



SERIAL SYSTEM LTD

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

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

Serial System Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) was placed on the Watch-List of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 3 March 2016 pursuant to Rule 1311(2) of the SGX-ST Listing Manual.

Pursuant to Rule 1313(2) of the Listing Manual, the board of directors of the Company (the “**Board**”) wishes to provide an update of the efforts made to meet the Minimum Trading Price (“**MTP**”) exit criterion as set out in Rule 1314(2) of the Listing Manual.

Update on Unaudited Financial Performance and Financial Position

The Group recorded an unaudited net profit of US\$3.8 million for the third quarter ended 30 September 2016 (“3Q2016”) versus a net profit of US\$3.3 million and net loss of US\$6.6 million for the second quarter ended 30 June 2016 (“2Q2016”) and first quarter ended 31 March 2016 (“1Q2016”) respectively.

3Q2016 net profit increased by 74% when compared to the same period last year (“3Q2015”), mainly due to higher revenue and gross profit earned and higher other operating income earned.

Please refer to the unaudited financial statements for the third quarter and nine months ended 30 September 2016 released via SGXNET on 11 November 2016 for more details on the latest update on the Group’s results and financial position.

Update on Future Direction

Overall, the Group expects to fare better in 2H2016 compared to 1H2016 as it presses ahead with efforts to further streamline the operations of its consumer products distribution subsidiaries and integrate them with its other subsidiaries in order to achieve better synergies across its global distribution network.

The Board will continue to review the options available to the Company to meet the MTP exit criterion amidst rising competition and uncertainty in the global economy. As per current SGX-ST rules, the Company has 36 months from 3 March 2016 to comply with the MTP requirement.

The Board would like to point out, however, that the SGX is considering changes to the MTP Watch-List entry criteria. SGX had proposed on 23 August 2016 that a company be placed in the Watch-List if:

- (i) its six-month volume-weighted average price is below S\$0.20; and
- (ii) its six-month average daily market capitalization is below S\$40 million.

The Board notes that while the Company’s six-month volume-weighted average price is less than S\$0.20, its average daily market capitalization is well above S\$40 million. According to the SGX, any changes relating to the MTP Watch-List criteria are expected to be implemented by June 2017.

The Board will continue to monitor the matter closely.

BY ORDER OF THE BOARD

Dr. Derek Goh Bak Heng
Executive Chairman and Group Chief Executive Officer

11 November 2016