the ordinary resolutions, duly verified by the Scrutineer, were as follows:

Resolution number and details	Total number of Shares represented by votes For and Against the relevant resolution	For		Against	
		Number of Shares	%	Number of Shares	%
Ordinary Business					
Resolution 1 Adoption of Audited Financial Statements and Directors’ Statement and Auditor’s report for the financial year ended 31 December 2022	618,203,512	618,103,512	99.98	100,000	0.02
Resolution 2 Approval of payment of Directors’ fees for the financial year ending 31 December 2023 payable quarterly in arrears	618,203,512	618,103,512	99.98	100,000	0.02
Resolution 3 Re-election of Mr. Teo Ser Luck as a Director of the Company	618,209,072	618,109,072	99.98	100,000	0.02
Resolution 4 Re-election of Mr. Tan Lye Heng Paul as a Director of the Company	618,203,512	618,103,512	99.98	100,000	0.02
Resolution 5 Re-election of Mr. Ng Cher Yan as a Director of the Company	618,053,512	617,953,512	99.98	100,000	0.02
Resolution 6 Re-appointment of Moore Stephens LLP as Auditors and authorisation for the Directors to fix their remuneration	618,209,072	618,109,072	99.98	100,000	0.02
Special Business					
Resolution 7 Approval of Share Issue Mandate	462,959,974	462,859,974	99.98	100,000	0.02
Resolution 8 Authority to offer and grant Share Options and to allot and issue Shares under the Serial System Employee Share Option Scheme 2014	618,059,072	462,715,534	74.87	155,343,538	25.13

Resolution 9 Approval of renewal of the Share Buyback Mandate	251,478,802	251,378,802	99.96	100,000	0.04
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Details of parties who are required to abstain from voting on any resolution(s)

Name	Total number of Shares held (directly and/or Indirectly)	Resolution number
Derek Goh Bak Heng, Victoria Goh Si Hui, Sean Goh Su Teng and Guidote Magno Miguel Baskinas	366,100,270	9

Based on the results of the poll voting, Mr. Teo declared all Ordinary Resolutions set out in the Notice of the AGM carried.

8. CLOSURE OF THE AGM

There being no other business, the meeting was declared closed at 11.15 a.m. Mr. Teo thanked Shareholders for attending Serial System Ltd's AGM.

Confirmed as a correct record

Mr. Teo Ser Luck
Chairman of the AGM