



SERIAL SYSTEM LTD

新暉科技有限公司

(Registration No. 199202071D)

(Incorporated in the Republic of Singapore on 22 April 1992)

(the “**Company**”)

ADJUSTMENT TO WARRANTS ISSUED TO SHAREHOLDERS OF THE COMPANY ON 7 FEBRUARY 2005 PURSUANT TO THE WARRANTS ISSUE APPROVED BY SHAREHOLDERS IN AN EXTRAORDINARY GENERAL MEETING HELD ON 24 DECEMBER 2004 AND CONSTITUTED BY THE DEED POLL DATED 13 JANUARY 2005

Where capitalized terms are used in this announcement and not otherwise defined, such capitalized terms shall bear the same meanings as ascribed to them in the Company's announcement on 26 June 2007 and 18 September 2007.

On 26 June 2007 and 18 September 2007, the Company announced the proposed renounceable non-underwritten Rights Issue of up to 234,861,784 Rights Shares at an issue price of S\$0.034 for each Rights Share, with up to 117,430,892 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) New Share in the capital of the Company at an exercise price of S\$0.09 for each New Share, on the basis of one (1) Rights Share for every two (2) existing Shares in the capital of the Company held as at a Books Closure Date to be determined, and one (1) Warrant for every two (2) Rights Shares subscribed, fractional entitlements to be disregarded (***Rights cum Warrants Issue***).

On 17 October 2007, the SGX-ST granted approval-in-principle for the Rights cum Warrants Issue.

Pursuant to Rule 830 of the SGX-ST Listing Manual and the deed poll dated 13 January 2005 (***Deed Poll***), the Company is required to make adjustments to the existing warrants (***Existing Warrants***) as a result of the Rights cum Warrants Issue.

The Company made an announcement on the potential adjustment to the Existing Warrants on 28 June 2007.

As at the date of this announcement, there are 73,626,984 Existing Warrants. Taking into account the conditions set out in the Deed Poll and pursuant to the formula set out in Condition 5 of the Deed Poll, the number of Existing Warrants will be increased from 73,626,984 warrants to 103,077,777 warrants, representing an increase of 29,450,793 warrants (***Adjusted Existing Warrants***) and the existing exercise price will be adjusted from S\$0.12 (***Existing Exercise Price***) to S\$0.09 (collectively ***Adjustment to the Existing Warrants***). The adjustments pursuant to the conditions set out in the Deed Poll, were made in consultation with the approved bank and certified by the Company's auditors.

The listing and quotation of the Adjusted Existing Warrants, subject to SGX-ST approval, and the adjustment of the Existing Exercise Price to S\$0.09 will be effective from the commencement of the Market Day (as defined in the Deed Poll) next following the date by which acceptance and payment for the Rights Shares is to be made under the terms of the Rights cum Warrants Issue.

Adjustment to the Existing Warrants

The adjustments to the Exercise Price and number of Existing Warrants were determined pursuant to condition 5(b)(iv) of the Deed Poll. Condition 5(b)(iv) states that if the Company shall make any offer or invitation to its shareholders whereunder they may acquire or subscribe for shares by way of rights, then

- 1) the exercise price of each Existing Warrant (**Exercise Price**) shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{E - F}{E} \times X$$

- 2) the number of Existing Warrants shall be adjusted in the following manner:

$$\text{Adjusted number of Existing Warrants} = \frac{E}{E - F} \times W$$

where:

E = the Last Dealt Price on the Market Day immediately preceding the date on which the offer or invitation referred to in this Condition 5(b)(iv) is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the offer or invitation;

X = existing Exercise Price;

W = existing number of Existing Warrants held; and

F = the value of rights attributable to one Share, which shall be calculated in accordance with the formula:

$$\frac{E - G}{H + 1}$$

where:

E = as in E above;

G = the subscription price of one additional Share under the offer or invitation to acquire or subscribe for Shares by way of rights;

H = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one additional Share by way of rights; and

1 = one.

Applying this formula, the value of rights attributable to one share:

$$\frac{E - G}{H + 1} = \frac{(0.238 - 0.034)}{(2+1)} = 0.068$$

Note: The Last Dealt Price being S\$0.238 which is the average of the last dealt price per Share for one or more board lots of Shares on each of the five preceding Market Days, between 18 June 2007 up to 22 June 2007, being the preceding Market Day on which the Rights cum Warrants Issue was announced.

Applying the formula for the new exercise price:

$$\frac{E - F}{E} \times X = \frac{(0.238 - 0.068)}{0.238} \times 0.12 = 0.09$$

Condition 5(d) states that any adjustment to the Exercise Price will be rounded upwards to the nearest one cent.

Applying the formula for the adjusted number of Existing Warrants and based on the outstanding Existing Warrants as at the date of this announcement:

$$\frac{E}{E - F} \times W = \frac{0.238}{(0.238 - 0.068)} \times 73,626,984 = 103,077,777$$

Condition 5(e) states that any adjustment to the number of Existing Warrants held by each Warrantholder will be rounded downwards to the nearest whole warrant.

Books Closure Date for the Adjustment to the Existing Warrants

The Company wishes to announce the books closure date to determine the adjustment entitlements to the Existing Warrants of the Warrantholders which will fall on the same date as the Books Closure Date for the Rights cum Warrants Issue, that is 5.00 p.m. on 22 November 2007 (**Books Closure Date**) up to and including 23 November 2007 (both dates inclusive).

Based on the outstanding 73,626,984 Existing Warrants, up to an additional of 29,450,793 warrants will be issued. This means that existing Warrantholders will receive an additional of two (2) warrants for every five (5) Existing Warrants held as at the Books Closure Date.

However, depending on the actual outstanding Existing Warrants as at the Books Closure Date, the ratio for the adjustment will be confirmed. Accordingly, further announcement will be made by the Company.

Expected Timetable of Key Events

Warrantheolders should take note of the following important dates and times relating to the Adjustment to the Existing Warrants.

Books Closure Date	:	22 November 2007 at 5.00 p.m. up to and including 23 November 2007 (both dates inclusive)
Announcement on the finalized adjusted ratio	:	30 November 2007
Crediting of Adjusted Existing Warrants to Warrantheolders' accounts	:	11 December 2007
Listing and Quotation of the Adjusted Existing Warrants	:	12 December 2007

For and on behalf of the Board

Dr. Derek Goh Bak Heng
Executive Chairman & Group CEO
6 November 2007