



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

ADDITIONAL INVESTMENT IN AN ASSOCIATED COMPANY, SPL HOLDINGS (AUSTRALIA) PTY LTD

1. INTRODUCTION

The board of directors (“**Board**”) of Serial System Ltd and its subsidiaries (“**Group**”) wishes to announce that the Group’s wholly owned subsidiary, SCE Enterprise Pte Ltd, has increased its investment in associated company, SPL Holdings (Australia) Pty Ltd (“**SPL Holdings**”), a company principally engaged in providing laundry services in the hospitality industry in Australia, from 20.00% to 27.34% pursuant to a rights issue undertaken by SPL Holdings on 21 March 2016 to finance SPL Holdings’ expansion and acquisition.

2. CONSIDERATION

The Group has subscribed fully its entitlement of 1,665,684 shares and an additional 3,559,446 shares of SPL Holdings (“**SPL Subscription**”) not taken up by other existing shareholders at the subscription price of AUD1.26 (US\$0.96) per share totalling about AUD\$6.6 million (US\$5.0 million) (“**Consideration**”).

The subscription price per share was arrived at taking into consideration the earnings before interest, taxes, depreciation and amortisation of SPL Holdings (actual earnings for six months ended 31 December 2015 prorated to one year) of AUD 7.9 million (approximately US\$6.0 million). As at 31 December 2015, the attributable net assets and net tangible assets based on the unaudited management accounts of SPL Holdings amounted to AUD\$2.2 million (US\$1.6 million) and AUD\$1.6 million (US\$1.1 million) respectively.

The cash consideration was funded by bank borrowings and/or internal funds.

3. RATIONALE

The Directors of the Company believe that the SPL Subscription will provide additional income streams for the Group which may include, *inter alia*, possible recurring dividend income, with a view to enhancing shareholders’ value over the long term.

4. **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 SPL Subscription are estimated as follows:

Net tangible assets per share

Assuming that the SPL Subscription had been completed on 31 December 2015:

	Before the Subscriptions	After the Subscriptions
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 SPL Subscription had been completed on 1 January 2015:

	Before the Subscriptions	After the Subscriptions
Earnings attributable to shareholders (US\$'000)	11,035	11,153
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	1.24

5. DISCLOSEABLE TRANSACTION

Based on the latest announced unaudited consolidated financial statements of the Group for FY2015:

Rule 1006			
(a)	Net asset value of assets to be disposed of	Net asset value of the Group	Relative figure
	Not applicable		
(b)	Net profits attributable to the assets to be acquired US\$'000	Net profits attributable to equity holders of the Group US\$'000	Relative figure %
	413	15,145	2.7
(c)	Aggregate value of the Consideration US\$'000	Market capitalisation of the Company as at 18 March 2016⁽¹⁾ US\$'000	Relative figure %
	4,996	76,792	6.5
(d)	No. of equity securities issued by the Company as consideration	No. of equity securities of the Company previously in issue	Relative figure
	Not applicable		
(e)	Aggregate amount of proved and probable reserves to be disposed of	Aggregate proved and probable reserves of the Group	Relative figure
	Not applicable		

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 the Subscription Agreement.

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

6. 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 SPL Subscription, other than through their respective shareholdings in the Company.

7. SERVICE AGREEMENTS

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

8. DOCUMENTS FOR INSPECTION

A copy of the share issue offer 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/ Group CEO

22 March 2016