



## SERIAL SYSTEM LTD

(Company Registration No.: 199202071D)  
(Incorporated in the Republic of Singapore on 22 April 1992)

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### ACQUISITION OF PROPERTY

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#### 1. INTRODUCTION

The Board of Directors of Serial System Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that its 91% owned subsidiary, Serial Microelectronics (Beijing) Co., Ltd (the “**Purchaser**”), has entered into a sale and purchase agreement (the “**SPA**”) with Beijing Wan Shun Da Real Estate Development Company Limited (北京万順達房地產開發有限公司) in relation to the acquisition of the 2 commercial office units (with aggregate floor area of approximately 1,216.45 square meters), located at 901, 902, Floor 9, Boya C-Center Building 11, Life Science park, Beiqing Road, Changping District, Beijing, the People’s Republic of China (the “**Beijing Property**”) (the “**Acquisition**”). The remaining unexpired leasehold term of the Beijing Property is approximately 42 years.

#### 2. THE BEIJING PROPERTY

##### 2.1 Valuation of the Property

A valuation of the Beijing Property has been commissioned by the Purchaser, and conducted by Shenzhen Inland Land & Real Estate Appraisal & Consulting Co., Ltd (深圳市英联土地房地产估价顾问有限公司) (the “**Valuer**”). Based on the valuation report, the market value of the Beijing Property is RMB 30.4 million (US\$4.6 million) as at 3 March 2016 (the “**Valuation**”). The Valuation is based on, *inter alia*, the contemporaneous market values of similar properties in terms of size and location.

#### 3. PRINCIPAL TERMS OF THE SPA

##### 3.1 Consideration

Pursuant to the terms and conditions of the SPA, the aggregate consideration for the purchase of the Beijing Property is RMB 29.6 million (US\$4.5 million) (the “**Consideration**”).

The Consideration was arrived at on a willing-buyer, willing-seller basis, taking into consideration the Valuation as set out in the Valuation Report. The Consideration, which is funded by internal funds, has been fully settled in cash as at the date of this announcement.

#### 4. RATIONALE

The Beijing Property will serve as the Group’s key operational headquarter for North China.

The acquisition would reduce the Group’s exposure to increase in rental as a result of increase in market rental rates, which in turn would contribute to an increase in operating costs for the Group.

## 5. FINANCIAL EFFECTS

For illustrative purposes only, based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2015 ("**FY2015**"), the financial effects of the Acquisition are estimated as follows:

### *Net Tangible Assets per share*

Assuming that the Acquisition had been completed on 31 December 2015:

	Before the Acquisition	After the Acquisition
Net tangible assets (US\$'000)	103,490	103,490
Number of issued shares ('000)	895,842	895,842
Net tangible assets per share (USD cents)	11.55	11.55

### *Earnings per share*

Assuming that the Acquisition was completed on 1 January 2015:

	Before the Acquisition	After the Acquisition
Earnings attributable to shareholders (US\$'000)	11,035	11,011
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	895,842	895,842
Basic earnings per share (USD cents)	1.23	1.23

### *Gearing*

Assuming that the Acquisition had been completed on 31 December 2015:

	Before the Acquisition	After the Acquisition
Borrowings (US\$'000)	202,022	202,022
Cash (US\$'000)	64,048	59,545
Total equity (US\$'000)	119,384	119,384
Net gearing ratio (times)	1.16	1.19

## 6. RELATIVE FIGURES COMPUTED UNDER RULE 1006 OF THE SGX LISTING MANUAL

Based on the latest announced unaudited consolidated financial statements of the Group for the period ended 31 December 2015:

Rule 1006			
(a)	Net asset value of assets to be disposed of	Net asset value of the Group	Relative figure
Not applicable as the Acquisition relates to an acquisition of assets			
(b)	Net profits attributable to the assets to be acquired	Net profits of the Group	Relative figure
Not applicable as the Properties are purchased for the Group's use			
(c)	Aggregate value of the Consideration for the property US\$'000	Market capitalisation of the Company as at 22 March 2016 <sup>(1)</sup> US\$'000	Relative figure
	4,503	81,847	5.5%
(d)	Maximum number of equity securities issued by the Company as consideration	No. of equity securities of the Company previously in issue	Relative figure
Not applicable as no equity securities will be issued for the Acquisition			

Note:

- (1) The "market capitalisation" of the Company is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of this announcement.

As the relative figure computed under Rule 1006(c) of the SGX Listing Manual exceeds 5% but does not exceed 20%, the Acquisition constitutes a discloseable transaction.

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Acquisition, other than through their respective shareholdings in the Company.

## 8. SERVICE AGREEMENTS

No person will be appointed to the Board of Directors of the Company in connection with the Acquisition and no service agreements will be entered into by the Company.

## 9. DOCUMENTS FOR INSPECTION

Copy of the SPA and the Valuation Report will be made available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

## BY ORDER OF THE BOARD

**Derek Goh Bak Heng**  
Executive Chairman and Group CEO  
24 March 2016