

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) 29 July 2016 ("**29 July 2016 Update**") in relation to (i) the letters of demand received by the Company, the Company's wholly-owned subsidiary, Serrano Holdings Pte. Ltd. ("**Serrano Holdings**"), and/or the 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**"), and Ethoz Capital Limited ("**Ethoz**"), (ii) the Bankruptcy Proceedings against Mr Chia Wing Keong and Mr Chia Wing Hock, and (iii) the receipt on 18 July 2016 by each of the Company and Serrano Holdings of a writ of summons from the lawyers acting for Ethoz;
- (b) 22 August 2016 in relation to the adjournment of the Court hearing which had been scheduled for 22 August 2016 to a date to be advised by the Court, pending, *inter alia*, the Scheme Filing and the lapse of the Stay of Proceedings on 22 August 2016;
- (c) 24 August 2016 in relation to the Proposed Investment;
- (d) 25 August 2016 in relation to the adjournment of the Bankruptcy Proceedings against Mr Chia Wing Keong and Mr Chia Wing Hock; and
- (e) 29 August 2016 and 30 August 2016 in relation to the receipt by each of Serrano Holdings, and the Company's wholly-owned subsidiaries, Artiwood Supervina Pte Ltd ("**Artiwood**"), Sanzio Space Planner Pte. Ltd. ("**Sanzio**") and Serrano Design Pte. Ltd. ("**Serrano Design**") of a letter of demand from the lawyers acting for Maybank Banking Berhad ("**Maybank**")

(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 and Maybank 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 29 July 2016 Update and pursuant to Rule 704(22) of the Catalist Rules, the Board wishes to announce the following updates on the Group's discussions with the Lenders:-

Lender	Dates of Announcements	Letters of Demand	Updates
IFS	29 July 2016 Update	Letter of Demand from the lawyers acting for IFS claiming the repayment of S\$2,584,167.16, together with all accruing interests	Following the lapse of the Stay of Proceedings after 22 August 2016, the Court hearing for IFS's application for summary judgment has been re-fixed to 13

Lender	Dates of Announcements	Letters of Demand	Updates
		<p>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>	<p>September 2016.</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.</p>
RHB	29 July 2016 Update	<p>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>	<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>On 7 July 2016, pursuant to a Court hearing, the Court adjourned the said bankruptcy proceedings to 25 August 2016 in light of the Stay of Proceedings.</p> <p>On 25 August 2016, pursuant to a Court hearing, the Court further adjourned the said bankruptcy proceedings to 8 September 2016.</p>
BEA	29 July 2016 Update	<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 Company on 6 May 2016, the New Parties have, through the lawyers acting for them, received a letter of</p>	<p>On 20 June 2016, BEA commenced bankruptcy proceedings against Mr Chia Wing Keong.</p> <p>On 14 July 2016, pursuant to a Court hearing, the Court adjourned the said bankruptcy proceedings to 25 August 2016 in light of the Stay of Proceedings.</p> <p>On 25 August 2016, pursuant to a Court hearing, the Court further adjourned the said bankruptcy proceedings to 8 September 2016.</p>

Lender	Dates of Announcements	Letters of Demand	Updates
		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.	
UOB	29 July 2016 Update, 24 August 2016	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>The Group together with its professional advisors are in discussions with the relevant parties to provide them with a satisfactory proposal to restructure the Group's debts.</p> <p>Pending a satisfactory proposal to restructure Serrano Holdings' debts, UOB reserves its rights to take any or all action against Serrano Holdings in respect of the outstanding debt owed by Serrano Holdings.</p>
Ethoz	29 July 2016 Update	Letters of Demand from the 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>The Company and Serrano 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> <p>(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;</p> <p>(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</p>

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			<p>day from 23 June 2016 until full payment;</p> <p>(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;</p> <p>(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</p> <p>(v) costs and such further or other relief as the Court deems fit.</p> <p>The Company is seeking professional advice on the matter and will keep its shareholders ("Shareholders") updated on material developments.</p>
Maybank	29 August 2016 and 30 August 2016	<p>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 interest 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 guarantee) granted by Maybank to Serrano Holdings, Artiwood, Sanzio and Serrano Design.</p> <p>Notice is given in the Letters</p>	<p>The Group together with its professional advisors are in discussions with the relevant parties to provide them with a satisfactory proposal to restructure the Group's debts.</p> <p>Pending a satisfactory proposal to restructure the Group's debts, Maybank reserves its rights to take any or all action against Serrano Holdings, Artiwood, Sanzio and Serrano Design in respect of the outstanding debt owed by them.</p> <p>The Company is seeking professional advice on the matter and will keep its shareholders updated on material developments.</p>

Lender	Dates of Announcements	Letters of Demand	Updates
		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.	

As announced by the Company on 24 August 2016, the indicative terms of the Proposed Investment has been put forth to the major creditors of the Company and Serrano Holdings for their consideration as part of their debt restructuring negotiations. As at todate, the Company and Serrano Holdings have not received any objections from its major creditors to proceed with the application to Court to convene a Scheme Creditors' Meeting on the basis of the Proposed Investment. Further to the application for a Scheme Creditors' Meeting, the Company and Serrano Holdings will request to the Court for a stay of proceedings against the Company and Serrano Holdings. In the interim, the Group continues to be in discussions with its major creditors on its debt restructuring plans.

The Company will update its 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 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

Winston Chia Wing Keong
Executive Director and Chief Executive Officer
31 August 2016

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.