

SERRANO LIMITED

(Company Registration Number 201223004Z)

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

(1) APPLICATION TO THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON EXTENSION OF TIME TO RELEASE THE FINANCIAL RESULTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016 (“HY2016”)

(2) PROFIT GUIDANCE FOR HY2016

(1) Application to the SGX-ST for an extension of time to release the financial results of the Group for HY2016

The board of directors (the “**Board**” or “**Directors**”) of Serrano Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) wishes to announce that the Company has applied to the SGX-ST for an extension of time (“**Extension**”) till 14 October 2016 to comply with Rule 705(3)(b) of Section B of the Listing Manual of the SGX-ST: Rules of Catalyst (“**Catalist Rules**”) for the Company to announce the financial results of the Group for HY2016.

The Company had applied to SGX-ST for the said Extension on the following grounds:

- (a) As announced by the Company on 28 June 2016, the High Court of the Republic of Singapore (the “**Court**”) has, pursuant to the orders of Court (the “**Orders**”), granted the Company and Serrano Holdings Pte. Ltd. (“**Serrano Holdings**”) for stay of proceedings under Section 210(10) of the Companies Act (Cap. 50) until 22 August 2016 (“**Stay of Proceedings**”). In the meanwhile, the Group is in discussions with potential investors and its creditors on a debt restructuring proposal to rehabilitate the Group’s financial position. It is intended that during the Court hearing on 22 August 2016, the Company, with the assistance of its independent financial adviser and lawyers, would produce detail the terms of the debt restructuring proposal for the Court’s consideration. By way of Extension, the Company would be afforded the opportunity to have regard to the outcome of the Court hearing on 22 August 2016 when preparing the HY2016 financial statements of the Group; and
- (b) In addition, the Company’s former Chief Financial Officer, Mr Kung Guan Seng, had tendered his resignation and ceased his service with the Group on 29 July 2016. Although the Company has on 25 July 2016 appointed Mr Yap Keck Meng as Group Financial Controller, he would require time to familiarise himself and clarify on the operations of the Group’s accounting and finance team, the Group’s operating and financial policies as well as the HY2016 Financial Results.

The Company is awaiting the SGX-ST’s response in respect of the abovementioned application, and will make further announcements as and when there are material developments.

(2) Profit guidance for HY2016

The Board wishes to advise the shareholders of the Company (“**Shareholders**”) that the Group is expected to report a net loss for HY2016 primarily attributable to:

- (a) lower turnover due to reduced business activities from the Group’s interior fit-out business;
- (b) cost overruns for projects under the Group’s interior fit-out business arising from an increase in labour sub-contracting costs resulting from labour shortage and reworks undertaken as well as additional costs incurred for defect rectifications;

- (c) write-off of doubtful receivables, overdue retention sums as well as claims for variation orders not approved; and
- (d) impairment loss on available-for-sale financial assets.

This profit guidance is based on a preliminary review of the financial information available of the Group. Further details of the Group's financial performance will be disclosed when the Company announces its unaudited financial results for HY2016.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take 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

13 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 persons for the Sponsor are Mr Khong Choun Mun, Managing Director, Equity Capital Markets and 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.