



(Incorporated in the Republic of Singapore)
(Company Registration Number: 199202071D)
(the “**Company**”)

INVESTMENT IN NEWSTONE TECHNOLOGY LIMITED

1. The board of directors (“**Board**”) of Serial System Ltd (the “**Company**”) is pleased to announce that its 91% owned subsidiary, Serial Microelectronics (HK) Limited (“**SMHK**”) has entered into a joint venture agreement with Beston International (Hong Kong) Ltd. (“**Beston**”) a Hong Kong company to set up a newly incorporated company in Hong Kong known as Newstone Technology Limited (“**Newstone**”).
2. SMHK will invest 51% equity interests in Newstone. The principal activity of Newstone is marketing, promotion, sale, export and distribution of semiconductor components.
3. The issued and paid-up capital of Newstone will be US\$3,000,000 comprising 3,000,000 ordinary shares, of which the initial share capital of US\$1,000,000 shall be contributed by SMHK and Beston amounting to US\$510,000 and US\$490,000 respectively. The remaining US\$2,000,000 of share capital, to be contributed by SMHK and Beston amounting to US\$1,020,000 and US\$980,000 respectively, shall be payable within six (6) months to two (2) years from the date of the joint venture agreement depending on the working capital requirement of Newstone and subject to discussion and agreement between both parties. The board of directors of Newstone shall consist of five (5) directors, of which three (3) directors shall be appointed by SMHK and the other remaining two (2) directors shall be appointed by Beston. As of the date of this announcement, the issued and paid-up capital of Newstone has not been injected by both parties, pending the setting up of operating bank accounts by Newstone.
4. The total investment of US\$1,530,000 in Newstone by SMHK will be funded through internal resources/bank borrowings. The investment is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the current financial year ending 31 December 2016.
5. None of the directors or controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the above transactions.
6. The Company will make further announcements as and when there are material developments on the investment.

BY ORDER OF THE BOARD

Derek Goh Bak Heng
Executive Chairman and Group CEO
23 December 2016