

**RECEIPT OF LETTERS OF DEMAND FROM ETHOZ CAPITAL LIMITED**

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The Board of Directors ("**Board**" or "**Directors**") of Serrano Limited ("**Company**" and, together with its subsidiaries, "**Group**") wishes to announce that (i) the Company and (ii) the Company's wholly-owned subsidiary, Serrano Holdings Pte. Ltd. ("**Serrano Holdings**") (collectively, "**Parties**"), have received letters of demand dated 9 May 2016 from the lawyers acting for Ethoz Capital Limited ("**Ethoz**"), details of which are set out below:

**(i) Letters of Demand for Term Loan Facilities**

The Parties have each received a letter of demand (collectively, "**Letters of Demand for Term Loan Facilities**") from the lawyers acting for Ethoz as the lender, claiming the repayment of S\$1,245,680.24, together with all accruing interests continuing until full repayment, and legal costs of S\$214.00 (collectively, "**Amounts Due from Term Loan Facilities**") in respect of term loan facilities dated 31 July 2015 ("**Term Loan Facility 1**") and 26 December 2015 ("**Term Loan Facility 2**") (collectively, "**Term Loan Facilities**") for S\$500,000 and S\$1,500,000 granted to Serrano Holdings as the borrower, respectively.

The sum of S\$1,245,680.24 due and owing to Ethoz under the Term Loan Facilities comprises S\$290,749.46 under Term Loan Facility 1 and S\$954,930.78 under Term Loan Facility 2. The Term Loan Facilities are guaranteed by the Company as the guarantor pursuant to deeds of guarantee dated 3 July 2015 and 26 December 2015, respectively.

Events of default have occurred under the Term Loan Facilities and the Term Loan Facilities have been cancelled and terminated and all sums owing by Serrano Holdings to Ethoz under the Term Loan Facilities including interests have become immediately due and payable.

Notice was given in the Letters of Demand for Term Loan Facilities that, unless the Amounts Due from Term Loan Facilities are paid to Ethoz by 5.00 p.m. on 11 May 2016, Ethoz shall take such steps including commencing legal proceedings against the Parties without further notice in relation hereto.

**(ii) Letter of Demand for Lease Agreements**

Serrano Holdings has received a letter of demand ("**Letter of Demand for Lease Agreements**") from the lawyers acting for Ethoz as the lessor, claiming the repayment of amounts in aggregate of S\$34,704.05, together with all accruing interests as provided under the terms of the Lease Agreements (as defined below) continuing until full repayment, and legal costs of S\$214.00 (collectively, "**Amounts Due from Lease Agreements**") in respect of goods leased to Serrano Holdings under lease agreements entered into on 20 May 2013, 26 June 2013, 30 August 2013, 26 June 2014 and 8 June 2015, respectively (collectively, "**Lease Agreements**").

Events of default have occurred under the Lease Agreements and the Lease Agreements have been terminated and all rights of Serrano Holdings to use the goods leased to Serrano Holdings under the Lease Agreements have ceased. Accordingly, Serrano Holdings is to deliver or cause to be delivered to Ethoz all goods leased to Serrano Holdings under the Lease Agreements, and all sums owing by Serrano Holdings to Ethoz under the Lease Agreements including interests have become due and payable.

Notice was given in the Letter of Demand for Lease Agreements that, unless the Amounts Due from Lease Agreements are paid to Ethoz by 5.00 p.m. on 11 May 2016, Ethoz shall take such steps including commencing legal proceedings against Serrano Holdings without further notice in relation hereto.

The Company, Serrano Holdings and Ethoz are in discussions in relation to the Term Loan Facilities and the Lease Agreements. The Company is also seeking professional advice on the abovementioned matters and will keep its shareholders ("**Shareholders**") updated on material developments.

**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

10 May 2016

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*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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