



SERIAL SYSTEM LTD
新暉科技有限公司

Company Reg No.: 199202071D

DISPOSAL BY SERIAL SYSTEM LTD OF SHARES IN WINTECH MICROELECTRONICS CO., LTD

1. INTRODUCTION

The Board of Directors of Serial System Ltd (the “**Company**”) refers to the Company’s circular to shareholders dated 27 July 2006 and the announcements made on 18 August 2006, 3 April 2007, 12 April 2007 and 17 April 2007. The Board of Directors wishes to announce that the Company has on 19 April 2007, 22 May 2007, 25 May 2007 and 28 May 2007 disposed a total of 895,649 shares in Wintech Microelectronics Co., Ltd (“**Wintech**”) on the open market of the Taiwan Stock Exchange through its broker (the “**Disposals**”). The Disposals were carried out pursuant to the disposal mandate (the “**Disposal Mandate**”), which was obtained from the shareholders of the Company (the “**Shareholders**”) on 18 August 2006, for the disposal of the entire interest in Wintech held by the Company from time to time, in the twelve month period commencing from 18 August 2006.

The disposals of 895,649 shares in Wintech (the “**Disposed Shares**”) on 19 April 2007, 22 May 2007, 25 May 2007 and 28 May 2007, when aggregated with the previous disposals of 2.078 million shares in Wintech by the Company (collectively to be referred to as the “**Aggregate Disposed Shares**”), which were announced on 3 April 2007, 12 April 2007 and 17 April 2007 respectively, exceeds 20% of the relative figures computed on the bases set out in Rule 1006(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”). The Aggregate Disposed Shares is 2,973,649 shares in Wintech. Details of the computation based on the Aggregate Disposed Shares and the bases set out in Rule 1006 of the Listing Manual are stated below:

(a)	Rule 1006(a) The net asset value attributable to the Aggregate Disposed Shares compared with the net asset value of the Group of approximately S\$83,171,489 as at 31 December 2006	4.1%
(b)	Rule 1006(b) The net profits attributable to the Aggregate Disposed Shares, compared with the Group’s net loss of approximately S\$4,975,359 as at 31 December 2006	24.2%
(c)	Rule 1006(c) The aggregate value of the consideration received by the Company from the disposal of the Aggregate Disposed Shares, compared with the Company’s market capitalisation	7.6%
(d)	Rule 1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

Upon completion of the Disposals, the Company will continue to own 1.53% of the issued and paid-up share capital of Wintech.

Pursuant to the Disposal Mandate, we set out the information required under Rule 1010 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) regarding the Aggregate Disposed Shares in the following.

2. CONSIDERATION

The disposal of the Disposed Shares was conducted on arms' length basis and at the prevailing average market price of NT\$34.31 (or S\$1.544) per Disposed Share or an aggregate price of NT\$30,732,798 (or S\$1,382,976) for the Disposed Shares.

As at 31 December 2006, the Group's book value of the Disposed Shares was S\$1,018,282. The excess of the net proceeds over the book value of the Disposed Shares amounted to S\$358,575.

The Company intends to use the net proceeds derived from the Disposal to (i) fund the business operations of the Company and its subsidiaries (the "Group") and the Group's expansion plans in the People's Republic of China, Hong Kong, Taiwan and South Korea; and (ii) repay bank borrowings and fund the working capital needs of the Group. Pending the deployment of the cash proceeds for the purposes mentioned above, the cash proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate.

3. FINANCIAL EFFECT

(i) Net tangible assets ("NTA")

The effect of the disposal of the Aggregate Disposed Shares on the net tangible assets per share in the Company ("Share") for the financial year ended 31 December 2006, assuming that the disposal had been effected on 31 December 2006 are summarised below:

	Before the Disposals	After the Disposals*
NTA excluding investment in Wintech (S\$)	50,397,312	54,983,074
Investment in Wintech (S\$)	24,834,747	21,453,945
NTA (S\$)	75,232,059	76,437,019
Number of Shares as at 31 December 2006	364,658,621	364,658,621
NTA per Share (cents)	20.63	20.96

*These also include disposals made on 3 April 2007, 12 April 2007, 13, 14, 16 & 17 April 2007, which were announced via SGX announcements No.00164, No. 00211 and No. 00091 on 3 April 2007, 12 April 2007 and 17 April 2007 respectively.

(ii) Earnings per Share (“EPS”)

The effect of the disposal of the Aggregate Disposed Shares on the Company’s EPS for the financial year ended 31 December 2006, assuming that the disposal had been effected on 1 January 2006 are summarised below:

	Before the Disposal S\$	After the Disposal S\$
Consolidated loss after taxation and minority interests but before share of profit after tax of Wintech, loss on dilution of interest in Wintech and gain on disposal of shares in Wintech	(7,478,491)	(7,478,491)
Share of profit after tax of Wintech	1,985,968	-
Loss on dilution of interest in Wintech	(173,677)	-
Gain on disposal of shares in Wintech for financial year 2006	690,841	-
Gain on disposal of shares in Wintech on 3 April 2007	-	315,470
Gain on disposal of shares in Wintech on 12 April 2007	-	272,905
Gain on disposal of shares in Wintech on 13 April 2007, 14 April 2007, 16 April 2007 and 17 April 2007	-	258,010
Gain on disposal of shares in Wintech on 19 April 2007, 22 May 2007, 25 May 2007 and 28 May 2007	-	358,575
Consolidated loss after taxation and minority interests	(4,975,359)	(6,273,531)
EPS (cents)	(1.36)	(1.72)

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or Controlling Shareholder has any interests, indirect or direct, in the Disposals.

By Order of the Board

Derek Goh Bak Heng
Executive Chairman/Group CEO
SERIAL SYSTEM LTD