

SERRANO LIMITED

(Company Registration Number: 201223004Z)
(Incorporated in the Republic of Singapore on 18 September 2012)

RECEIPT OF LETTER OF DEMAND FROM THE BANK OF EAST ASIA LIMITED

The Board of Directors ("**Board**" or "**Directors**") of Serrano Limited ("**Company**" and, together with its subsidiaries, "**Group**") wishes to announce that (i) the Company, (ii) the Company's wholly-owned subsidiary, Serrano Holdings Pte. Ltd. ("**Serrano Holdings**"), (iii) Wah Heng Design Corporation Pte Ltd, a controlling shareholder holding approximately 18.6% of the issued and paid-up share capital of the Company ("**Wah Heng**"), and (iv) the Directors of the Company, Mr Chia Wing Keong and Mr Chia Wing Hock (collectively, the "**Parties**"), have each received a letter of demand on 11 April 2016 (each a "**Letter of Demand**" and, collectively, "**Letters of Demand**") from the lawyers acting for The Bank of East Asia Limited ("**Lender**") claiming the repayment of S\$88,866.69, together with all accruing interests continuing until full repayment, and the Lender's legal costs (collectively, "**Amounts Due**") in respect of banking facilities ("**Banking Facilities**") granted to Serrano Holdings as the borrower.

The Banking Facilities were secured by the following:

- (i) a letter of set-off and confirmation executed by Serrano Holdings for a fixed deposit of S\$108,028.11 placed with the Lender together with any interest earned thereon which is to be capitalised;
- (ii) a letter of set-off and confirmation executed by Serrano Holdings for a time deposit of US\$203,121.82 placed with the Lender together with any interest earned thereon which is to be capitalised;
- (iii) a corporate guarantee provided by Wah Heng ("**Wah Heng Corporate Guarantee**"); and
- (iv) a joint and several personal guarantees provided by the Directors of the Company, Mr Chia Wing Keong and Mr Chia Wing Hock ("**Joint Personal Guarantees**").

Pursuant to the relevant clauses of the agreement for the Banking Facilities dated 4 November 2015 ("**Facility Agreement**"):

- (i) the Lender shall release the Wah Heng Corporate Guarantee with the full settlement of a certain term loan under the Facility Agreement (the "**Term Loan**"), subject to the conditions of the guarantee therein; and
- (ii) the Lender shall release the Joint Personal Guarantees upon completion of all necessary legal documentation pertaining to a personal guarantee provided by Mr Chia Wing Keong (the "**New Personal Guarantee**"), subject to the conditions of the guarantee therein.

As at the date of this announcement, the Term Loan has been fully settled and the legal documentation in relation to the New Personal Guarantee has been completed.

Accordingly, the Parties and the New Parties (as defined below) believe that Wah Heng and Mr Chia Wing Hock would cease to be guarantors for the Banking Facilities and will be seeking clarification with the Lender if the Banking Facilities ought to be secured by the following instead:

- (a) a letter of set-off and confirmation executed by Serrano Holdings for a fixed deposit of S\$108,028.11 placed with the Lender together with any interest earned thereon which is to be capitalised;
- (b) a letter of set-off and confirmation executed by Serrano Holdings for a time deposit of US\$203,121.82 placed with the Lender together with any interest earned thereon which is to be capitalised;

- (c) a corporate guarantee provided by the Company; and
- (d) the New Personal Guarantee

(the “**Clarification**”).

With reference to items (a) to (d) above, the Company, Serrano Holdings and Mr Chia Wing Keong shall herein be referred to as the “**New Parties**”.

Notwithstanding the Letters of Demand, the Parties and the New Parties are in discussions with the Lender in relation to the Clarification and the Banking Facilities. Notice is given in the Letters of Demand that, unless the Amounts Due are paid to the Lender within 14 days from 7 April 2016, the Lender shall recall the Banking Facilities and commence legal proceedings against the Parties without further notice in relation hereto. Shareholders may wish to note that, subject to the Clarification, the said legal proceedings may be commenced against the New Parties instead.

The Company is also seeking professional advice on the matter 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
12 April 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.

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