

## SERRANO LIMITED

(Company Registration Number 201223004Z)

(Incorporated in the Republic of Singapore on 18 September 2012)

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RENOUNCEABLE PARTIALLY-UNDERWRITTEN RIGHTS ISSUE OF UP TO 150,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “RIGHTS SHARES”) AT AN ISSUE PRICE OF S\$0.07 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY HELD BY THE SHAREHOLDERS OF THE COMPANY AT A TIME AND DATE TO BE DETERMINED BY THE DIRECTORS OF THE COMPANY FOR THE PURPOSE OF DETERMINING ENTITLED SHAREHOLDERS’ ENTITLEMENTS, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “RIGHTS ISSUE”)

- UPDATE ON THE NUMBER OF UNDERWRITTEN RIGHTS SHARES
  - UPDATE ON THE NOTICE OF BOOKS CLOSURE DATE
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### 1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of Serrano Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the announcements made by the Company dated 29 June 2015, 31 July 2015, 21 August 2015 and 22 August 2015 in relation to the Rights Issue (“**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

### 2. UNDERWRITING ARRANGEMENT

- 2.1. The Company had in the announcement dated 29 June 2015 announced the appointment of SAC Capital as the Manager and Underwriter of the Rights Issue pursuant to which SAC Capital has agreed to manage the Rights Issue and to partially-underwrite up to 72,000,000 Rights Shares (“**Underwritten Rights Shares**”), comprising 48.0% of the Rights Shares subject to the terms and conditions of the Management and Underwriting Agreement to be entered into between the Company and SAC Capital (“**Appointment**”).
- 2.2. Further to the Appointment, the Company wishes to announce that there have been changes in the number of Underwritten Rights Shares to be underwritten by SAC Capital, such changes having arisen from the recent volatility in the global equity markets.
- 2.3. Following from the above, it is now agreed between the Company and SAC Capital that SAC Capital as the Manager and Underwriter of the Rights Issue shall underwrite up to 21,428,571 Rights Shares, comprising approximately 14.3% of the Rights Shares (“**New Underwritten Rights Shares**”) (“**New Arrangement**”). For the avoidance of doubt, the New Underwritten Rights Shares will exclude the Rights Shares undertaken to be subscribed by Winston Chia, Johnston Chia, Wah Heng, Sinbor and Winmark in accordance with the terms and conditions of the Shareholders’ Loan Agreements, the Wah Heng Loan Agreement and the Loan Agreements (“**Undertaking Persons**”).

### 3. USE OF PROCEEDS

- 3.1 On the assumption that:
- (a) none of the Shareholders except the Undertaking Persons were to subscribe for their undertaken Rights Shares in accordance to the Shareholders’ Loan Agreements, the Wah Heng Loan Agreement and the Loan Agreements and taking into account the New

Arrangement, up to 89,019,223 Rights Shares will be issued pursuant to the Rights Issue (the “**Minimum Subscription Scenario**”), and the Company expects to receive net proceeds from the Rights Issue of approximately S\$5.84 million (after deducting estimated expenses of approximately S\$0.39 million); and

- (b) save for Wah Heng, which will renounce 41,772,430 Rights Shares in favour of Sinbor and Winmark, and assuming it subscribes for its balance of 13,859,206 Rights Shares and that Sinbor and Winmark subscribe for 28,000,000 and 13,772,430 Rights Shares, respectively, pursuant to the Loan Agreements, and all other Shareholders subscribe for their respective *pro rata* entitlements to the Rights Shares under the Rights Issue (the “**Maximum Subscription Scenario**”), the Company expects to receive Net Proceeds of approximately S\$10.11 million (after deducting estimated expenses of approximately S\$0.39 million).

The estimated net proceeds from the Minimum Subscription Scenario and the Maximum Subscription Scenario shall be referred to as “**Net Proceeds**” as applicable.

- 3.2 The Company intends to utilise the Net Proceeds (assuming the Minimum Subscription Scenario) in the following manner:

- (a) approximately S\$1.50 million, representing 25.7% of the Net Proceeds, to fund the purchase of the New Property (as defined below), new production machinery and warehouse management system for the JTC Corporation property at 16 Sungei Kadut Way, Singapore 728793 (“**New Property**”), so as to improve the Group’s manufacturing capability and supply chain productivity;
- (b) approximately S\$1.50 million, representing 25.7% of the Net Proceeds, to fund business expansion into the Interior Fit-Out business targeting the home retail, commercial and hospitality sectors in Singapore and Southeast Asia; and
- (c) approximately S\$2.84 million, representing 48.6% of the Net Proceeds, for general working capital purposes.

- 3.3 The Company intends to utilise the Net Proceeds (assuming the Maximum Subscription Scenario) in the following manner:

- (a) approximately S\$2.00 million, representing 19.8% of the Net Proceeds, to fund the purchase of the New Property, new production machinery and warehouse management system for the New Property, so as to improve the Group’s manufacturing capability and supply chain productivity;
- (b) approximately S\$2.00 million, representing 19.8% of the Net Proceeds, to fund business expansion into the Interior Fit-Out business targeting the home retail, commercial and hospitality sectors in Singapore and Southeast Asia;
- (c) approximately S\$2.00 million, representing 19.8% of the Net Proceeds, to fund investments, acquisitions, strategic alliances and/or joint ventures; and
- (d) approximately S\$4.11 million, representing 40.6% of the Net Proceeds, for general working capital purposes.

#### **4. Resultant Shareholdings based on Minimum Subscription Scenario**

- 4.1 In view of the New Arrangement, the aggregate voting rights and respective shareholdings of the Undertaking Persons and Substantial Shareholders in the Company immediately before and after the close of the Rights Issue under the Minimum Subscription Scenario will be as follows:

|                                | Before the Rights Issue and as at the Latest Practicable Date |       |                  |      | After the close of the Rights Issue |       |                  |       |
|--------------------------------|---|-------|------------------|------|-------------------------------------|-------|------------------|-------|
|                                | Direct Interest   |       | Deemed Interest  |      | Direct Interest                     |       | Deemed Interest  |       |
|                                | Number of Shares  | %     | Number of Shares | %    | Number of Shares                    | %(5)  | Number of Shares | %(5)  |
| <b>Undertaking Shareholder</b> |   |       |                  |      |                                     |       |                  |       |
| Winston Chia <sup>(1)</sup>    | 19,479,714  | 12.99 | 173,913          | 0.12 | 33,779,714                          | 14.13 | 173,913          | 0.07  |
| Johnston Chia                  | 89,650  | 0.06  | -                | -    | 179,300                             | 0.08  | -                | -     |
| Wah Heng <sup>(2)</sup>        | 55,631,636  | 37.09 | -                | -    | 67,060,208                          | 28.06 | -                | -     |
| <b>Undertaking Lender</b>      |   |       |                  |      |                                     |       |                  |       |
| Sinbor <sup>(3)</sup>          | -   | -     | -                | -    | 28,000,000                          | 11.71 | -                | -     |
| Winmark <sup>(3)(4)</sup>      | -   | -     | -                | -    | 13,772,430                          | 5.76  | 28,000,000       | 11.71 |
| <b>Substantial Shareholder</b> |   |       |                  |      |                                     |       |                  |       |
| Lauv Uy Long                   | 17,477,775  | 11.65 | -                | -    | 17,477,775                          | 7.31  | -                | -     |
| Chen Qingliao                  | 10,730,996  | 7.15  | -                | -    | 10,730,996                          | 4.49  | -                | -     |
| <b>Underwriter</b>             |   |       |                  |      |                                     |       |                  |       |
| SAC Capital                    | -   | -     | -                | -    | 21,428,571                          | 8.97  | -                | -     |

Notes:

- (1) Winston Chia is deemed to be interested in the 173,913 Shares held by his spouse, How Choon Hong, by virtue of Section 164(15) of the Companies Act.
- (2) Chia Ah Kau and his spouse, Ng Wan, hold 36.7% and 43.4% of the issued and paid-up share capital of Wah Heng respectively, and each of them is therefore deemed to have an interest in the Shares held by Wah Heng pursuant to Section 7 of the Companies Act, Cap 50.
- (3) Winmark Investments Pte Ltd, Quek Meng Liat and Quek Wey Lon, hold 25.00%, 52.76% and 22.24% of the issued and paid-up share capital of Sinbor, respectively. Each of them is therefore deemed to have an interest in the shares held by Sinbor pursuant to Section 7 of the Companies Act, Cap 50. of Singapore.
- (4) Tan Tien Hin Winston and Lim Sioh Tin Amy each hold 50.00% of the issued and paid-up capital of Winmark Investments Pte Ltd. Each of them is therefore deemed to have an interest in the shares held by Winmark pursuant to Section 7 of the Companies Act, Cap 50. of Singapore.
- (5) The percentages are calculated based on an enlarged share capital of 239,019,223 Shares.

4.2 The aggregate voting rights and respective shareholdings of the Undertaking Persons and Substantial Shareholders in the Company immediately before and after the close of the Rights Issue under the Maximum Subscription Scenario as set out in paragraph 1.7.1 of the Company's Rights Issue announcement dated 29 June 2015, remains unchanged, as follows:

|                                | Before the Rights Issue and as at the Latest Practicable Date |       |                  |      | After the close of the Rights Issue |       |                  |      |
|--------------------------------|---|-------|------------------|------|-------------------------------------|-------|------------------|------|
|                                | Direct Interest   |       | Deemed Interest  |      | Direct Interest                     |       | Deemed Interest  |      |
|                                | Number of Shares  | %     | Number of Shares | %    | Number of Shares                    | %(5)  | Number of Shares | %(5) |
| <b>Undertaking Shareholder</b> |   |       |                  |      |                                     |       |                  |      |
| Winston Chia <sup>(1)</sup>    | 19,479,714  | 12.99 | 173,913          | 0.12 | 38,959,428                          | 12.99 | 347,826          | 0.12 |
| Johnston Chia                  | 89,650  | 0.06  | -                | -    | 179,300                             | 0.06  | -                | -    |
| Wah Heng <sup>(2)</sup>        | 55,631,636  | 37.09 | -                | -    | 69,490,842                          | 23.16 | -                | -    |
| <b>Undertaking Lender</b>      |   |       |                  |      |                                     |       |                  |      |
| Sinbor <sup>(3)</sup>          | -   | -     | -                | -    | 28,000,000                          | 9.33  | -                | -    |
| Winmark <sup>(3)(4)</sup>      | -   | -     | -                | -    | 13,772,430                          | 4.59  | 28,000,000       | 9.33 |
| <b>Substantial Shareholder</b> |   |       |                  |      |                                     |       |                  |      |
| Lauv Uy Long                   | 17,477,775  | 11.65 | -                | -    | 34,955,550                          | 11.65 | -                | -    |
| Chen Qingliao                  | 10,730,996  | 7.15  | -                | -    | 21,461,992                          | 7.15  | -                | -    |

Notes:

- (1) Winston Chia is deemed to be interested in the 173,913 Shares held by his spouse, How Choon Hong, by virtue of Section 164(15) of the Companies Act.
- (2) Chia Ah Kau and his spouse, Ng Wan, hold 36.7% and 43.4% of the issued and paid-up share capital of Wah Heng respectively, and each of them is therefore deemed to have an interest in the Shares held by Wah Heng pursuant to Section 7 of the Companies Act, Cap 50.
- (3) Winmark Investments Pte Ltd, Quek Meng Liat and Quek Wey Lon, hold 25.00%, 52.76% and 22.24% of the issued and paid-up share capital of Sinbor, respectively. Each of them is therefore deemed to have an interest in the shares held by Sinbor pursuant to Section 7 of the Companies Act, Cap 50. of Singapore.
- (4) Tan Tien Hin Winston and Lim Sioh Tin Amy each hold 50.00% of the issued and paid-up capital of Winmark Investments Pte Ltd. Each of them is therefore deemed to have an interest in the shares held by Winmark pursuant to Section 7 of the Companies Act, Cap 50. of Singapore.
- (5) The percentages are calculated based on an enlarged share capital of 239,019,223 Shares.

## 5. DIRECTORS' OPINION

Taking into consideration the New Arrangement, the Directors are of the opinion that:

- (a) there is no minimum amount which must be raised from the Rights Issue, taking into consideration the Loan Agreements, the Shareholders' Loan Agreements, the Wah Heng Loan Agreement, the New Arrangement with the Underwriter and the intended use of Net Proceeds for the Minimum Subscription Scenario as disclosed above together with the Net Proceeds for the Maximum Subscription Scenario (collectively, the "**Consolidated Net Proceeds**");
- (b) after taking into consideration the Group's internal resources, operating cash flows and present credit facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Rights Issue will allow existing Shareholders to further participate in the future growth of the Group. The Rights Issue would also strengthen the Group's financial position by enlarging its capital base and enhance its financial flexibility to capitalise on potential growth opportunities; and
- (c) after taking into consideration the Group's internal resources, operating cash flows, present credit facilities and the Consolidated Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

## 6. NOTICE OF BOOKS CLOSURE DATE

- 6.1. In consideration of the New Arrangement as stated in section 2.3 of this announcement and in compliance with Rule 704(25) of the Catalist Rules, **NOTICE IS HEREBY GIVEN THAT**, the register of members and share transfer books of the Company will be revised and will close at **5.00 p.m. on 3 September 2015, ("Books Closure Date")** for the purpose of determining the provisional allotments of Rights Shares to the Entitled Shareholders who comprise Entitled Depositors and Entitled Scripholders (both as defined below) pursuant to the Rights Issue.

### 6.2. Entitled Depositors

"**Entitled Depositors**" are Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with The Central Depository (Pte) Limited (the "**CDP**") are in Singapore (the "**Depositors**") as at 5 p.m. on the Books Closure Date or who have, at least three (3) market days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.

Entitled Depositors will be provisionally allotted Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. on the Books Closure Date.

Depositors whose registered addresses maintained with CDP are outside Singapore, must provide CDP, at 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589, with registered addresses in Singapore for the service of notices and documents no later than 5.00 p.m. on 31 August 2015, being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares.

### 6.3. Entitled Scripholders

"**Entitled Scripholders**" are Shareholders whose share certificates are not deposited with CDP and persons who have tendered to Boardroom Corporate & Advisory Services Pte. Ltd. (the "**Share Registrar**") valid transfers of their Shares and the certificates relating thereto for

registration up to 5.00 p.m. on the Books Closure Date (the “**Scripholders**”) and whose registered addresses with the Share Registrar are in Singapore as at the Books Closure Date or who have, at least three (3) market days before the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.

Entitled Scripholders will be provisionally allotted Rights Shares under the Rights Issue on the basis of the number of Shares registered in their name in the register of members as at 5.00 p.m. on the Books Closure Date.

Scripholders whose registered addresses maintained in the register of members are outside Singapore, must provide the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 with registered addresses in Singapore no later than 5.00 p.m. on 31 August 2015, being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

Duly completed and stamped transfers, in respect of Shares not registered in the name of CDP, together with all relevant documents of title received by the Share Registrar, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, prior to 5.00 p.m. on the Books Closure Date will, subject to the articles of association of the Company, be registered to determine the Entitled Scripholders’ entitlements to their provisional allotments under the Rights Issue.

#### 6.4. Foreign Shareholders

For practical reasons and in order to avoid any violation of the relevant securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to the Company, the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”). The Offer Information Statement and its accompanying documents relating to the Rights Issue will not be despatched to Foreign Shareholders.

**Accordingly, Foreign Shareholders will NOT be entitled to participate in the Rights Issue. No provisional allotment of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application for excess Rights Shares by Foreign Shareholders will be valid.**

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold “nil-paid” on the Catalist as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sale may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the relevant expenses to be incurred thereto. The net proceeds from all such sales will be dealt with in accordance with the terms set out in the Offer Information Statement to be issued by the Company in connection with the Rights Issue and lodged with the SGX-ST acting as agent on behalf of the Authority, and despatched to Entitled Shareholders in due course.

Any entitlements to the Rights Shares not taken up for any reason will be aggregated and allotted to satisfy excess applications or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit, in the interests of the Company.

Foreign Shareholders who wish to be eligible to participate in the Rights Issue may provide addresses in Singapore for the service of notices and documents, by notifying in writing, as the case may be, to:

- (i) CDP (if they have securities accounts with CDP) at 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589; or

- (ii) Serrano Limited c/o the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623,

no later than 5.00 p.m. on 31 August 2015, being three (3) market days prior to the Books Closure Date.

- 7. The Company will update all Shareholders on any further material updates accordingly.

**BY ORDER OF THE BOARD**

**Winston Chia Wing Keong**

Executive Chairman and Chief Executive Officer

26 August 2015

## About Serrano Limited

Serrano Limited (“Serrano” and, together with its subsidiaries, the “Group”) is a leading provider of interior fit-out solutions for property development and refurbishment projects in Singapore and Southeast Asia. Its portfolio spans the residential, hospitality, retail and commercial sectors, with a focus on mid to high-end private residential developments.

Some of its significant projects include prestigious developments such as The Interlace, Reflections at Keppel Bay, Ritz-Carlton Residences, ICON @ Tanjong Pagar and the Youth Olympic Village (Nanyang Technological University) in Singapore; the Star City Thanlyin township development and Traders Hotel (now known as the Sule Shangri-La Hotel) in Myanmar; The Estella in Vietnam; and The Met and The River in Thailand.

As a testament of its leading position and commitment to quality, the Group has won numerous awards and certifications. These include The Business Times and KPMG – Enterprise 50 Award in 2014, the Singapore Prestige Brand Award – Established Brand in 2013 and 2014, the Asia Pacific Brands Award Singapore’s Finest in 2014, the Singapore Furniture Industry Awards - The Furniture Manufacturer Award (Gold) in 2013, the Built Environment Industry Asia Awards – Regional Award of the Year for Outstanding Business Achievement in 2013, the ASEAN Business Awards – Most Admired ASEAN Enterprise – Growth (Large Company) in 2013, and the ISO 9001:2008 Quality Management System Certificate for wholesale and distribution of furniture and project management for residential/building furnishings from December 2013 to December 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.*

*The contact persons for the Sponsor are Mr Khong Choun Mun, Managing Director, Equity Capital Markets and Mr David Tham, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.*