

**SERRANO LIMITED**  
(Company Registration Number 201223004Z)  
(Incorporated in the Republic of Singapore)  
(the “**Company**”)

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**THE LOAN TO THE COMPANY BY WAH HENG DESIGN CORPORATION PTE LTD**

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*Capitalised terms used below which are not otherwise defined herein shall have the same meanings as ascribed to them in the announcement dated 29 June 2015 on the Rights Issue (“**Announcement**”).*

**1. INTRODUCTION**

- 1.1 The Company had in its Announcement announced that it was proposing a Rights Issue.
- 1.2 On 31 July 2015, the Company had entered into a loan agreement (the “**Wah Heng Loan Agreement**”) with Wah Heng Design Corporation Pte Ltd (“**Wah Heng**”) pursuant to which Wah Heng agreed to extend a loan of a sum of S\$800,000.04 (“**Wah Heng Loan**”) to the Company upon the terms and subject to the conditions of the Wah Heng Loan Agreement.
- 1.3 The Wah Heng Loan is extended in conjunction with the Rights Issue.
- 1.4 The Wah Heng Loan was drawn down by way of a cheque on 31 July 2015 (“**Wah Heng Drawdown Date**”).
- 1.5 **Salient terms of the Wah Heng Loan Agreement include, *inter alia*:**
  - 1.5.1 The tenure of the Wah Heng Loan shall be from the Wah Heng Drawdown Date up to the date when Wah Heng subscribes for the Rights Shares, or for a period not exceeding six (6) months from the Wah Heng Drawdown Date, or such other extended term as the Company and Wah Heng may otherwise agree in writing, subject to the terms and conditions of the Wah Heng Loan Agreement (“**Loan Term**”).
  - 1.5.2 No interest is payable on the Wah Heng Loan.
  - 1.5.3 Pursuant to the Rights Issue, Wah Heng is an Entitled Shareholder of the Company, and is entitled to 55,631,636 Rights Shares. Wah Heng has undertaken irrevocably and unconditionally to the Company to subscribe for 11,428,572 Rights Shares in connection with the Rights Issue (“**Wah Heng Undertaken Rights Shares**”). The consideration for the Wah Heng Undertaken Rights Shares shall be satisfied by offsetting the Wah Heng Loan, and the Wah Heng Loan owing by the Company to Wah Heng shall be deemed fully repaid by the Company upon the allotment and issuance of the fully paid Wah Heng Undertaken Rights Shares to Wah Heng by the Company. Wah Heng had also, on 29 June 2015, irrevocably and unconditionally undertaken to the Company to renounce 41,772,430 Rights Shares in favour of Sinbor Company (Private) Limited and Winmark Investments Pte Ltd.

The Wah Heng Undertaken Rights Shares issued to Wah Heng shall rank *pari passu* in all respects with the Shares then in issue and shall be entitled to such dividends as may be declared by the directors of the Company from time to time subject to Shareholders’ approval as necessary (the record date of which falls after the allotment and issuance of the Wah Heng Undertaken Rights Shares).

1.5.4 Wah Heng shall have the right to demand repayment of the amount of the Wah Heng Loan owing by the Company to Wah Heng in full, on the occurrence of any of the following events:

- (a) if the Rights Issue shall not have been completed by 31 December 2015 (“**Loan Longstop Date**”);
- (b) abortion of the process for application of the Rights Issue; or
- (c) expiry of the Loan Term.

The Company and Wah Heng may, in writing agree, to extend the Loan Longstop Date by a further 12 months commencing from the original Loan Longstop Date and ending on the first anniversary of the Loan Longstop Date (inclusive).

1.6 In view of the Wah Heng Undertaken Rights Shares, the aggregate voting rights and respective shareholdings of the Undertaking Shareholders 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	% <sup>(5)</sup>	Number of Shares	% <sup>(5)</sup>
<b>Undertaking Shareholder</b>								
Winston Chia <sup>(1)</sup>	19,479,714	12.99	173,913	0.12	33,779,714	12.14	173,913	0.06
Johnston Chia	89,650	0.06	-	-	179,300	0.06	-	-
Wah Heng <sup>(2)</sup>	55,631,636	37.09	-	-	67,060,208	24.11	-	-
<b>Undertaking Lender</b>								
Sinbor <sup>(3)</sup>	-	-	-	-	28,000,000	10.07	-	-
Winmark <sup>(3)(4)</sup>	-	-	-	-	13,772,430	4.95	28,000,000	10.07
<b>Substantial Shareholder</b>								
Lauv Uy Long	17,477,775	11.65	-	-	17,477,775	6.28	-	-
Chen Qingliao	10,730,996	7.15	-	-	10,730,996	3.86	-	-
<b>Underwriter</b>								
SAC Capital	-	-	-	-	60,571,428	21.78	-	-

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 if 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, holds 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 278,162,080 Shares.

Save as set out above, all the terms of the Rights Issue remain unchanged, including the underwriting arrangement, where the Underwriter will partially-underwrite up to 72,000,000 Rights Shares, and its underwriting obligations will cease in the event that by the closing date of the Rights Issue, valid acceptances and/or applications for 128,162,080 Rights Shares have been received, such arrangement being commercially agreed between the Company and the Underwriter.

1.7 Wah Heng had entered into a share pledge arrangement on 6 July 2015 in respect of its Shares in the Company with the information as follows to secure the financing for the Wah Heng Undertaken Rights Shares:

Name of Shareholder	:	Wah Heng Design Corporation Pte Ltd
Class and number of Shares pledged	:	19,000,000 ordinary shares
Percentage of the Company's issued share capital	:	12.67%
The party in whose favour the share pledge is created	:	Hong Leong Finance Limited

## 2 RATIONALE FOR THE WAH HENG LOAN EXTENDED BY WAH HENG TO THE COMPANY

The Wah Heng Loan is extended in conjunction with the Rights Issue, and will be used in accordance with the use of proceeds as set out in paragraph 1.6 of the Announcement.

## 3 INTERESTED PERSON TRANSACTION

Wah Heng is a controlling Shareholder of the Company and is therefore an “Interested Person” pursuant to Chapter 9 of the Catalist Rules. Transactions between the Group and any Interested Person(s) are known as “Interested Person Transaction(s)”. Accordingly, the Wah Heng Loan Agreement entered into between the Company and Wah Heng is an Interested Person Transaction for the purposes of Chapter 9 of the Catalist Rules.

## 4 VALUE OF THE INTERESTED PERSON TRANSACTION

As stated in paragraph 1.5.2 above, the Wah Heng Loan extended to the Company by Wah Heng under the Wah Heng Loan Agreement is interest-free. Accordingly, the Wah Heng Loan Agreement entered into between the Company and Wah Heng is a non-discloseable Interested Person Transaction pursuant to Rules 905 and 909(3) of the Catalist Rules. In addition, the Company is not, pursuant to Rule 906 of the Catalist Rules, required to obtain the approval of its Shareholders for its entry into the Wah Heng Loan Agreement with Wah Heng.

## 5 FINANCIAL EFFECTS

The Wah Heng Loan is not expected to have any material impact on the earnings per Share and net tangible assets per Share of the Company for the current financial year.

## 6 STATEMENT OF THE AUDIT COMMITTEE OF THE COMPANY

The audit committee of the Company, having considered the terms and conditions of the Wah Heng Loan, is of the view that the Wah Heng Loan is not prejudicial to the interests of the Company and its minority Shareholders.

## 7 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

7.1 Wah Heng, the controlling shareholder of the Company, holds 37.09% of the existing issued and paid-up share capital (excluding treasury shares) of the Company. The directors of Wah Heng are Chia Ah Kau, Ng Wan, Winston Chia, Johnston Chia, and Chia Wing Heng whilst its shareholders are Chia Ah Kau (36.7%), Ng Wan (43.3%), Winston Chia (10.0%), and Chia Wing Heng (10.0%).

- 7.2 Winston Chia, the Executive Chairman and Chief Executive Officer of the Company, is a director and shareholder of Wah Heng. Johnston Chia, the Executive Director of the Company, is a director of Wah Heng. Winston Chia, Johnston Chia and Chia Wing Heng are sons of Chia Ah Kau and Ng Wan.
- 7.3 As Chia Ah Kau and Ng Wan each holds not less than 20.0% of the issued share capital in Wah Heng, each of them is deemed to have an interest in the Shares held by Wah Heng pursuant to Section 7(4A) of the Companies Act, Cap 50.
- 7.4 Save as disclosed above and in this announcement, none of the Directors or substantial Shareholders has any interest, whether direct or indirect, in the Rights Issue and the Wah Heng Loan, other than through their shareholdings in the Company (if any).

## **8 DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Wah Heng Loan and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

### **BY ORDER OF THE BOARD**

**Winston Chia Wing Keong**  
Executive Chairman and Chief Executive Officer  
31 July 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.*

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