

SERRANO LIMITED

(Company Registration Number 201223004Z)

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

UPDATE PURSUANT TO RULE 704(22) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED SECTION B: RULES OF CATALIST ("CATALIST RULES")

The board of directors (the "**Board**" or "**Directors**") of Serrano Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") refers to the Company's announcements on:-

- (a) 31 January 2017 ("**31 January 2017 Update**") in relation to (i) the letters of demand received by the Company, the Company's wholly-owned subsidiaries, Serrano Holdings Pte. Ltd. ("**Serrano Holdings**"), Artiwood Supervina Pte Ltd ("**Artiwood**"), Sanzio Space Planner Pte. Ltd. ("**Sanzio**"), Serrano Design Pte. Ltd. ("**Serrano Design**"), and/or the former directors of the Company, Mr Chia Wing Keong and Mr Chia Wing Hock (collectively, the "**Parties**") from lawyers acting for IFS Capital Limited ("**IFS**"), RHB Bank Berhad ("**RHB**"), The Bank of East Asia Limited ("**BEA**"), United Overseas Bank Limited ("**UOB**"), Ethoz Capital Limited ("**Ethoz**") and Malayan Banking Berhad ("**Maybank**"), (ii) the Bankruptcy Proceedings against Mr Chia Wing Keong and Mr Chia Wing Hock initiated by BEA and RHB, respectively, (iii) the receipt by each of the Company and Serrano Holdings of a writ of summons from the lawyers acting for Ethoz, (iv) the receipt by Serrano Holdings of a letter of demand from the lawyers acting for Malayan Banking Berhad, Ho Chi Minh City Branch and Hanoi Branch ("**Maybank Vietnam**") in respect of term loan facilities granted by Maybank Vietnam to the Group's major supplier, Sorrento Vietnam Shareholding Company ("**Sorrento Vietnam**"), which are secured by corporate guarantees provided by Serrano Holdings and the proposed disposal by Sorrento Vietnam of its factory, and (v) the stay of proceedings pursuant to the Court order on 9 September 2016 ("**Stay of Proceedings**") for all current actions or proceedings against the Company and Serrano Holdings;
- (b) 6 February 2017 in relation to the entry into a conditional investment agreement ("**Investment Agreement**") on 31 January 2017 between the Company, Quek Wey Lon and Winmark Investments Pte. Ltd. (together with any Additional Investors (as defined in the Investment Agreement), the "**Investors**"), pursuant to which the Investors will subscribe for, and the Company will allot and issue to the Investors, 3,813,048,036 new ordinary shares ("**New Investor Share**") in the capital of the Company for an aggregate consideration of S\$8,000,000 or at an issue price of approximately S\$0.002 per New Investor Share, subject to and upon the terms and conditions of the Investment Agreement;
- (c) 6 February 2017 in relation to the sanction by the Court (the "**Orders of the Court**") pursuant to a Court hearing on 2 February 2017 in respect of the respective schemes of arrangement ("**Schemes**") between the Company, Serrano Holdings and their creditors that are not excluded for the purposes of the respective Schemes ("**Scheme Creditors**") pursuant to Section 210 of the Companies Act (Cap. 50) (the "**Act**"); and
- (d) 9 February 2017 in relation to the lodgement of the Orders of Court on 8 February 2017 with the Accounting and Corporate Regulatory Authority ("**ACRA**"). As such, the Commencement Date (as defined in the Schemes) is 8 February 2017. The Schemes take effect and are binding on the Scheme Creditors on and from the Commencement Date, being 8 February 2017.

(collectively with the announcements above, the "**Announcements**").

Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to them in the Announcements and references therein. IFS, RHB, BEA, UOB, Ethoz, Maybank and Maybank Vietnam shall each be referred to herein as a "**Lender**" and, collectively, "**Lenders**". The

letters of demand received by each of the Company, Serrano Holdings, Artiwood, Sanzio and Serrano Design from the lawyers acting for the Lenders (as the case may be), shall each be referred to herein as a “**Letter of Demand**” and, collectively, “**Letters of Demand**”.

Further to the 31 January 2017 Update and pursuant to Rule 704(22) of the Catalist Rules, the Board wishes to announce the updates on the following:-

Lender	Dates of Announcements	Letters of Demand	Updates
IFS	31 January 2017 Update, 6 February 2017 and 9 February 2017	Letter of Demand from the lawyers acting for IFS claiming the repayment of S\$2,584,167.16, together with all accruing interests continuing until full repayment, and legal costs of S\$214.00 in respect of a non-revolving working capital loan granted to Serrano Holdings as the borrower.	<p>The Court hearing for IFS’s application for summary judgment has been adjourned pending the completion of the Schemes.</p> <p>Mr Yiong Kok Kong has been appointed as the receiver of all moneys paid or payable by Dragages to Serrano Holdings under the Sub-Contract and an interim injunction has been filed against Serrano Holdings, its officers, agents, servants or otherwise howsoever from depositing or otherwise dealing with any cheques, or cashier’s order or other forms of payments which may be received by them from Dragages under the Sub-Contract. The aforementioned appointment of Mr Yiong Kok Kong as receiver and the interim injunction is not affected by the Stay of Proceedings.</p> <p>Pursuant to a hearing on 1 December 2016, the Court granted leave to IFS to proceed and/or continue with the application and hearing of HC/SUM 4359/2016, which is an application by IFS for, amongst others, orders to furnish to Mr Yiong Kok Kong as receiver, documents relating to moneys paid or payable under the Sub-Contract. The hearing of HC/SUM 4359/2016 has been scheduled on 6 March 2017 at 10:00 a.m.</p> <p>IFS is a Scheme Creditor.</p> <p>The Schemes have been sanctioned by the Court on 2 February 2017.</p> <p>With the lodgement of the Orders of Court on 8 February 2017 with</p>

Lender	Dates of Announcements	Letters of Demand	Updates
			ACRA, the Schemes take effect and are binding on the Scheme Creditors on and from the Commencement Date.
RHB	31 January 2017 Update, 6 February 2017 and 9 February 2017	Letters of Demand from the lawyers acting for RHB claiming the repayment of S\$2,470,738.78, together with all accruing interests continuing until full repayment, and the legal costs in respect of banking facilities granted to Serrano Holdings as the borrower.	<p>On 10 May 2016, RHB issued a statutory demand against Mr Chia Wing Hock for the sum of S\$2,263,049.61.</p> <p>On 16 May 2016, RHB commenced Bankruptcy Proceedings against Mr Chia Wing Hock.</p> <p>Pursuant to the hearing by the Court on 17 November 2016, the Court issued a bankruptcy order against Mr Chia Wing Hock. Consequently, his office as a director of the Company was vacated in accordance with Article 96(1) of the constitution of the Company and Section 148 of the Act. By the same bankruptcy order, he also ceased to act as director of the subsidiaries of the Company and all other Singapore-incorporated companies with effect from 17 November 2016.</p> <p>RHB is a Scheme Creditor.</p> <p>The Schemes have been sanctioned by the Court on 2 February 2017.</p> <p>With the lodgement of the Orders of Court on 8 February 2017 with ACRA, the Schemes take effect and are binding on the Scheme Creditors on and from the Commencement Date.</p>
BEA	31 January 2017 Update, 6 February 2017 and 9 February 2017	<p>Letters of Demand from the lawyers acting for BEA claiming the repayment of S\$88,866.69, together with all accruing interests continuing until full repayment, and the legal costs in respect of banking facilities granted to Serrano Holdings as the borrower.</p> <p>As announced by the</p>	<p>On 20 June 2016, BEA commenced Bankruptcy Proceedings against Mr Chia Wing Keong.</p> <p>Pursuant to the hearing by the Court on 15 December 2016, the Court issued a bankruptcy order against Mr Chia Wing Keong. Consequently, his office as a director of the Company was vacated in accordance with Article</p>

Lender	Dates of Announcements	Letters of Demand	Updates
		<p>Company on 6 May 2016, the New Parties have, through the lawyers acting for them, received a letter of demand dated 5 May 2016 claiming repayment of the full amount owing under the Banking Facilities as at 4 May 2016 of S\$1,314,449.50, together with all accruing interests continuing until full repayment, and legal costs (collectively, "Amounts Due on 4 May 2016"). As a clarification, the amounts due of S\$88,866.69 claimed as aforementioned were for overdue monthly instalment for April 2016, and constitutes part of the Amounts Due on 4 May 2016.</p>	<p>96(1) of the constitution of the Company and Section 148 of the Act. By the same bankruptcy order, he also ceased to act as director of the subsidiaries of the Company and all other Singapore-incorporated companies with effect from 15 December 2016.</p> <p>BEA is a Scheme Creditor.</p> <p>The Schemes have been sanctioned by the Court on 2 February 2017.</p> <p>With the lodgement of the Orders of Court on 8 February 2017 with ACRA, the Schemes take effect and are binding on the Scheme Creditors on and from the Commencement Date.</p>
UOB	31 January 2017 Update, 6 February 2017 and 9 February 2017	<p>Letter of Demand from the lawyers acting for UOB claiming the repayment of the principal sum of S\$21,026,429.28, together with all accruing interests continuing until full repayment in respect of banking facilities granted to Serrano Holdings as the borrower.</p>	<p>UOB is a Scheme Creditor.</p> <p>The Schemes have been sanctioned by the Court on 2 February 2017.</p> <p>With the lodgement of the Orders of Court on 8 February 2017 with ACRA, the Schemes take effect and are binding on the Scheme Creditors on and from the Commencement Date.</p> <p>Under the Schemes, subject to approval of the Company's shareholders ("Shareholders"), Serrano Holdings shall use its best endeavours to sell its property at 49 Sungei Kadut Loop within three (3) months from the Commencement Date. In the event that Serrano Holdings is unable to furnish evidence of sale within two (2) months from the Commencement Date, Serrano Holdings shall either: (i) obtain an extension in writing from UOB for additional time to sell the property, or (ii) deliver vacant possession of the property to UOB.</p>
Ethoz	31 January 2017	Letters of Demand from the	The Company and Serrano

Lender	Dates of Announcements	Letters of Demand	Updates
	Update, 6 February 2017 and 9 February 2017	lawyers acting for Ethoz claiming the repayment of (i) S\$1,245,680.24, together with all accruing interests continuing until full repayment, and legal costs of S\$214.00 in respect of term loan facilities granted to Serrano Holdings as the borrower; and (ii) S\$34,704.05, together with all accruing interests continuing until full repayment, and legal costs of S\$214.00 in respect of goods leased to Serrano Holdings under lease agreements entered into between the parties.	<p>Holdings have each been served with a writ of summons received on 18 July 2016 by the lawyers acting for Ethoz claiming the following:</p> <ul style="list-style-type: none"> (i) in respect of Term Loan Facility 1, the sum of S\$299,617.44 and interests on S\$290,277.76 at the rate of 0.065% per day from 23 June 2016 until full payment; (ii) in respect of Term Loan Facility 2, the sum of S\$984,067.84 and interests on S\$953,749.95 at the rate of 0.065% per day from 23 June 2016 until full payment; (iii) in respect of the Lease Agreements, the aggregate sum of S\$35,746.04 and interests thereon at the rate of 0.065% per day from 23 June 2016 until full payment and/or alternatively damages; (iv) all legal costs and disbursements incurred by Ethoz, including all costs on a solicitor and client basis to be taxed and paid by the Company and Serrano Holdings to Ethoz in respect of Term Loan Facility 1, Term Loan Facility 2 and the Lease Agreements; and (v) costs and such further or other relief as the Court deems fit. <p>Ethoz is a Scheme Creditor.</p> <p>The Schemes have been sanctioned by the Court on 2 February 2017.</p> <p>With the lodgement of the Orders of Court on 8 February 2017 with ACRA, the Schemes take effect and are binding on the Scheme Creditors on and from the Commencement Date.</p>

Maybank	31 January 2017 Update, 6 February 2017 and 9 February 2017	<p>(i) Letters of Demand to Serrano Holdings, Artiwood, Sanzio and Serrano Design from the lawyers acting for Maybank claiming the repayment of a principal sum of S\$33,402,023.41 in aggregate as at 22 August 2016, together with all further interests accruing from 23 August 2016 until the date of full payment, in respect of banking facilities (comprising mainly term loans, overdrafts, trust receipts and banker's guarantees) granted by Maybank to Serrano Holdings, Artiwood, Sanzio and Serrano Design.</p> <p>Notice is given in the Letters of Demand that, unless the monies due and owing to Maybank are fully paid to Maybank or to its lawyers within seven (7) days from 25 August 2016, Maybank reserves its rights to commence legal proceedings against Serrano Holdings, Artiwood, Sanzio and Serrano Design and to exercise all their rights under any and all securities held by them without further reference.</p> <p>(ii) Letters of Demand to (a) the Company arising from corporate guarantees provided by the Company in favour of Maybank to secure banking facilities granted by Maybank to Serrano Holdings in relation to paragraph (i) above; and (b) Serrano Holdings arising from corporate guarantees provided by Serrano Holdings in favour of Maybank to secure banking facilities granted</p>	<p>Maybank is a Scheme Creditor.</p> <p>The Schemes have been sanctioned by the Court on 2 February 2017.</p> <p>With the lodgement of the Orders of Court on 8 February 2017 with ACRA, the Schemes take effect and are binding on the Scheme Creditors on and from the Commencement Date.</p> <p>Under the Schemes, subject to approval of the Shareholders, Serrano Holdings shall use its best endeavours to sell its property at 16 Sungei Kadut Way within three (3) months from the Commencement Date. In the event that Serrano Holdings is unable to furnish evidence of sale within two (2) months from the Commencement Date, Serrano Holdings shall either: (i) obtain an extension in writing from Maybank for additional time to sell the property, or (ii) deliver vacant possession of the property to Maybank.</p>
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		<p>by Maybank to Artiwood, Sanzio and Serrano Design in relation to paragraph (i) above.</p> <p>Notice is given in the Letters of Demand that, unless the monies due and owing to Maybank are fully paid to Maybank within seven (7) days from 26 September 2016, Maybank reserves its rights to commence legal proceedings against the Company and Serrano Holdings and to recover all sums owing by the Company and Serrano Holdings under the aforementioned corporate guarantees without further reference.</p>	
Maybank Vietnam	31 January 2017 Update, 6 February 2017 and 9 February 2017	<p>Letter of Demand from the lawyers acting for Maybank Vietnam to demand that Serrano Holdings, as a corporate guarantor in respect of term loan facilities granted by Maybank to Sorrento Vietnam, 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.</p> <p>Notice is given in the Letter of Demand that, unless the amounts due and owing to Maybank Vietnam are fully repaid within ten (10) days from 27 September 2016, Maybank Vietnam 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 Vietnam further</p>	<p>Maybank Vietnam is a Scheme Creditor.</p> <p>The Schemes have been sanctioned by the Court on 2 February 2017.</p> <p>With the lodgement of the Orders of Court on 8 February 2017 with ACRA, the Schemes take effect and are binding on the Scheme Creditors on and from the Commencement Date.</p> <p>Serrano Holdings and Sorrento Vietnam have also agreed in writing for the Undertaking Agreement (as defined in the Company's SGXNET announcement dated 25 February 2016) in relation to the proposed disposal by Sorrento Vietnam of its factory ("Property") and for the net proceeds from such disposal to be applied towards the discharge of certain credit facilities granted by Maybank Vietnam and An Binh Commercial Jointstock Bank, Binh Duong Branch ("AB Bank") to Sorrento Vietnam, which are secured by corporate guarantees provided by Serrano Holdings, to be extended to 31 March 2017.</p>

		<p>reserves their rights to demand for payment of the interests accrued on the amounts due and owing to them from 30 August 2016 to the date of actual receipt of the same from Serrano Holdings.</p>	<p>Sorrento Vietnam provided details to the Company that it has entered into a conditional agreement in relation to sale and purchase of assets with a third-party on 31 October 2016 for the sale of the Property ("Property Sale"), and the Property Sale was completed in February 2017.</p> <p>Pursuant to the Undertaking Agreement and the Property Sale, the corporate guarantee granted by Serrano Holdings to AB Bank in respect of the AB Bank Facilities has been discharged after the full repayment of the AB Bank Facilities. Sorrento Vietnam has confirmed the said corporate guarantee has been cancelled.</p> <p>Sorrento Vietnam further informed that the balance of the Property Sale proceeds (after taking into account the full repayment of the AB Bank Facilities) have been fully utilised to satisfy relevant taxes and expenses for which Sorrento Vietnam is obliged to fulfil under Vietnamese law.</p>
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Further to the lodgement of the Orders of Court with the ACRA on 8 February 2017, being the Commencement Date, the Scheme Manager (as defined in the Schemes) shall, within 8 weeks of the Commencement Date, notify each Scheme Creditor of its decision or determination of that Scheme Creditor's Approved Claim (as defined in the Schemes).

Certain aspects of the Schemes and the Investment Agreement are still subject to approval of the Shareholders and/or other regulatory approvals.

The Company will update Shareholders via SGXNET on a monthly basis pursuant to Rule 704(22) of the Catalist Rules in respect of any material developments relating to the Letters of Demand, the Schemes, the Stay of Proceedings and the Group's discussions with the Lenders.

The Board is of the opinion that all material disclosures have been provided by the Company for trading of the Company's shares to continue in an orderly manner.

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

Choh Thian Chee Irving
Independent Chairman

28 February 2017

*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.

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