



SERIAL SYSTEM LTD
新擘科技有限公司

Proposed Investment in NEX Display Technology Co., Ltd

The Board of Directors of Serial System Ltd (the “Company” and collectively with its subsidiaries, “Group”) wishes to announce that the Company’s wholly-owned subsidiary, Serial Microelectronics Pte Ltd (“SMPL”), has entered into a Stock Purchase Agreement (“S&P Agreement”) on 21 October 2005 with a stockholder of NEX Display Technology Co., Ltd (“NEX”) (“Seller”) to acquire his 60,000 common stocks in NEX (“Sale Stocks”) representing approximately 21.43% interest in NEX (the “Acquisition”).

NEX, a company incorporated in the Republic of Korea, has an issued and paid up capital of Korean won 1,400,000,000 (equivalent to approximately S\$2,240,000) consisting of 280,000 common stocks of Korean won 5,000 (S\$8.00) each.

The principal businesses of NEX are the development, manufacturing and sales of thin film transistor LCD panel module. Some of NEX’s strategic partners include Casio, LG Philips, Samsung Electronics and Mtelevision.

NEX’s unaudited net profit before tax (“NPBT”) for the nine months ended 30 September 2005 was US\$341,000 (equivalent to approximately S\$576,000).

The aggregate purchase consideration (the “Purchase Consideration”) for the Acquisition is US\$1,800,000 (equivalent to approximately S\$3,042,000). This was arrived at on a willing-buyer and willing-seller basis.

The Purchase Consideration will be satisfied in cash as follows:

- (1) US\$900,000 (equivalent to approximately S\$1,521,000), being 50% of the Purchase Consideration to be paid on 21 October 2005 as deposit to the Seller (“Deposit”); and
- (2) The balance of US\$900,000 (equivalent to approximately S\$1,521,000) to be paid within two weeks after the Seller’s transfer of the Sale Stocks to SMPL as evidenced by the receipt of a copy of the Stockholders’ Register of NEX showing that SMPL is a stockholder holding the Sale Stocks, certified as a true and correct copy by the representative director of NEX.

The Purchase Consideration will be financed partially from internal funds and partially by way of bank loans.

As at 30 September 2005, NEX’s unaudited net tangible asset was US\$3,478,000 (equivalent to approximately S\$5,878,000).

The effect of the acquisition of NEX, which will be accounted as an associated company of the Group using the equity method of accounting, on the net tangible assets (“NTA”) as at 30 June 2005 and loss per share (“LPS”) for the six months period ended 30 June 2005 of the Company are as follows:

	Before acquisition S\$	With acquisition S\$
NTA per share as at 30 June 2005	22.49 cents	22.49 cents
Effect on LPS for the six months period ended 30 June 2005	(0.92) cents	(0.90) cents

The Directors are of the view that NEX's business is complementary to the Group's semiconductors/components distribution business. The acquisition will further strengthen the Group's position in North Asia, especially the Republic of Korea. Further, the Acquisition is expected to increase the product lines of the Group's semiconductors/components distribution business through potential business tie-up.

Based on the latest announced financial statements of the Company for the half year period ended 30 June 2005, the share of the net profit of NEX for the same period represents approximately 2.3% of the Group's net loss and the Purchase Consideration represents approximately 9.1% of the Company's market capitalization as at the close of the market day on 20 October 2005.

None of the directors or controlling shareholders of the Company has any direct or indirect interest in the Acquisition.

A copy of the S&P Agreement is available for inspection during normal business hours on Monday to Friday from 8.45 a.m. to 5.45 p.m. at the Company's registered address at 8 Ubi View #05-00, Singapore 408554, for a period of 3 months with effect from 24 October 2005.

Submitted by Derek Goh Bak Heng, Executive Chairman / Group CEO by Order of the Board on 21/10/2005 to the SGX