

**OFFER INFORMATION STATEMENT DATED 11 MAY 2009**

(Lodged with the Monetary Authority of Singapore on 11 May 2009)

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

A copy of this Offer Information Statement (as defined herein), together with a copy each of the Provisional Allotment Letter (the “PAL”), the Application Form for Rights Shares and Excess Rights Shares (the “ARE”) and the Application Form for Rights Shares (the “ARS”), have been lodged with the Monetary Authority of Singapore (the “Authority”). The Authority assumes no responsibility for the contents of this Offer Information Statement, the PAL, the ARE and the ARS. Lodgment of this Offer Information Statement with the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Rights Shares (as defined herein) being offered, or in respect of which an invitation is made, for investment.

Approval-in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing of and quotation for the Rights Shares on the Official List of the SGX-ST. The Rights Shares will be admitted to the Official List of the SGX-ST and the official listing of and quotation for the Rights Shares will commence after all Rights Shares certificates have been issued and the allotment letters from The Central Depository (Pte) Limited (“CDP”) have been despatched.

Approval-in-principle granted by the SGX-ST for the Rights Issue (as defined herein), the admission of the Rights Shares (as defined herein) to the Official List of the SGX-ST and the dealing in, listing of and quotation for the Rights Shares are in no way reflective of and are not to be taken as an indication of the merits of Serial System Ltd (the “Company”), its Subsidiaries (as defined herein), the Shares (as defined herein), the Rights Issue or the Rights Shares. The SGX-ST assumes no responsibility for the accuracy of any of the statement made, reports contained or opinions expressed in this Offer Information Statement.

**No Rights Shares shall be allotted or allocated on the basis of this Offer Information Statement later than six (6) months after the date of lodgment of this Offer Information Statement.**



**SERIAL SYSTEM LTD**  
新暉科技有限公司

**SERIAL SYSTEM LTD**

(Incorporated in the Republic of Singapore on 22 April 1992)  
(Company Registration No. 199202071D)

**RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 135,262,330 NEW ORDINARY SHARES (“RIGHTS SHARES”) IN THE CAPITAL OF SERIAL SYSTEM LTD (THE “COMPANY”) AT AN ISSUE PRICE OF S\$0.055 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING ORDINARY SHARES OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS AS AT THE BOOKS CLOSURE DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “RIGHTS ISSUE”)**

Manager for the Rights Issue

DMG & Partners  
SECURITIES



**DMG & Partners Securities Pte Ltd**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198701140E)

**IMPORTANT DATES AND TIMES**

Last date and time for splitting	: 22 May 2009 at 5.00 p.m.
Last date and time for acceptance and payment	: 27 May 2009 at 5.00 p.m. (9.30 p.m. for Electronic Applications (as defined herein) through ATMs (as defined herein) of Participating Banks (as defined herein))
Last date and time for renunciation and payment	: 27 May 2009 at 5.00 p.m.
Last date and time for excess application and payment	: 27 May 2009 at 5.00 p.m. (9.30 p.m. for Electronic Applications through ATMs of Participating Banks)

## IMPORTANT NOTICE

Capitalised terms used beneath which are not otherwise defined herein shall have the same meaning as ascribed to them under “Definitions” of this Offer Information Statement.

**For investors who hold Shares through finance companies or Depository Agents, the acceptances of their Rights Shares and (if applicable) application for excess Rights Shares must be done through their respective finance companies or Depository Agents, and in the case of investors who had bought Shares under the CPF Investment Scheme – Ordinary Account (“CPFIS Shareholders”), their respective approved CPF agent banks. Any application made directly to the CDP or through ATMs will be rejected.**

**For CPFIS Shareholders, acceptances of their Rights Shares and (if applicable) application for excess Rights Shares can only be made using, subject to applicable CPF rules and regulations, their CPF account savings (“CPF Funds”). In the case of insufficient CPF Funds or stock limit, CPFIS Shareholders could top up cash into their CPF Investment Accounts before instructing their respective approved CPF agent banks to accept the Rights Shares and (if applicable) apply for excess Rights Shares. CPF Funds cannot, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.**

**For Entitled Depositors (which exclude Entitled Scripholders, CPFIS Shareholders and investors who hold Shares through finance companies or Depository Agents), acceptances of the Rights Shares and/or (if applicable) applications for excess Rights Shares may be made through CDP or by way of an Electronic Application at any ATM of a Participating Bank.**

**For Entitled Scripholders, acceptances of the Rights Shares and (if applicable) applications for excess Rights Shares may be made through the Share Registrar, B.A.C.S. Private Limited.**

The existing Shares are quoted on the Official List of the Main Board of SGX-ST.

Persons wishing to subscribe for the Rights Shares offered by this Offer Information Statement should, before deciding whether to so subscribe, carefully read this Offer Information Statement in its entirety in order to make an informed assessment of the assets and liabilities, profits and losses, financial position and performance and prospects of the Company and the Group and the rights and liabilities attaching to the Rights Shares. They should also make their own independent enquiries and investigations of any bases and assumptions, upon which financial projections, if any, are based and carefully consider this Offer Information Statement in the light of their personal circumstances (including financial and taxation affairs). It is recommended that such persons seek professional advice from their accountant, stockbroker, bank manager, lawyer or other professional advisers before deciding whether to acquire the Rights, the Rights Shares or invest in the Company.

No person has been authorised to give any information or to make any representations other than those contained in this Offer Information Statement in connection with the Rights Issue or the issue of the Rights Shares and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or the Manager. Save as expressly stated in this Offer Information Statement, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Company or the Group. Neither the delivery of this Offer Information Statement nor the issue of the Rights Shares shall, under any circumstances, constitute a continuing representation, or give rise to any implication, that there has been no material change in the affairs of the Company or the Group or any of the information contained herein since the date hereof. Where such changes occur after the date hereof and are material, or are required to be disclosed by law or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority. All Entitled Shareholders of the Company (and their renounees and purchasers of the provisional allotments of Rights Shares) should take note of any such announcement and, upon the release of such announcement or lodgment of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes.

Neither the Company nor the Manager is making any representation to any person regarding the legality of an investment in the Rights, the Rights Shares and/or the Shares by such person under any investment or any other laws or regulations. No information in this Offer Information Statement should be considered to be business, legal or tax advice. Each prospective investor should consult his own professional or other advisors for business, legal or tax advice regarding an investment in the Rights Issue, the Rights Shares and/or the Shares.

The Manager makes no representation, warranty or recommendation whatsoever as to the merits of the Rights Issue, the Rights, the Rights Shares, the Shares, the Company, the Group or any other matter related thereto or in connection therewith. Nothing in this Offer Information Statement or the accompanying documents shall be construed as a recommendation to accept or subscribe the Rights Shares. Prospective subscribers of the Rights Shares should rely on their own investigation of the financial condition and affairs, appraisal and determination of the merits of investing in the Company and the Group and shall be deemed to have done so.

This Offer Information Statement and the accompanying documents have been prepared solely for the purpose of the acceptance and subscription of the Rights Shares under the Rights Issue, and may not be relied upon by any persons other than Entitled Shareholders (and their renounees and purchasers of the provisional allotments of Rights Shares) to whom these documents are despatched by the Company or for any other purpose.

This Offer Information Statement, including the PAL, the ARE and the ARS, may not be used for the purpose of, and do not constitute, an offer, invitation or solicitation by or on behalf of the Company to subscribe for any Rights Shares and/or may not be used for the purpose of, and do not constitute, an offer, invitation to or solicitation to anyone in any jurisdiction or under any circumstances in which such offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation.

**The distribution of this Offer Information Statement and/or its accompanying documents may be prohibited or restricted by law (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions. Entitled Shareholders or any other person having possession of this Offer Information Statement and/or its accompanying documents are advised by the Company to inform themselves of and observe such prohibitions and restrictions.**

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## DEFINITIONS

For the purposes of this Offer Information Statement, the PAL, the ARE and the ARS, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

<i>“ARE”</i>	:	Application and acceptance form for Rights Shares and excess Rights Shares issued to Entitled Depositors in respect of the provisional allotments of Rights Shares of such Entitled Depositors under the Rights Issue
<i>“ARS”</i>	:	Application and acceptance form for Rights Shares issued to purchasers of the provisional allotments of Rights Shares under the Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system
<i>“Associated Companies”</i>	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
<i>“ATM”</i>	:	Automated teller machine of a Participating Bank
<i>“Books Closure Date”</i>	:	5.00 p.m. on 8 May 2009, being the time and date at and on which the Register of Members and Share Transfer Books of the Company will be closed for the purpose of determining the provisional allotments of Rights Shares of Entitled Shareholders under the Rights Issue
<i>“Bull Will”</i>	:	Bull Will Co., Ltd, a company listed on the Over-The-Counter Securities Exchange in Taiwan
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Closing Date”</i>	:	5.00 p.m. on 27 May 2009, or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of the Rights Shares under the Rights Issue through CDP or the Share Registrar; or 9.30 p.m. on 27 May 2009, or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company, being the last time and date for acceptance and/or excess application and payment of the Rights Shares under the Rights Issue through an ATM of a Participating Bank
<i>“Code”</i>	:	The Singapore Code on Take-overs and Mergers, as amended, modified and supplemented from time to time
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
<i>“Company”</i>	:	Serial System Ltd
<i>“CPF”</i>	:	Central Provident Fund
<i>“Director”</i>	:	A director of the Company as at the date of this Offer Information Statement
<i>“Dr Derek Goh”</i>	:	Dr Derek Goh Bak Heng

<i>“Electronic Application”</i>	:	Acceptance of the Rights Shares and (if applicable) application for excess Rights Shares made through an ATM of one of the Participating Banks in accordance with the terms and conditions of this Offer Information Statement
<i>“Entitled Depositors”</i>	:	Shareholders with Shares entered against their own names in the Depository Register maintained by CDP as at the Books Closure Date and whose registered addresses with CDP were in Singapore as at the Books Closure Date or who had, at least five (5) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
<i>“Entitled Scripholders”</i>	:	Shareholders whose Shares were registered in their own names and whose registered addresses with the Company were in Singapore as at the Books Closure Date or who had, at least five (5) Market Days prior to the Books Closure Date, provided the Company with addresses in Singapore for the service of notices and documents
<i>“Entitled Shareholders”</i>	:	Entitled Depositors and Entitled Scripholders
<i>“EPS”</i>	:	Earnings per Share
<i>“Exercisable Share Options”</i>	:	The outstanding Share Options that are exercisable pursuant to the SSL Executives Share Option Scheme
<i>“Exercisable Warrants W090206”</i>	:	The outstanding Warrants W090206 that are exercisable pursuant to the Warrants W090206 Issue
<i>“Exercisable Warrants W101220”</i>	:	The outstanding Warrants W101220 that are exercisable pursuant to the Warrants W101220 Issue
<i>“Foreign Purchasers”</i>	:	Persons purchasing the provisional allotment of Rights Shares through the book-entry (scripless) settlement system and whose registered addresses with CDP are outside Singapore
<i>“Foreign Shareholders”</i>	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date, and who have not, at least five (5) Market Days prior to the Books Closure Date, provided to CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents
<i>“FY”</i>	:	Financial year ended 31 December
<i>“Group”</i>	:	The Company and its Subsidiaries
<i>“Hu &amp; Power”</i>	:	Hu and Power Tech Co., Ltd
<i>“Irrevocable Undertaking”</i>	:	The irrevocable undertaking given by Dr Derek Goh dated 30 December 2008 to, <i>inter alia</i> , subscribe and pay for and/or procure the subscription and payment for all his entitlement to the Rights Shares under the Rights Issue, comprising of 43,132,785 Rights Shares
<i>“Issue Price”</i>	:	S\$0.055 per Rights Share

<i>“Korea”</i>	:	Republic of Korea
<i>“Latest Practicable Date”</i>	:	4 May 2009, being the latest practicable date preceding the date of lodgment of this Offer Information Statement
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
<i>“LPS”</i>	:	Loss per Share
<i>“Manager” or “DMG”</i>	:	DMG & Partners Securities Pte Ltd
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“MAS” or the “Authority”</i>	:	Monetary Authority of Singapore
<i>“Maximum Base Scenario”</i>	:	The issued share capital of the Company comprising 676,311,653 Shares, assuming (i) all the 8,261,400 Exercisable Share Options are exercised before the Books Closure Date, (ii) Dr Derek Goh does not exercise his 35,943,987 Exercisable Warrants W101220 before the Books Closure Date, and (iii) the remaining Exercisable Warrants W101220 are exercised before the Books Closure Date
<i>“Minimum Base Scenario”</i>	:	The issued share capital of the Company comprising 603,427,403 Shares, assuming none of the Exercisable Warrants W101220 and Exercisable Share Options are exercised before the Books Closure Date
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Information Statement”</i>	:	This document together with (where the context requires) the ARE, the ARS, the PAL and all other accompanying documents (where applicable), including any supplementary or replacement document which may be issued by the Company and lodged with the Authority in connection with the Rights Issue
<i>“Participating Banks”</i>	:	DBS Bank Ltd (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited
<i>“PRC”</i>	:	The People’s Republic of China, for geographical reference only, and does not include the Special Administrative Regions of Hong Kong and Macau
<i>“Provisional Allotment Letter” or “PAL”</i>	:	Provisional allotment letter setting out the provisional allotments of the Rights Shares of the Entitled Scripholders under the Rights Issue
<i>“Record Date”</i>	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the Securities Accounts of Shareholders must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions

<i>“Rights Issue”</i>	:	The renounceable non-underwritten rights issue by the Company of up to 135,262,330 Rights Shares at the Issue Price on the basis of one (1) Rights Share for every five (5) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded
<i>“Rights Shares”</i>	:	Up to 135,262,330 new Shares to be allotted and issued by the Company pursuant to the Rights Issue
<i>“SCE”</i>	:	SCE Enterprise Pte Ltd
<i>“Securities Account”</i>	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“Securities and Futures Act” or “SFA”</i>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	:	Registered holders of Shares in the Register of Members of the Company, except that where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
<i>“Share Options”</i>	:	Share options granted under the SSL Executives Share Option Scheme
<i>“Share Registrar”</i>	:	B.A.C.S. Private Limited
<i>“Shares”</i>	:	Ordinary shares in the share capital of the Company
<i>“SMHK”</i>	:	Serial Microelectronics (HK) Limited
<i>“SMPL”</i>	:	Serial Microelectronics Pte Ltd
<i>“SMTW”</i>	:	Serial Microelectronics Inc.
<i>“SSL Executives Share Option Scheme”</i>	:	Serial System Executives Share Option Scheme which was approved and adopted by the then Shareholders at an extraordinary general meeting held on 30 January 2004
<i>“Subsidiary”</i>	:	Has the meaning ascribed to it in the Companies Act
<i>“Substantial Shareholders”</i>	:	A Shareholder who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
<i>“Taiwan”</i>	:	Taiwan, Republic of China
<i>“TBT”</i>	:	Tong Baek Trading Co., Ltd
<i>“Unitron”</i>	:	Unitron Tech Co., Limited
<i>“Warrants W090206”</i>	:	Warrants which were issued pursuant to the Warrant W090206 Issue

“Warrants W101220”	:	Warrants which were issued pursuant to the Warrant W101220 Issue
“Warrants W090206 Issue”	:	Warrants issue which was approved and adopted by the then Shareholders at an extraordinary general meeting held on 24 December 2004
“Warrants W101220 Issue”	:	Warrants issue which was approved and adopted by the then Shareholders at an extraordinary general meeting held on 16 November 2007
“Wintech”	:	Wintech Microelectronics Co., Ltd., a company listed on the Taiwan Stock Exchange
“HK\$”	:	Hong Kong dollars
“NT\$”	:	New Taiwan dollars
“RMB”	:	PRC Renminbi
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“US\$”	:	United States dollars
“Won”	:	Korean Won
“%” or “per cent.”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Information Statement, the PAL, the ARE or the ARS to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Manual or the Code, or any modification thereof and used in this Offer Information Statement, the PAL, the ARE or the ARS shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or the Code, or such modification thereof, as the case may be.

Any reference to a time of day in this Offer Information Statement, the PAL, the ARE or the ARS shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Offer Information Statement between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Offer Information Statement may not be an arithmetic aggregation of the figures that precede them.

Any reference in this Offer Information Statement to shares being allotted to a person includes allotment to CDP for the account of that person.

References in this Offer Information Statement to “**we**”, “**our**” and “**us**” refer to the Group.

## ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

### Entitled Shareholders

Entitled Shareholders are entitled to participate in the Rights Issue and to receive this Offer Information Statement together with the ARE or the PAL, as the case may be, at their respective Singapore addresses. Entitled Depositors who do not receive this Offer Information Statement and the AREs may obtain them from CDP, the Share Registrar or any stockbroking firm for the period up to the Closing Date. Entitled Scripholders who do not receive this Offer Information Statement and the PALs may obtain them from the Share Registrar for the period up to the Closing Date.

Entitled Shareholders have been provisionally allotted Rights Shares under the Rights Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at liberty to accept, decline or otherwise renounce or trade on the SGX-ST during the rights trading period prescribed by the SGX-ST their provisional allotments of Rights Shares and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

**All dealings in and transactions of the provisional allotments of Rights Shares through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs which are issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.**

### Foreign Shareholders

This Offer Information Statement has not been and will not be registered or lodged in any jurisdiction other than Singapore. The distribution of this Offer Information Statement may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Rights Issue is only made in Singapore and this Offer Information Statement has not been and will not be despatched to Foreign Shareholders or to any jurisdiction outside Singapore.

**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 therefor by Foreign Shareholders will be valid.**

This Offer Information Statement will also not be despatched to persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Foreign Purchasers who wish to accept any provisional allotments of Rights Shares credited by CDP to their Securities Accounts with CDP should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

The Company further reserves the right to reject any acceptances of Rights Shares and/or applications for excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. The Company reserves the right to treat as invalid any ARE, ARS or PAL which (i) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (ii) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore, or (iii) purports to exclude any deemed representation or warranty.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales 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 in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them at their own risk by ordinary post, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit for the sole benefit of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager or CDP in connection therewith.

Where such provisional allotments of Rights Shares are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Company, may in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager or CDP in respect of such sales or the proceeds thereof, such provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotments of Rights Shares cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be allotted and issued to satisfy excess applications or dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the sole benefit of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager or CDP in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

**Notwithstanding the above, Shareholders and any other person having possession of this Offer Information Statement are advised to inform themselves of and to observe all legal requirements applicable thereto. No person in any territory outside Singapore receiving this Offer Information Statement may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without violating any regulation or legal requirements in such territory.**

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy excess Rights Shares applications (if any) 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. In the allotment of excess Rights Shares, preference shall be given to the rounding of odd lots, and Substantial Shareholders and Directors will rank last in priority.

The procedures for, and the terms and conditions applicable to, the acceptance, renunciation and/or sale of the provisional allotments of Rights Shares and the application for excess Rights Shares, including the different modes of acceptance or application and payment, are contained in Appendices A to D of this Offer Information Statement and in the PAL, the ARE and the ARS.

## TRADING

Upon listing and quotation on the Official List of the SGX-ST, the Rights Shares will be traded under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Rights Shares effected through the SGX-ST and/or CDP shall be made in accordance with the “Terms and Conditions for Operation of Securities Accounts with CDP” and the “Terms and Conditions for CDP to act as Depository for the Rights Shares”, as the same may be amended from time to time. Copies of the above are available from CDP.

**To facilitate scripless trading, Entitled Scripholders and their renounees who wish to accept the Rights Shares provisionally allotted to them and (if applicable) apply for excess Rights Shares and who wish to trade the Rights Shares issued to them on the SGX-ST under the book-entry (scripless) settlement system should open Securities Accounts with CDP in their own names if they do not already maintain such Securities Accounts in order that the number of Rights Shares and, if applicable, the excess Rights Shares that may be allotted to them may be credited by CDP into their Securities Accounts. Entitled Scripholders and their renounees who wish to accept the Rights Shares and/or apply for excess Rights Shares and have their Rights Shares credited into their Securities Accounts must fill in their Securities Account numbers and/or National Registration Identity Card (“NRIC”)/passport numbers or registration numbers (for corporations) in the relevant forms comprised in the PAL. Entitled Scripholders and their renounees who fail to fill in their Securities Account numbers and/or NRIC/passport numbers or registration numbers (for corporations) or who provide incorrect or invalid Securities Account numbers and/or NRIC/passport numbers or registration numbers (for corporations) or whose particulars provided in the forms comprised in the PAL differ from those particulars in their Securities Accounts currently maintained with CDP will be issued physical certificates in their own names for the Rights Shares allotted to them and if applicable, the excess Rights Shares allotted to them. Such physical certificates, if issued, will not be valid for delivery pursuant to trades done on the SGX-ST under the book entry (scripless) settlement system, although they will continue to be *prima facie* evidence of legal title.**

If an Entitled Scripholder’s address stated in the PAL is different from his address registered with CDP, he must inform CDP of his updated address promptly, failing which the notification letter on successful allotment and other correspondence will be sent to his address last registered with CDP.

A holder of physical share certificates, or an Entitled Scripholder who has not deposited his share certificates with CDP but wishes to trade on the SGX-ST, must deposit with CDP the respective certificates, together with the duly executed instruments of transfer in favour of CDP, and have his Securities Account credited with the number of Rights Shares or existing Shares, as the case may be, before he can effect the desired trade.

Shareholders should note that most counters on the SGX-ST trade in board lot sizes of 1,000 shares.

Following the Rights Issue, Shareholders who hold odd lots of the Rights Shares (i.e less than 1,000 Shares) and who wish to trade in odd lots on the SGX-ST should note that the Unit Share Market of the SGX-ST has been set up to allow trading of odd lots.

## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Information Statement, statements made in press releases and oral statements that may be made by the Company or its officers, Directors or employees acting on its behalf, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by words such as, without limitation, “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or other similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s expected financial position, operating results, business strategies, plans and prospects are forward-looking statements. These forward-looking statements, including but not limited to statements as to the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Offer Information Statement regarding matters that are not historical facts, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group’s actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Given the risks, uncertainties and other factors that may cause the Group’s actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Information Statement, undue reliance must not be placed on these statements. The Group’s actual results, performance or achievements may differ materially from those anticipated in these forward-looking statements. Neither the Company, the Manager nor any other person represents or warrants that the Group’s actual future results, performance or achievements will be as discussed in those statements.

Further, the Company and the Manager disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. However, the Company may make an announcement to the SGX-ST and if required, lodge a supplementary or replacement document with the Authority in the event, *inter alia*, that it becomes aware of a new development, event or circumstance that has arisen since the lodgment of this Offer Information Statement with the Authority that is materially adverse from the point of view of an investor or required to be disclosed by law and/or the SGX-ST. The Company is also subject to the provisions of the Listing Manual regarding corporate disclosure.

## TAKE-OVER LIMITS

The Code regulates the acquisition of ordinary shares of public companies. Unless exempted, any person acquiring an interest, either on his own or together with parties acting in concert with him, of 30% or more of the voting rights in the Company or if such persons holds, either on his own or together with parties acting in concert with him, between 30% to 50% (both inclusive) of the voting rights in the Company, and acquires additional Shares representing more than 1% in any six-month period, must extend a take-over offer for the remaining voting Shares in the Company in accordance with the provisions of the Code.

**Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Code as a result of any acquisition of Rights Shares pursuant to the Rights Issue should consult the Securities Industry Council and/or their professional advisers immediately.**

**DISCLOSURE REQUIREMENTS UNDER THE SIXTEENTH SCHEDULE OF THE  
SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND  
DEBENTURES) REGULATIONS 2005**

**PART I: IDENTITY OF DIRECTORS, ADVISERS AND AGENTS**

**Directors**

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1. Provide the names and addresses of each of the directors or equivalent persons of the relevant entity
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<b>Name of Directors</b>	<b>Address</b>
Dr Derek Goh Bak Heng	20D Queen Astrid Park Singapore 266848
Mr Ng Cher Yan	18D Balmoral Crescent Singapore 259929
Mr Ravindran s/o Ramasamy	93 Loyang View Singapore 507188
Mr Lee Teck Leng Robson	956 Dunearn Road #06-16 Gardenvista Singapore 289484

**Advisers**

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2. Provide the names and addresses of -
- (a) the issue manager to the offer, if any;
  - (b) the underwriter to the offer, if any; and
  - (c) the legal adviser for or in relation to the offer, if any.
- 

Manager to the Rights Issue	:	DMG & Partners Securities Pte Ltd 20 Raffles Place #22-01 Ocean Towers Singapore 048620
Underwriter	:	Not applicable as the Rights Issue is not underwritten
Legal Adviser	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542

**Registrars and Agents**

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3. Provide the names and addresses of the relevant entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.
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Share Registrar and Share Transfer Agent	:	B.A.C.S. Private Limited 63 Cantonment Road Singapore 089758
Receiving Bankers	:	Not applicable

## PART II: OFFER STATISTICS AND TIMETABLE

### Offer Statistics

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**1. For each method of offer, state the number of the securities being offered.**

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Method of Offer	:	Renounceable non-underwritten Rights Issue of up to 135,262,330 Rights Shares on the basis of one (1) Rights Share for every five (5) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded
Number of Rights Shares	:	Up to 135,262,330 Rights Shares

### Method and Timetable

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- 2. Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to -**
- (a) the offer procedure; and**
  - (b) where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.**
- 

Please refer to Section 3 to Section 7 below.

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- 3. State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgment of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.**
- 

Entitled Shareholders will receive this Offer Information Statement together with the ARE or the PAL, as the case may be, at their respective Singapore addresses.

Entitled Shareholders will be provisionally allotted the Rights Shares and are at liberty to accept, decline, renounce or trade their provisional allotments on the SGX-ST. The important dates and times for the Rights Issue are as follows:

Last date and time for splitting Rights : 22 May 2009 at 5.00 p.m.

Last date and time for acceptance and payment for Rights Shares <sup>(1)</sup> : 27 May 2009 at 5.00 p.m.

Last date and time for renunciation and payment for Rights Shares : 27 May 2009 at 5.00 p.m.

Last date and time for excess application and payment for excess Rights Shares<sup>(1)</sup> : 27 May 2009 at 5.00 p.m.

**Note:**

<sup>(1)</sup> The last date and time for acceptance and/or excess application and payment through an ATM of a Participating Bank is 27 May 2009 at 9.30 p.m.

The above timetable may be subject to such modifications as the Company may, in consultation with the Manager and with the approval of SGX-ST, decide, subject to any limitation under any applicable laws. As at the Latest Practicable Date, the Company does not expect the timetable to be modified.

The Company will publicly announce any changes in the Closing Date through a SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.

Please refer to Appendices A to C of this Offer Information Statement for details of the procedures for acceptance and/or application of, and payment for, the Rights Shares under the Rights Issue

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**4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.**

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The Rights Shares are payable in full upon acceptance and/or application.

The last date and time for acceptances of provisional allotments of Rights Shares, applications for excess Rights Shares and payment is 27 May 2009 at 5.00 p.m. or in the case of Electronic Applications, is 27 May 2009 at 9.30 p.m..

Please refer to Appendices A to C of this Offer Information Statement for details of the procedures for acceptances and/or application of, and payment for, the Rights Shares under the Rights Issue.

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**5. State, where applicable, the methods of and time limits for -**

- (a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and**
  - (b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.**
- 

The Rights Shares will be provisionally allotted to Entitled Shareholders on or about 8 May 2009 by crediting the provisional allotments to Entitled Depositors or through the despatch of the relevant PALs to Entitled Scripholders.

In the case of Entitled Scripholders and their renounees with valid acceptances and successful applications of excess Rights Shares and who have, *inter alia*, failed to furnish or furnished incorrect or invalid Securities Account numbers in the relevant form in the PAL, share certificates representing such number of Rights Shares will be sent by ordinary post, at their own risk, to their mailing addresses in Singapore as maintained with the Share Registrar within ten (10) Market Days after the Closing Date.

In the case of Entitled Depositors and Entitled Scripholders and their renounees (who have furnished valid Securities Account numbers in the relevant form comprised in the PAL) with valid acceptances and successful applications of excess Rights Shares, share certificate(s) representing such number of Rights Shares will be sent to CDP within ten (10) Market Days after the Closing Date and CDP will thereafter credit such number of Rights Shares to their relevant Securities Accounts. CDP will then send a notification letter to the relevant subscribers stating the number of Rights Shares credited to their Securities Accounts.

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**6. In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.**

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Not applicable.

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- 7. Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).**
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The Company will announce the results of the allotment or allocation of the Rights Shares, as soon as it is practicable after the Closing Date, through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com>.

Please refer to Appendices A to C of this Offer Information Statement for details of refunding excess amounts paid by applicants.

### **PART III: KEY INFORMATION**

#### **Use of Proceeds from Offer and Expenses Incurred**

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- 1. In the same section, provide the information set out in paragraphs 2 to 7 of this Part.**
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Please refer to Section 2 to Section 7 below.

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- 2. Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.**
- 

Assuming (i) the Minimum Base Scenario and (ii) Dr Derek Goh subscribes in full for his allocation of the Rights Shares under the Irrevocable Undertaking and (iii) none of the other Entitled Shareholders subscribe for their entitled Rights Shares and/or apply for excess Rights Shares, the estimated net proceeds from the Rights Issue is approximately S\$2.02 million after deducting the estimated expenses of S\$0.35 million incurred in connection with the Rights Issue.

Assuming (i) the Maximum Base Scenario, (ii) Dr Derek Goh subscribes in full for his allocation of the Rights Shares under the Irrevocable Undertaking and (iii) all of the other Entitled Shareholders subscribe for their entitled Rights Shares, the estimated net proceeds from the Rights Issue is approximately S\$7.09 million after deducting the estimated expenses of S\$0.35 million incurred in connection with the Rights Issue.

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- 3. Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.**
- 

The Company intends to apply the net proceeds of approximately between S\$2.02 million and S\$7.09 million (depending on the subscription level of the Rights Shares) raised from the Rights Issue to reduce the level of bank borrowings and strengthen the cash flow and working capital of the Group.

Pending the deployment of the net proceeds for the purposes mentioned above, the net proceeds may be placed as deposits with financial institutions or invested in short-term money markets or marketable securities or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit.

The Rights Issue will not be underwritten. In the reasonable opinion of the Directors, no minimum amount must be raised by the Rights Issue.

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**4. For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.**

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Based on the intended use of the proceeds from the Rights Issue as described in Section 3 of Part III above, for each dollar of the gross proceeds from the Rights Issue:

Assuming (i) the Minimum Base Scenario and (ii) Dr Derek Goh subscribes in full for his allocation of the Rights Shares under the Irrevocable Undertaking and (iii) none of the other Entitled Shareholders subscribe for their entitled Rights Shares and/or apply for excess Rights Shares, for each dollar of the gross proceeds raised from the Rights Issue of S\$2.37 million:

- (a) approximately S\$2.02 million, representing 85.23% of gross proceeds raised, will be allocated for the intended use described in Section 3 of Part III above; and
- (b) approximately S\$0.35 million, representing 14.77% of gross proceeds raised, will be used to pay for expenses incurred in connection with the Rights Issue.

Assuming (i) the Maximum Base Scenario, (ii) Dr Derek Goh subscribes in full for his allocation of the Rights Shares under the Irrevocable Undertaking and (iii) all of the other Entitled Shareholders subscribe for their entitled Rights Shares, for each dollar of the gross proceeds raised from the Rights Issue of S\$7.44 million:

- (a) approximately S\$7.09 million, representing 95.30% of gross proceeds raised, will be allocated for the intended use described in Section 3 of Part III above; and
- (b) approximately S\$0.35 million, representing 4.70% of gross proceeds raised, will be used to pay for expenses incurred in connection with the Rights Issue.

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**5. If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.**

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Not applicable as the net proceeds from the Rights Issue will not be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business.

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**6. If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.**

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Not applicable as the net proceeds from the Rights Issue will not be used to finance or refinance the acquisition of another business.

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**7. If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.**

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The Company intends to utilise part of the proceeds from the Rights Issue to reduce the level of bank borrowings.

As at 31 December 2008, the total borrowings outstanding for the Group amounted to approximately S\$30.4 million as follows:-

	<u>Secured</u> S\$'000	<u>Unsecured</u> S\$'000
Borrowings due within one year	663	27,705
Borrowings due after one year	2,004	–
Total borrowings	<u>2,667</u>	<u>27,705</u>

Borrowings amounting to S\$2.1 million were incurred in FY2008. The proceeds from such borrowings were used to part finance the acquisition of an investment property in Taiwan.

- 8. In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.**

Not applicable as there are no underwriters, placement or selling agents appointed for the Rights Issue.

#### **Information on the Relevant Entity**

- 9a. the address and telephone and facsimile numbers of the relevant entity's registered office and principal place of business (if different from those of its registered office);**

Registered office and principal place of business	: 8 Ubi View, #05-01 Serial System Building, Singapore 408554
Telephone number	: (65) 6510 2408
Facsimile number	: (65) 6510 2407

- 9b. the nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group;**

#### **Principal Business Activities**

Serial System Ltd was incorporated on 22 April 1992 under the laws of the Republic of Singapore. On 9 April 1997, the Company was admitted to the then Official List of the SGX-ST Dealing and Automated Quotation System. On 10 July 2000, the Company was admitted to the Official List of the Main Board of the SGX-ST.

The Group is principally engaged in semiconductors and components distribution. The Group's other businesses include investment holding and trading and rental of properties. The Group operates in six main geographical areas, namely Singapore, PRC and Hong Kong, Special Administrative Region ("**Hong Kong**"), Korea, Taiwan, Malaysia and Thailand. It also has operations in Philippines, India and Vietnam.

As at the Latest Practicable Date, the Subsidiaries of the Group and their principal activities are as follows:-

<b>Name of company</b>	<b>Principal activities</b>	<b>Country of incorporation and place of business</b>	<b>Effective equity held by the Group %</b>
<u>Held by the Company</u>			
Serial Microelectronics Pte Ltd (“ <b>SMPL</b> ”)	Distribution of electronic and electrical components	Singapore	100
Serial Investment Pte Ltd	Investment holding and trading and rental of properties	Singapore	100
SCE Enterprise Pte Ltd (“ <b>SCE</b> ”)	Investment holding and trading	Singapore	100
Serial Investment (Taiwan) Inc.	Investment holding and rental of properties	Taiwan	100
Serial System Sdn. Bhd.	Dormant	Malaysia	100
<u>Held by SMPL</u>			
Serial Microelectronics (HK) Limited (“ <b>SMHK</b> ”)	Distribution of electronic and electrical components	Hong Kong	91.0
T&S Technology Limited	Dormant	Hong Kong	95.5
Tong Baek Trading Co., Ltd (“ <b>TBT</b> ”)	Distribution of electronic and electrical components	Korea	98.2
Unitron Tech Co., Limited (“ <b>Unitron</b> ”)	Distribution of electronic and electrical components	Korea	81.0
Serial Microelectronics Inc. (“ <b>SMTW</b> ”)	Sale of microelectronic components	Taiwan	82.5
<u>Held by TBT</u>			
Bona Technology Inc.	Research, design and development of integrated circuits and related electronic components	Korea	65.9
Hu & Power Tech Co., Ltd (“ <b>Hu &amp; Power</b> ”)	Distribution of electronic and electrical components	Korea	98.2
<u>Held by SMHK</u>			
Serial Microelectronics (Shenzhen) Co., Ltd	Sale of microelectronic components	PRC	91.0
New Trend Technology Development Limited	Dormant	Hong Kong	91.0

As at the Latest Practicable Date, the Associated Companies of the Group and their principal activities are as follows:-

<b>Name of company</b>	<b>Principal activities</b>	<b>Country of incorporation and place of business</b>	<b>Effective equity held by the Group %</b>
Bull Will Co., Ltd (“ <b>Bull Will</b> ”)	Distribution of electronic components with focus on passive components	Taiwan	33.3
Globaltronics International Pte Ltd	Trading of electronic and electrical components	Singapore	45.0

**9c. the general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since –**

- (i) the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or**
- (ii) the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;**

**General Development of the Group’s business during FY2006, FY2007, FY2008 and in the period from 1 January 2009 to the Latest Practicable Date:**

**FY2006**

In January 2006, SMPL acquired additional 3.0% interest in NEX Display Technology Co., Ltd (“**NEX**”), a company incorporated in Korea, for an aggregate consideration of US\$294,000.

In an extraordinary general meeting on 18 August 2006, shareholders of the Company approved a disposal mandate to dispose of interest in Wintech. Subsequent to the approval, the Group reduced its interest in Wintech to 10.7% as at 31 December 2006 and Wintech ceased to be an Associated Company of the Group.

In October 2006, the Group’s interest in NEX was reduced to 19.94% and NEX ceased to be an Associated Company of the Group.

In October 2006, the Company wrote off about S\$21.8 million representing accumulated losses of the Company as at 31 December 2005 against its issued and paid-up share capital. This capital reduction exercise was approved by shareholders in the extraordinary general meeting on 18 August 2006. The number of shares held by shareholders remains the same after the capital reduction exercise.

**FY2007**

In February 2007, a Subsidiary of the Company, SCE, subscribed to a convertible loan amounting to NT\$11.7 million issued by Gene Agri-Aqua Ecosystem Biotech Co., Ltd, a corporation incorporated in Taiwan.

In February 2007, SMPL acquired additional 6.0% in TBT for an aggregate consideration of US\$450,000. After the acquisition, SMPL holds 95.5% interest in TBT.

In March 2007, the Group subscribed to 15 million new placement shares at NT\$5.18 per placement share representing about 36.2% interest in Bull Will at an aggregate consideration of NT\$77.7 million.

In May 2007, SMPL entered into a stock purchase agreement to dispose in tranches, a total of 35.0% interests in Unitron by end of FY2007 to Sun Namkoong, President of Unitron, at an aggregate consideration of US\$764,000.

In May 2007, TBT acquired a 70.0% interest in Hu & Power, a company incorporated in Korea, at an aggregate consideration of US\$770,000.

In June 2007, the Group disposed of completely the shares in Wintech. After this disposal, the Group no longer owns any interest in Wintech.

In September 2007, the Group acquired 11.0%, 7.5% and 2.7% interests of SMHK, SMTW and TBT respectively, as part of the corporate shareholding reorganisation of the Group's semiconductors/components distribution business. The aggregate consideration for SMHK, SMTW, and TBT of S\$2,926,000, S\$718,200 and S\$689,472 respectively was satisfied by the issuance of a total of 15,477,400 new Shares to the minority shareholders at the issue price of S\$0.28 per Share. After the acquisitions, SMPL holds 91.0%, 82.5% and 98.2% interests in SMHK, SMTW and TBT respectively.

In October 2007, SCE invested S\$45,000 for a 45.0% interest in Globaltronics International Pte Ltd, a company incorporated in Singapore.

On 16 November 2007, the renounceable non-underwritten rights cum Warrants W101220 Issue was approved by Shareholders at an extraordinary general meeting that was convened. Pursuant to the renounceable non-underwritten rights cum Warrants W101220 Issue and in accordance with the deed poll dated 13 January 2005 in relation to the Warrants W090206, the Company is required to make adjustments to the exercise price and number of the Warrants W090206. Taking into account the conditions set out in the deed poll dated 13 January 2005, the number of Warrants W090206 was adjusted from 73,686,132 Warrants W090206 to 103,160,584 Warrants W090206 and the exercise price was adjusted from S\$0.12 to S\$0.09 effective from 12 December 2007.

## **FY2008**

In February 2008, the Group's interest in Bull Will was diluted to 33.3% pursuant to the conversion of convertible bonds to shares by bondholders of Bull Will.

On 31 March 2008, TBT acquired additional interests of 30.0% in Hu & Power for a cash consideration of US\$370,000. Hu & Power became a 98.2% Subsidiary of the Group after this acquisition.

On 26 May 2008, SMHK incorporated a wholly-owned Subsidiary, New Trend Technology Development Limited ("**New Trend**") in Hong Kong. The issued and initial paid-up capital of New Trend was HK\$10,000.

In May 2008, SMPL disposed 4.0% of the equity interest in Unitron for a cash consideration of US\$87,314. After the disposal, SMPL held 81.0% of the equity interest in Unitron.

On 30 May 2008, the Company incorporated a wholly-owned Subsidiary, Serial Investment (Taiwan) Inc. ("**SITW**"), in Taiwan. The issued and initial paid-up capital of SITW was NT\$2,000,000. SITW acquired an investment property in Taiwan for S\$3.0 million. This investment property was rented to Bull Will.

In FY2008, SMPL acquired the business of distributing the electronics products of Littelfuse Inc. in the Philippines for a total consideration of about S\$0.4 million. The total consideration included customers' assignments, business backlogs and purchase of inventories.

On 31 December 2008, the Company announced the proposed Rights Issue.

## **In the period from 1 January 2009 to the Latest Practicable Date**

On 30 January 2009, the Company repaid in full on the due date, a transferable loan facility amounting to S\$9,911,333 (the "**Transferable Loan Facility**") by way of a refinancing of a three-year term loan taken with a bank. The term loan is secured by the following securities:

- (i) a first legal mortgage of the following properties of a wholly owned Subsidiary (“**Mortgaged Properties**”)
  - a. the leasehold land and building at 8 Ubi View, Serial System Building, Singapore 408554; and
  - b. three freehold factory units at 76 Playfair Road, LHK2 Building, Singapore 367996.
- (ii) an assignment of all rights, title interest and benefits in tenancy agreements, relating to the Mortgaged Properties;
- (iii) an assignment of all rights and benefits under the insurance policies taken in relation to the Mortgaged Properties; and
- (iv) joint and several guarantees of certain Subsidiaries of the Group.

On 6 February 2009, the unexercised 85,523,745 Warrants W090206 lapsed on the expiry date of the Warrants W090206.

On 22 April 2009, the Rights Issue was approved by Shareholders at an extraordinary general meeting.

Save as disclosed in this Offer Information Statement and in public announcements released by the Company, there has been no material change to the affairs of the Group since the last audited accounts of the Group for FY2008 up to the Latest Practicable Date.

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**9d. the equity capital and the loan capital of the relevant entity as at the latest practicable date, showing –**

- (i) in the case of the equity capital, the issued capital; or
  - (ii) in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;
- 

As at the Latest Practicable Date, the share and loan capital of the Company comprise:

Issued and Paid-Up Share Capital : S\$81,480,004 comprising 603,427,403 Shares

Loan Capital : Nil

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**9e. where –**

- (i) the relevant entity is a corporation, the number of shares of the relevant entity owned by each substantial shareholder as at the latest practicable date; or
  - (ii) the relevant entity is not a corporation, the amount of equity interests in the relevant entity owned by each substantial interest-holder as at the latest practicable date;
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Based on information in the Register of Substantial Shareholders maintained by the Company pursuant to Section 88 of the Companies Act as at the Latest Practicable Date, the Substantial Shareholders and the number of Shares in which they have an interest are as follows:

	Direct Interest <sup>(3)</sup>		Deemed Interest		Total Interest
	Number of Shares	(%) <sup>(1)</sup>	Number of Shares	(%) <sup>(1)</sup>	(%) <sup>(1)</sup>
Dr Derek Goh	215,663,926	35.74	–	–	35.74
Goi Seng Hui <sup>(2)</sup>	63,377,038	10.50	20,719,800	3.43	13.93

**Note:**

<sup>(1)</sup> Based on the total issue and paid-up share capital of the Company comprising 603,427,403 Shares at the Latest Practicable Date.

<sup>(2)</sup> Goi Seng Hui is deemed to have an interest in the 20,719,800 Shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of Section 7 of the Companies Act.

<sup>(3)</sup> Includes Shares held under nominee accounts.

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**9f. any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgment of the offer information statement, a material effect on the financial position or profitability of the relevant entity or, where the relevant entity is a holding company or holding entity of a group, of the group;**

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Save as disclosed below, the Group is not involved in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the last 12 months immediately preceding the date of lodgment of this Offer Information Statement, a material effect on the Group's financial position or profitability:

A writ of summons was issued by Bull Will against a customer in Hong Kong ("**Defendant**") for a default in payment for goods sold to the customer for an amount of S\$2,707,646 (US\$1,832,586) and interest on 12 April 2007. Bullwill has made allowance for impairment amounting to about S\$2,662,719 (US\$1,802,179) as at 31 December 2008. The Defendant counterclaimed against Bullwill, alleging amongst other things, defective goods and delay in the delivery of the goods and had sought damages in the sum of S\$14,775,000 (US\$10,000,000) and other expenses, being in the form of an indemnity for a legal suit commenced against the Defendant in the United States of America by the Defendant's customer for the products sold by the Defendant to that customer. As at the Latest Practicable Date, the parties concerned are in the mist of preparing for trial.

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**9g. where any securities or equity interests of the relevant entity have been issued within the 12 months immediately preceding the latest practicable date –**

- (i) **if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or**
- (ii) **if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests; and**

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On 24 June 2008, the Company issued 2,000 Shares pursuant to the exercise of 2,000 Warrants W101220 at an exercise price of S\$0.09 per Share.

On 9 and 11 February 2009, the Company issued 7,663 and 2,917 Shares respectively pursuant to the exercise of Warrants W090206 at an exercise price of S\$0.09 per Share.

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**9h. a summary of each material contract, other than a contract entered into in the ordinary course of business, to which the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgment of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the relevant entity or any other member of the group, as the case may be.**

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The dates of, parties to and general nature of all material contracts entered into by the Company, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company, for the period of two years immediately preceding the date of lodgment of this Offer Information Statement are as follows:

- (i) the management agreement dated 25 June 2007 between the Company and Omega Capital Limited for the appointment of Omega Capital Limited for the renounceable non-underwritten rights and Warrants W101220 Issue;

- (ii) the irrevocable undertaking dated 2 July 2007 given by Dr Derek Goh to the Company and Omega Capital Limited in relation to the renounceable non-underwritten rights and Warrants W101220 Issue;
- (iii) the shares purchase agreement dated 18 September 2007 made between the Company, Innowave Technology Ltd (as vendor) and Lawrence Ho Yung (shareholder of Innowave Technology Ltd), in relation to the acquisition by the Company of a 11.0% interest in SMHK for a purchase consideration of S\$2,926,000 to be satisfied by the issue of 10,450,000 new Shares in the Company at an issue price of S\$0.28 per Share;
- (iv) the shares purchase agreement dated 18 September 2007 made between the Company, Allied Competence Inc. (as vendor) and Bob Chu Cheng Hua, Jesse Cheng Chao Yu and Max Tu Chun Lun (collectively, shareholders of Allied Competence Inc.), in relation to the acquisition by the Company of a 7.5% interest in SMTW, for a purchase consideration of S\$718,200 to be satisfied by the issue of 2,565,000 new Shares in the Company at an issue price of S\$0.28 per Share;
- (v) the shares purchase agreement dated 18 September 2007 made between the Company and Kim Sang Yeol, in relation to the acquisition by the Company of a 2.7% interest in TBT, for a purchase consideration of S\$689,472 to be satisfied by the issue of 2,462,400 new Shares in the Company at an issue price of S\$0.28 per Share;
- (vi) the stock purchase agreement dated 31 March 2008 made between TBT and Hu & Power, in relation to the acquisition by TBT of the balance 30.0% interest in Hu & Power for an aggregate consideration of US\$370,000;
- (vii) the sale and purchase agreement dated 8 October 2008 made between the Company and Ultro Technologies Limited (“**Ultro Tech**”) in relation to the acquisition by the Company of certain assets and businesses of Ultro Tech for an aggregate consideration of S\$1,810,719;
- (viii) the management agreement dated 14 November 2008 between the Company and DMG & Partners Securities Pte Ltd for the appointment of the Manager in relation to the Rights Issue;
- (ix) the management agreement dated 14 November 2008 between the Company and SAC Capital Private Limited for the appointment of SAC Capital Private Limited as the independent financial adviser in relation to the whitewash resolution relating to the Rights Issue;
- (x) the Irrevocable Undertaking given by Dr Derek Goh dated 30 December 2008 to, *inter alia*, subscribe and pay for and/or procure the subscription and payment for, all his entitlement to the Rights Shares under the Rights Issue, comprising 43,132,785 Rights Shares; and
- (xi) the letter agreement dated 13 February 2009 made between the Company and Ultro Tech in relation to the sale and purchase agreement dated 8 October 2008 made between the Company and Ultro Tech referred to in paragraph (vii) above, where the assets and businesses of Ultro Tech to be purchased were amended and the purchase consideration reduced to S\$421,851.

Save for the above-mentioned material contracts, the Company and its Subsidiaries have not entered into any material contracts not being contracts entered into in the ordinary course of business, within the period of two years immediately preceding the date of lodgment of this Offer Information Statement.

**Summary of a prospective material contract intended to be entered into by the Company**

As at the date of lodgment of this Offer Information Statement, the Company is in the midst of negotiations to enter into a sale and purchase agreement relating to the acquisition of a business for the distributorship of electronic component products.

Further details of the transaction will be disclosed by the Company in accordance with the rules of the Listing Manual upon the execution of the sale and purchase agreement which is envisaged to take place after the date of lodgment of this Offer Information Statement with the Authority. The Company will make an announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.

## **PART IV: OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

### **Operating Results**

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- 1. Provide selected data from -**
    - (a) the audited income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, the audited consolidated income statement of the relevant entity or the audited combined income statement of the group, for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and**
    - (b) any interim income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any interim consolidated income statement of the relevant entity or interim combined income statement of the group, for any subsequent period for which that statement has been published.**
  - 2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:**
    - (a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;**
    - (b) earnings or loss per share; and**
    - (c) earnings or loss per share, after any adjustment to reflect the sale of new securities.**
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## SELECTED CONSOLIDATED FINANCIAL INFORMATION

1(a) The audited consolidated income statements of the Group for FY2006, FY2007 and FY2008 are set out below:

	FY2008 S\$'000	FY2007 S\$'000	FY2006 S\$'000
Sales	510,560	476,161	364,389
Cost of sales	(463,897)	(434,691)	(328,579)
<b>Gross profit</b>	46,663	41,470	35,810
Other income:			
Other operating income	5,331	13,385	8,563
Exceptional income	–	–	2,000
<b>Total other income</b>	5,331	13,385	10,563
Expenses:			
Distribution	(22,031)	(23,457)	(20,002)
Administrative	(6,185)	(5,298)	(5,086)
Finance	(2,170)	(2,606)	(3,162)
Other	(13,104)	(14,088)	(21,122)
<b>Total expenses</b>	(43,490)	(45,449)	(49,372)
	8,504	9,406	(2,999)
Share of results of Associated Companies (after income tax)	(483)	(655)	(1,109)
<b>Profit/ (loss) before income tax</b>	8,021	8,751	(4,108)
Income tax expense	(1,386)	(1,263)	(375)
<b>Profit/ (loss) after income tax</b>	6,635	7,488	(4,483)
<b>Attributable to:</b>			
Equity holders of the Company	6,028	7,288	(4,975)
Minority interests	607	200	492
	6,635	7,488	(4,483)
2(a) Dividends per Share	FY2008 S\$	FY2007 S\$	FY2006 S\$
One-tier tax exempt interim cash dividend of 0.33 cent	1,991,273	–	–
Special interim cash dividend of 2.1 cents less income tax of 18%	–	6,838,701	–
One-tier tax exempt interim cash dividend of 1.0 cent	–	4,022,766	–
One-tier tax exempt final cash dividend of 0.2 cent	–	1,206,832	–
Final cash dividend of 1.03 cents less income tax of 18%	–	–	3,098,099
	1,991,273	12,068,299	3,098,099

The Company proposed a one-tier tax exempt final cash dividend of 0.25 cent per Share for FY2008 which was approved by Shareholders at the annual general meeting on 22 April 2009. The dividend will be paid on 22 May 2009.

2(b) The EPS/(LPS) for FY2006, FY2007 and FY2008 are as follows:-

	<b>Basic EPS/(LPS) (Cents)</b>	<b>Diluted EPS/ (LPS) (Cents)</b>
FY2008	1.00	1.00
FY2007	1.94	1.79 <sup>(1)</sup>
FY2006	(1.36)	(1.33) <sup>(2)</sup>

**Notes:**

- (1) The Diluted EPS accounted for the assumed conversion of the Warrants W090206, Warrants W101220 and the Exercisable Share Options.
- (2) The Diluted LPS accounted for the assumed conversion of the Warrants W090206.

2(c) Assuming the Rights Issue had occurred at the beginning of FY2008, the effect of the Rights Issue on the Basic EPS of the Group based on the audited consolidated income statement for FY2008 is as follows:

	<b>FY2008</b>	
	<b>Assuming Minimum Subscription Level</b>	<b>Assuming Maximum Subscription Level</b>
Basic EPS before the Rights Issue (cents)	1.00 <sup>(1)</sup>	0.89 <sup>(3)</sup>
Adjusted basic EPS after the Rights Issue (cents)	0.93 <sup>(2)</sup>	0.74 <sup>(4)</sup>

**Notes:**

- (1) The basic EPS is calculated based on the net profit after income tax attributable to Shareholders for FY2008 over the weighted average number of Shares in issue of 603,415,908 Shares.
- (2) Assuming Minimum Base Scenario, the adjusted basic EPS after the Rights issue for FY2008 is calculated based on 646,559,272 Shares which includes 10,580 Shares arising from the exercise of Warrants W090206 between 1 January 2009 to 6 February 2009.
- (3) The Basic EPS is calculated based on the net profit after income tax attributable to Shareholders for FY2008 over the weighted average number of Shares in issue of 603,415,908 and assuming that (i) all the 8,261,400 Exercisable Share Options are exercised at the beginning of FY2008 (ii) Dr Derek Goh does not exercise his 35,943,987 Exercisable Warrants W101220, and (iii) the remaining 64,622,850 Exercisable Warrants W101220 are exercised at the beginning of FY2008.
- (4) Assuming Maximum Base Scenario, adjusted the basic EPS after the Rights issue for FY2008 is calculated based on 811,573,068 Shares which includes 10,580 Shares arising from the exercise of Warrants W090206 between 1 January 2009 to 6 February 2009.

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3. In respect of –

(a) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and

(b) any subsequent period for which interim financial statements have been published,

provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.

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**FY2008 versus FY2007**

**Sales** increased by 7.0% from S\$476.1 million in FY2007 to S\$510.6 million in FY2008. The turnover increase was achieved on the backdrop of a global financial and economic crisis, which dampened demand for electronic products, especially in the fourth quarter of FY2008.

North Asia (comprising Greater China, Korea and Taiwan) posted a 5.0% growth in turnover due largely to increase in customer base, new product lines and increased product range. Turnover from North Asia accounted for about 85.0% of the Group's total sales. The Group's operations in South Asia and South East Asia registered a 19.0% increase in turnover when compared with the figure for FY2007. The higher turnover achieved was largely the result of increased sales volume in Philippines, Thailand and India.

**Cost of sales** increased by 7.0% from S\$434.7 million in FY2007 to S\$463.9 million in FY2008, which was largely in line with the increase in sales.

**Other operating income** decreased by 60.0% from S\$13.4 million in FY2007 to S\$5.3 million in FY2008. The Group made a gain of S\$7.1 million on disposal of its entire interest of about 10.7% in Wintech in FY2007. There were no similar gains on disposal of financial assets, available-for-sale recorded by the Group in FY2008. There was reduction in commission and service income from about S\$3.6 million in FY2007 to about S\$3.1 million in FY2008, mainly due to lower service income earned by a Korean Subsidiary. Fair value gain on investment properties amounted to about S\$0.1 million in FY2008 as compared to about S\$0.9 million in FY2007. Included in FY2008 "Other Operating Income" was a write-back of inventory provision of about S\$1.3 million.

**Distribution costs** decreased by 6.0% from S\$23.4 million in FY2007 to S\$22.0 million in FY2008.

**Administrative expenses** increased by 17.0% from S\$5.3 million in FY2007 to S\$6.2 million in FY2008. Staff related costs and office rental costs contributed to the increase as the Group expanded its distribution network into more major cities of the People's Republic of China.

**Finance expenses** decreased by 17.0% from S\$2.6 million in FY2007 to S\$2.2 million in FY2008 mainly due to decline in borrowings and lower costs of borrowings in FY2008 when compared with FY2007.

**Other operating expenses** decreased by about S\$0.9 million or 7.0%. The decline is mainly due to lower provision for impairment of trade receivables and inventories. Provision for impairment of trade receivables amounted to about S\$0.4 million in FY2008. There was a write-back of inventory provision (net) of about S\$1.3 million in FY2008 as compared to a provision for impairment of inventories (net) of about S\$1.7 million in FY2007. The Group incurred a currency translation loss of about S\$2.8 million in FY2008 mainly due to the depreciation of the Korean Won against the United States dollar. The Korean Won was about 936 against the United States dollar as at 1 January 2008 and ended at about 1,257 against the United States dollar as at 31 December 2008. In addition, there was a S\$1.0 million hedging loss on the Company's United States dollar long term loan exposure of its foreign Subsidiaries.

**Profit attributable to shareholders** decreased by 17.0% from S\$7.3 million in FY2007 to S\$6.0 million in FY2008. In FY2007, the Group made a gain of S\$7.1 million from the sale of its entire 10.7% interests in Wintech. In addition, the Group made a fair value gain on investment properties of about S\$0.9 million in FY2007 as compared to about S\$0.1 million in FY2008. The semiconductors/components distribution business registered a net profit of S\$6.6 million as compared to a net profit of S\$0.2 million in FY2007. The better performance by the semiconductors/components distribution business was largely the result of higher gross profit earned because of higher turnover and higher gross profit margin. Average gross profit margin increased from 8.7% in FY2007 to 9.1% in FY2008 as the Group focused more effort on the sale of higher margin products. The continued competitive environment in the markets the Group operates in coupled with worsening economic environment, however negated the impact of the gross margin increase. The low net profit of S\$0.2 million in FY2007 included an impairment loss for trade receivable amounting to about S\$3.2 million due from one of the Group's customers.

If we were to exclude provisions for trade and other receivables and currency loss, total expenses as a percentage of turnover dropped from about 9.0% in FY2007 to about 8% in FY2008, a result of the continued focus on cost efficiency.

The Group's share of losses in Associated Companies was about S\$0.5 million as compared to S\$0.7 million in FY2007. The losses were mainly contributed by the Group's 33.3% interests in Bull Will. Due largely to impairment losses from trade receivables and investments and write-down of aged inventories, this company was not profitable in FY2008. The Group's share of the loss in this Associated Company was about S\$0.4 million.

#### **FY2007 versus FY2006**

**Sales** increased by 31.0% from S\$364.4 million in FY2006 to S\$476.2 million in FY2007. North Asia (comprising Greater China, Korea and Taiwan) posted a 32.0% growth in turnover due largely to continued high demand from existing customers, increased customer base, new product lines and increased product range. North Asia now accounts for about 86.0% of the Group's sales. Sales in South Asia and South East Asia registered a 25.0% increase in turnover when compared with the figure in FY2006. The higher turnover achieved was largely the result of strong sales contribution from a new customer in Thailand.

**Cost of sales** increased by 32.3% from S\$328.6 million in FY2006 to S\$434.7 million in FY2007, which was in line with the increase in sales.

**Other operating income** increased by 56.3% from S\$8.6 million in FY2006 to S\$13.4 million in FY2007. In FY2007, the Group sold its entire 10.7% interests in Wintech and made a gain of about S\$7.1 million. This compared to a gain on sale of financial assets, available-for-sale of about S\$1.7 million in FY2006, which included a gain of about S\$0.7 million from sale of shares in Wintech. Commission and service income amounted to about S\$3.6 million in FY2007. In FY2007, gains from dilution/disposal of the Group's interests in Subsidiaries and Associated Companies amounted to about S\$0.3 million as compared to about S\$1.5 million in FY2006. In FY2007, the Group made a fair value gain on investment properties of about S\$0.9 million as compared to loss of about S\$0.02 million in FY2006.

**Exceptional income** of S\$2.0 million was recorded in FY2006. The income was the result of an out-of-court settlement amount received by the Company for a legal suit against Philips Singapore Pte Ltd and Philips Electronics Pte Ltd. No 'Exceptional Income' was received in FY2007.

**Distribution costs** increased by 17.3% from S\$20.0 million in FY2006 to S\$23.5 million in FY2007. This was mainly due to higher commission expenses resulting from higher sales. Continued growth and expansion activities in Greater China also contributed to the increase in distribution expenses.

**Administrative expenses** increased by 4.2% from S\$5.1 million in FY2006 to S\$5.3 million in FY2007. The increase was mainly due to higher advertising expenses and professional fees incurred.

**Finance expenses** decreased by 18.0% from S\$3.2 million in FY2006 to S\$2.6 million in FY2007. This was mainly due to decline in average borrowings in FY2007 when compared with FY2006.

**Other operating expenses** decreased by 33.2% from S\$21.1 million in FY2006 to S\$14.1 million in FY2007. In FY2007, the Group made an impairment loss provision for trade and other receivables amounting to S\$4.1 million as compared to an impairment loss of S\$8.6 million for trade receivable due from a customer and an S\$1.4 million impairment loss provision for a financial asset, available-for-sale in FY2006. Together with lower currency translation loss and depreciation and amortisation costs, 'Other Operating Expenses' registered a reduction of about \$7.0 million when compared with that for FY2006.

**Profit attributable to shareholders** increased by 246.5% from loss of S\$5.0 million in FY2006 to profit of S\$7.3 million in FY2007. The Group's profit for FY2007 were mainly contributed by a gain of about S\$7.1 million from the sale of its entire interest of about 10.7% in Wintech and a fair value gain on investment properties amounting to about S\$0.9 million. If the profit contribution from the sale of interest in Wintech and fair value gain on investment properties were to be excluded, the Group would have posted an operational profit of about S\$0.2 million. Gross margin achieved in FY2007 was 8.7% as compared to 9.8% in FY2006.

In FY2007, the Group acquired a 34.28% interest in Bull Will. This Associated Company contributed a net loss of S\$0.7 million for FY2007, mainly due to lower sales volume achieved and loss from sales of aged inventories.

#### Financial Position

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4. Provide selected data from the balance sheet of the relevant entity or, if it is the holding company or holding entity of a group, the group as at the end of –
    - (a) the most recent completed financial year for which audited financial statements have been published; or
    - (b) if interim financial statements have been published for any subsequent period, that period.
  5. The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant entity or the group, as the case may be, and shall in addition include the following items:
    - (a) number of shares after any adjustment to reflect the sale of new securities;
    - (b) net assets or liabilities per share; and
    - (c) net assets or liabilities per share after any adjustment to reflect the sale of new securities.
- 

The audited balance sheet of the Group as at 31 December 2008 is set out in the table below:

	<b>As at 31 December 2008 S\$'000</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	15,440
Trade and other receivables	57,017
Inventories	40,685
Financial assets, at fair value through profit or loss	87
Other current assets	956
	114,185

	<b>As at 31 December 2008 S\$'000</b>
<b>Non-current assets</b>	
Financial assets, available-for-sale	217
Investments in Associated Companies	3,712
Property, plant and equipment	6,172
Investment properties	11,478
Intangible assets	9,797
Other assets	1,104
Deferred income tax assets	555
	<hr/> 33,035 <hr/>
<b>Total assets</b>	<hr/> 147,220 <hr/>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade and other payables	33,693
Current income tax liabilities	1,687
Borrowings	28,368
	<hr/> 63,748 <hr/>
<b>Non-current liabilities</b>	
Borrowings	2,004
Provision for severance benefits	386
Deferred income tax liabilities	96
	<hr/> 2,486 <hr/>
<b>Total liabilities</b>	<hr/> 66,234 <hr/>
<b>Net Assets</b>	<hr/> 80,986 <hr/> <hr/>
<b>EQUITY</b>	
Share capital	79,096
Capital reserve	2,691
Share option reserve	121
Currency translation reserve	(7,042)
Retained earnings	4,714
	<hr/> 79,580 <hr/>
<b>Minority interests</b>	<hr/> 1,406 <hr/>
<b>Total Equity</b>	<hr/> 80,986 <hr/> <hr/>

	<b>Assuming Minimum Subscription Level S\$'000</b>	<b>Assuming Maximum Subscription Level <sup>(2)(3)</sup> S\$'000</b>
NTA <sup>(1)</sup> as at 31 December 2008	69,783	69,783
Add: Proceeds from the exercise of Exercisable Warrants W090206	1	1
Add: Proceeds from the exercise of Exercisable Warrants W101220	–	5,816
Add: Proceeds from the exercise of Exercisable Share Options	–	1,749
Adjusted NTA before the Rights Issue	69,784	77,349
Add: Net proceeds from the Rights Issue	2,372	7,439
Less: Estimated issue expenses	(350)	(350)
Adjusted NTA after the Rights Issue	71,806	84,438
<b>Before the Rights Issue</b>		
Total number of issued Shares before the Rights Issue	603,427,403	676,311,653
Adjusted NTA per Share before the Rights Issue (cents)	11.56	11.44
<b>After the Rights Issue</b>		
Total number of issued Shares after the Rights Issue	646,560,188	811,573,983
Adjusted NTA per share after the Rights Issue (cents)	11.11	10.40

**Notes:**

- (1) NTA is defined as total assets less total liabilities excluding intangible assets and minority interests.
- (2) Based on the Maximum Base Scenario.
- (3) After adjusting for the proceeds received from the exercise of the 64,622,850 Exercisable Warrants W101220 and 8,261,400 Exercisable Share Options.

## Liquidity and Capital Resources

6. Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of -
- (a) the most recent completed financial year for which financial statements have been published; and
  - (b) if interim financial statements have been published for any subsequent period, that period.

The audited consolidated cash flow statement for the Group for FY2008 is as follows:

	<b>FY2008</b>
	<b>S\$'000</b>
<b>Cash flows from operating activities</b>	
Net profit	6,635
Adjustments for:	
Income tax expense	1,386
Amortisation of development expenditure	(8)
Amortisation of computer software license and development costs	53
Depreciation of property, plant and equipment	859
Development expenditure written off	65
Property, plant and equipment written off	6
Loss on disposal of property, plant and equipment	18
Fair value gain on investment properties (net)	(128)
Impairment loss on financial asset, available-for-sale	1
Impairment losses on goodwill arising from acquisition of Subsidiaries	1,270
Gain on dilution of interests in an Associated Company	(164)
Gain on disposal of partial interests in a Subsidiary	(10)
Hedging loss (unrealized)	343
Loss on sale of financial assets, at fair value through profit or loss	266
Fair value losses for financial assets, at fair value through profit or loss	128
Provision for severance benefits	428
Interest income	(156)
Interest expense	2,170
Share of results of Associated Companies	483
Operating cash flow before working capital changes	13,645
Change in operating assets and liabilities	
Trade and other receivables	8,817
Inventories	25,088
Other current assets	(1)
Other non-current assets	297
Trade and other payables	(29,609)
Cash from operations	18,237
Income tax paid	(534)
<b>Net cash provided by operating activities</b>	<b>17,703</b>

	<b>FY2008</b> <b>S\$'000</b>
<b>Cash flows from investing activities</b>	
Payments for property, plant and equipment	(321)
Payment for acquisition of an investment property	(2,997)
Proceeds from disposal of property, plant and equipment	84
Proceeds from sale of financial assets, at fair value through profit or loss	203
Proceeds from disposal of partial interests in a Subsidiary	119
Payments for acquisition of additional interests in a Subsidiary from minority shareholders	(507)
Payments for financial assets, at fair value through profit or loss	(145)
Interest received	167
<b>Net cash used in investing activities</b>	<b>(3,397)</b>
<b>Cash flows from financing activities</b>	
Dividends paid	(3,198)
Proceeds from bank borrowings	75,098
Repayment of bank borrowings	(78,367)
Repayment of the Transferable Loan Facility	(4,300)
Repayment of lease liabilities	(49)
Interest paid	(1,623)
<b>Net cash used in financing activities</b>	<b>(12,439)</b>
Effect of currency rate changes on consolidation	(1,915)
<b>Net decrease in cash and cash equivalents held</b>	<b>(48)</b>
Cash and cash equivalents at the beginning of the financial year	15,388
<b>Cash and cash equivalents at the end of the financial year</b>	<b>15,340</b>

A review of the cash flow position for FY2008 is set out below:

**Net cash generated from operating activities** was S\$17.7 million in FY2008, mainly due to increase in operating profit, decrease in trade receivables and inventories held, net of decrease in trade payables.

**Net cash used in investing activities** was S\$3.4 million in FY2008, mainly due to payments for acquisition of an investment property.

**Net cash used in financing activities** was S\$12.4 million in FY2008, mainly due to repayments of bank borrowings and interest costs. The Company made a S\$3.2 million dividend payment in FY2008.

**The Group's cash and cash equivalents** was S\$15.3 million as at 31 December 2008, after dividend payment and repayment of bank borrowings and interest costs in FY2008.

- 
7. **Provide a statement by the directors or equivalent persons of the relevant entity as to whether, in their reasonable opinion, the working capital available to the relevant entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgment of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.**
- 

In the reasonable opinion of the Directors, after taking into consideration the Group's internal sources of funds, the Group's present banking and credit facilities and the resources available to the Group, the working capital available to the Group as at the date of this Offer Information Statement is sufficient to meet its present requirements.

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8. **If the relevant entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the relevant entity's financial position and results or business operations, or the investments by holders of securities in the relevant entity, provide -**
- (a) **a statement of that fact;**
  - (b) **details of the credit arrangement or bank loan; and**
  - (c) **any action taken or to be taken by the relevant entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).**
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The Directors are not aware of any breach by any entity in the Group of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Company's financial position and results or business operations, or the investments by holders of securities in the Company.

#### **Trend Information and Profit Forecast or Profit Estimate**

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9. **Discuss, for at least the current financial year, the business and financial prospects of the relevant entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.**
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#### **BUSINESS AND FINANCIAL PROSPECTS OF THE GROUP**

Save as disclosed below and in this Offer Information Statement, the latest audited financial statements for FY2008 and in the announcements released by the Company, the Directors are not aware of any known trends, uncertainties, demands, commitments or events of the current financial year, being FY2009, that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the Offer Information Statement to be not necessarily indicative of the future operating results or financial condition of the current financial year. In respect of the performance of the Group for the current financial year and save as disclosed, the Directors are not aware of any factor relating to the business and financial prospects of the Group and/or trends that will have a material effect on the financial condition and operating results.

#### **RISKS FACTORS**

To the best of the Directors' knowledge and belief, the risk factors that are material to prospective investors in making an informed judgment on the Rights Issue are set out below. Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this Offer Information Statement before deciding whether to invest in the

Rights Shares. The Group may be affected by a number of risks that may relate to the industries and countries in which the Group operates as well as those that may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. The risks described below are not intended to be exhaustive. There may be additional risks not presently known to the Group, or that the Group may currently deem immaterial, which could affect its operations. If any of the following considerations and uncertainties develops into actual events, the business, financial conditions, results of operations and prospects of the Company and the Group could be materially and adversely affected. In such cases, the trading price of the Shares could decline and a prospective investor may lose all or part of his investment in the Shares.

Shareholders should carefully consider and evaluate the following considerations and all other information contained in this Offer Information Statement before deciding to invest in the Rights Issue. To the best of the Directors' knowledge and belief, the risk factors which are specific to the Group and that are material to Shareholders in making an informed judgment on the Group are set out below.

#### The Group may be materially and adversely affected by the general slowdown in the global economy

The general slowdown in the global economy and the difficult conditions of the global capital markets have resulted in a reduction of liquidity levels, a general decline in lending activity between financial institutions and in commercial lending markets and increased volatility and diminished expectations for the global economy and the markets in the near term. In view of the recent economic downturn, it is envisaged that the demand for the Company's products may be materially and adversely affected due to the decline in consumer and business confidence. Further, the Group may face difficulty in securing financing for its business activities.

#### Inventory risk and inventory obsolescence

The volatile nature of the global electronics industry and the fast pace of technological changes have led to shorter product life cycles and the constant introduction of new products. Due to rapid product developments, competition among electronic manufacturers has intensified and has often resulted in price erosion of products and electronic and electrical components. The introduction of new products and electronic and electrical components may render some of the products and, electronic and electrical components that the Group distributes to be obsolete. As a distributor, the Group sometimes maintains inventory of products and, electronic and electrical components based on the Group's projected market demand or customers' projected orders. As a result, the Group is exposed to risks of price erosion arising from, among others, products upgrades and migration of technology. The Group however has various programs with its big suppliers to mitigate such risks of inventory obsolescence. Impairment of inventories as at the end of the relevant financial years accounted for approximately 12.9%, 5.9% and 6.3% of the Group's inventories for FY2006, FY2007 and FY2008 respectively.

#### The Group is exposed to the credit risks of its customers

The Group usually extends to its customers credit terms of between 30 to 90 days. The average debtors aging for FY2006, FY2007 and FY2008 were 58 days, 46 days and 42 days respectively. Cashflow problems encountered by customers may impair their ability to settle their trade debts due to the Group promptly. Economic and/or political pressures in the countries where the Group distributes its products to, may also have an adverse impact on the ability of the customers located in that country to obtain foreign exchange or credit facilities to pay the Group. This will have a negative impact on both the financial performance and financial position of the Group. Although the Group has in place various credit evaluation processes, credit policies and collection procedures, there can be no assurances on the timeliness of payments by customers and the ability of its customers to fulfill their payment obligations. Delays and/or defaults in payment by customers will adversely affect the Group's operations and financial results.

#### The Group is dependent on non-exclusive distributorship arrangements with some suppliers

Some of the distributorship arrangements or sales representative agreements are not exclusive. For these non-exclusive arrangements, other distributors can distribute similar products and compete with the Group in the same markets that it operates in. While the Group intends to

maintain its existing good working relationships with the suppliers in the foreseeable future, there can be no assurance that these relationships will remain unchanged. The appointment of additional distributors by the Group's suppliers in the markets in which it operates will also adversely affect its revenue and profitability.

The Group is dependent on the electronics industry which may experience cyclical fluctuations due to market demand and supply conditions

The Group is an electronic and electrical components distributor in which revenue is heavily dependent on the state of the electronics industry, which historically had been characterized by fluctuations in product demand and supply, and hence fluctuations in price. As such, any cyclical fluctuation experienced by the electronics industry is likely to have a significant impact on the Group's revenue and profitability. In addition, the Group may encounter price increase by the suppliers and in the event these price increases cannot be passed to customers, the financial performance of the Group would be affected.

The Group is dependent on electronic and electronic-related industries and is susceptible to rapid technological changes

The products distributed by the Group are primarily employed by customers in the production of electronic and electronic-related products and high technology products such as personal computers, telecommunication equipment, data storage, medical and automotive products, among other products. Any slowdown or downturn in the demand for such products, or technological changes which render any of such products obsolete, will very likely to have an adverse impact on these industries and, by extension, the Group's financial performance.

The Group is dependent to a large extent on its ability to attract and retain qualified personnel

One of the Group key success factors is the continued services of the management team and skilled employees. Having a team of experienced management staff and skilled personnel is critical in maintaining the quality of the Group's services and relationship with its customers. A high turnover of such personnel without suitable and timely replacements will adversely affect the Group's operations and competitiveness.

Termination of distribution agreements with the Group's suppliers will materially and adversely affect the Group's financial performance

All of the Group's distribution agreements are renewable on an annual basis or continue until terminated which in some cases, are terminable on a period of notice. The Group does not have its own manufacturing facilities and revenue is mainly derived from the distribution of the suppliers' electronic and electrical components. In the event the Group's suppliers terminate their distribution agreements with the Group, or where the Group is unable to renew its distribution agreements with the suppliers on terms agreeable to it, the Group may face problems sourcing for the electronic and electrical components for distribution to countries where its customers are located. In addition, there exists the risk of the Group's suppliers in establishing their own distribution networks in the Group's markets, thereby undermining the Group's operations.

The Group is dependent on existing customers

Besides acquiring new customers, the Group's performance is also dependent on its ability to retain its existing customers. Delays, reductions and/or cancellations of orders by these customers will reduce the Group's turnover and adversely affect the Group's financial performance. If the Group's customers decide to buy directly from the Group's suppliers or the Group's suppliers solicit the business from the Group's customers in the event that the suppliers establish their own distribution networks in the Group's market, the Group's financial performance will be adversely affected. There is no guarantee that the Group's present existing customers will continue to do business with the Group, or that there will be no reduction in the orders received from them. In such event(s), the Group's financial results may be adversely affected.

The Group is largely dependent on the performances of its operations in North Asia

The Group's revenue is dependent on contributions from North Asia, comprising Greater China, Korea and Taiwan. Accordingly, any significant slowdown in North Asia or decline in the demand for the Group's products in North Asia will have an adverse effect on the financial performance and operations. The revenue from North Asia accounted for approximately 85.5%, 86.4% and 84.8% for FY2006, FY2007 and FY2008 respectively. The continued success of the Group is therefore largely dependent on the performances of these overseas Subsidiaries.

The Group is exposed to the general and political risks associated with doing businesses outside Singapore

The Group currently has business activities in Singapore, Greater China, Korea, Taiwan and others including Malaysia, Thailand, Philippines, India and Vietnam. There are risks inherent in doing business overseas including unexpected changes on rules in profit repatriation, legal uncertainties regarding legal liability or enforcement of legal rights, and political and social risks, which when materialized, can adversely affect the Group's operations, and consequently its financial performance.

The Group is exposed to fluctuations in currency translation rates that may result in the Group incurring currency translation losses

The bulk of the Group's sales and purchases are denominated in US\$. The operating costs are, however, denominated in S\$ as well as a range of foreign currencies such as RMB, HK\$, US\$, NT\$ and Won. As such, the Group is exposed to foreign currency fluctuations. Any significant fluctuation in the currency exchange rates at the time of purchase and sale will have an impact on the Group's profits. For example, sales in US\$ will be lower in S\$ due to currency losses should there be any depreciation in the exchange rate of US\$ against the S\$. Further to the Group's transactions that are dominated in foreign currencies, the Group also faces currency risks in the borrowings obtained which are denominated in foreign currencies such as US\$, Won, HK\$ and NT\$.

The Group is also subject to translation risks as the Group's consolidated financial statements are denominated in S\$ while the financial statements of the Group's foreign Subsidiaries are prepared in currencies such as RMB, HK\$, Won and NT\$. For the purposes of consolidating the results of the Group's foreign Subsidiaries, the consolidated financial statements of the foreign Subsidiaries are translated from the respective currencies in which their financial statements are prepared to the currency of the Group's consolidated financial statements based on the prevailing exchange rates on the balance sheet date.

The Group practices natural hedging through efforts to match the currency for both its sales and purchases and maintains funds in various currencies to mitigate any timing differences between revenue and costs. The Company had entered into hedging contract to hedge its United States dollar long term loan exposure of its foreign Subsidiaries in FY2008. However, there can be no assurance that such efforts will enable the Group to hedge effectively against the relevant currencies.

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- 10. Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.**
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Not applicable.

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- 11. Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.**
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Not applicable.

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12. Where a profit forecast is disclosed, include a statement by an auditor of the relevant entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the relevant entity, and is presented in accordance with the accounting standards adopted by the relevant entity in the preparation of its financial statements.
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Not applicable.

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13. Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –
- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the relevant entity after due and careful enquiry and consideration; or
  - (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.
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Not applicable.

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14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –
- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or
  - (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.
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Not applicable.

## Significant Changes

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15. **Disclose any event that has occurred from the end of –**
- (a) **the most recent completed financial year for which financial statements have been published; or**
  - (b) **if interim financial statements have been published for any subsequent period, that period,**
- to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if it is the holding company or holding entity of a group, the group, or, if there is no such event, provide an appropriate negative statement.**
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The Directors are not aware of any event which has occurred since 1 January 2009 up to the Latest Practicable Date which may have a material effect on the financial position and results of the Group provided in its audited financial statements for FY2008 published by the Company on 7 April 2009.

### **Meaning of “published”**

In this Part, “published” includes publication in a prospectus, in an annual report or on the SGXNET.

## **PART V: THE OFFER AND LISTING**

### **Offer and Listing Details**

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1. **Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgment of the offer information statement, the method by which the offer price is to be determined must be explained.**
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The Issue Price for the Rights Shares is S\$0.055 for each Rights Share, payable in full on acceptance and/or application. No expenses will be charged by the Company to the Entitled Shareholders, the renounees or purchasers for subscribing for the Rights Shares.

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2. **If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.**
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Not applicable.

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3. **If –**
- (a) **any of the relevant entity’s shareholders or equity interest-holders have pre-emptive rights to subscribe for or purchase the securities being offered; and**
  - (b) **the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived,**
- indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.**
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Not applicable.

4. If securities of the same class as those securities being offered are listed for quotation on any securities exchange –
- (a) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –
- i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and
- ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or
- (b) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –
- i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and
- ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;
- (c) disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and
- (d) disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.

- (a) The price range and volume of the Shares traded on the SGX-ST over the last twelve (12) months immediately preceding the Latest Practicable Date are as follows:

<u>Month</u>	<u>Price Range</u>		<u>Volume</u> (’000 Shares)
	<u>High</u> (S\$)	<u>Low</u> (S\$)	
May 2008	0.085	0.075	1,455
June 2008	0.085	0.070	262
July 2008	0.075	0.060	3,649
August 2008	0.075	0.060	2,202
September 2008	0.075	0.055	3,081
October 2008	0.065	0.035	2,777
November 2008	0.050	0.035	2,907
December 2008	0.065	0.040	1,790
January 2009	0.065	0.050	1,929
February 2009	0.070	0.050	7,084
March 2009	0.075	0.060	2,226
April 2009	0.075	0.060	1,941
1 May 2009 to 4 May 2009 (being the Latest Practicable Date)	0.075	0.070	3

Source: Bloomberg

- (b) Not applicable as the Shares has been listed for quotation on the SGX-ST for more than 12 months immediately preceding Latest Practicable Date.

- (c) The Company has confirmed that there has been no significant trading suspension for the Shares that had occurred on the SGX-ST during the three years immediately preceding the Latest Practicable Date.
- (d) Based on the information set out in the table on “Price Range” above, the Shares are regularly traded on the Official List of the SGX-ST.

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**5. Where the securities being offered are not identical to the securities already issued by the relevant entity, provide –**

- (a) **statement of the rights, preferences and restrictions attached to the securities being offered; and**
- (b) **an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or *pari passu* with the securities being offered.**

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Not applicable as the Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, except that they will not be entitled to participate in any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.

#### **Plan of Distribution**

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- 6. Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.**

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#### **Basis of provisional allotment**

The Rights Issue is made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of one (1) Rights Share for every five (5) existing Shares held by, or (as the case may be) standing to the credit of the Securities Accounts of Entitled Shareholders as at the Books Closure Date at the Issue Price, being S\$0.055 per Rights Share, fractional entitlements to be disregarded. The Rights Shares are payable in full on acceptance and/or application. The Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, except that they will not be entitled to participate in any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares. The Rights Issue is not underwritten.

Entitled Shareholders are at liberty to accept, decline or otherwise renounce or trade on the SGX-ST their provisional allotments of Rights Shares and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Entitled Depositors will also be able to trade their provisional allotments of Rights Shares on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST. Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy excess applications for Rights Shares (if any), 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. In the allotment of excess Rights Shares, preference shall be given to the rounding of odd lots, and Substantial Shareholders and Directors will rank last in priority.

The Rights Shares will not be offered through any broker or dealer.

## Foreign Shareholders

As there may be prohibitions or restrictions against the offering of Rights Shares in certain jurisdictions, only Entitled Shareholders are eligible to participate in the Rights Issue. Please refer to the section titled “**Eligibility of Shareholders to Participate in the Rights Issue**” of this Offer Information Statement for further details.

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7. **Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.**
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Not applicable as the Rights Issue is not underwritten.

## PART VI: ADDITIONAL INFORMATION

### Statements by Experts

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1. **Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person’s name, address and qualifications.**
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Not applicable.

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2. **Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert –**
- (a) **state the date on which the statement was made;**
  - (b) **state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and**
  - (c) **include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.**
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Not applicable.

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3. **The information referred to in paragraphs 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26(2) or (3) applies.**
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Not applicable.

### Consents from Issue Managers and Underwriters

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4. **Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.**
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The Manager has given, and has not withdrawn, its written consent to the issue of this Offer Information Statement with the inclusion of its name and all references thereto, in the form and context in which it appears in this Offer Information Statement.

## Other Matters

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5. Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly –
- (a) the relevant entity's business operations or financial position or results; or
  - (b) investments by holders of securities in the relevant entity.
- 

Save as disclosed in this Offer Information Statement, the Directors are not aware of any other matters which could materially affect, directly or indirectly, the Company's business operations or financial position or results, or investments by holders of securities in the Company.

## PART VII: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF DEBENTURES OR UNITS OF DEBENTURES

Not applicable.

## PART VIII: ADDITIONAL INFORMATION REQUIRED FOR CONVERTIBLE DEBENTURES

Not applicable.

## PART IX: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF RIGHTS ISSUE

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1. Provide –
- (a) the particulars of the rights issue;
  - (b) the last day and time for splitting of the provisional allotment of the securities to be issued pursuant to the rights issue;
  - (c) the last day and time for acceptance of and payment for the securities to be issued pursuant to the rights issue;
  - (d) the last day and time for renunciation of and payment by the renounee for the securities to be issued pursuant to the rights issue;
  - (e) the terms and conditions of the offer of securities to be issued pursuant to the rights issue;
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- (a) The particulars of the Rights Issue are as set out below:

Number of Rights Shares to be issued:	:	Up to 135,262,330 Rights Shares to be issued.
Issue Price	:	S\$0.055 per Rights Share, payable in full on acceptance and/or application.
Basis of allotment	:	One (1) Rights Share for every five (5) existing Shares held by, or (as the case may be) standing to the credit of the Securities Accounts of Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.
Status of the Rights Shares	:	The Rights Shares when allotted and issued, will rank <i>pari passu</i> in all respects with the then existing Shares except that they will not be entitled to participate in any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.

Listing and Trading

: On 26 March 2009, the SGX-ST has granted in-principle approval for the listing of and quotation for the Rights Shares on the Official List of the SGX-ST subject to, *inter alia*, the following conditions:

- (i) compliance with SGX-ST's listing requirements;
- (ii) Shareholders' approval for the Rights Issue; and
- (iii) submission of a notification pursuant to Rule 864(4) of the Listing Manual, if applicable, upon any significant changes affecting the Rights Issue.

The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Company, its Subsidiaries, the Shares, the Rights Issue or the Rights Shares. Upon the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST, the Rights Shares will be traded on the SGX-ST under the book-entry (scripless) settlement system.

Use of CPF Funds

: Persons who have previously bought their Shares under the CPF Investment Scheme – Ordinary Account (“**CPFIS Shareholders**”), can only use, subject to applicable CPF rules and regulations, their CPF account savings (“**CPF Funds**”) for the payment of the Issue Price to subscribe for the Rights Shares and (if applicable) apply for excess Rights Shares. CPFIS Shareholders who wish to accept the provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares using CPF Funds will need to instruct their respective approved banks, where such CPFIS Shareholders hold their CPF Investment Accounts, to accept the provisional allotments of Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with this Offer Information Statement. In the case of insufficient CPF funds or stock limit, CPFIS Shareholders could top up cash into their CPF Investment Accounts before instructing their respective approved CPF agent banks to accept the Rights Shares and (if applicable) apply for excess Rights Shares. Any application made directly to the CDP or through ATMs will be rejected. CPF Funds cannot, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

Governing Law

: Laws of the Republic of Singapore.

- (b) The last day and time for splitting Rights is 22 May 2009 at 5.00 p.m.
- (c) The last day and time for acceptance of and payment for the Rights Shares is 27 May 2009 at 5.00 p.m. (and 27 May 2009 at 9.30 p.m. for Electronic Applications)
- (d) The last day and time for renunciation of and payment for the Rights Shares is 27 May 2009 at 5.00 p.m.
- (e) The terms and conditions of the Rights Issue are set out in this Offer Information Statement, in particular Appendices A to C of this Offer Information Statement.

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- (f) **the particulars of any undertaking from the substantial shareholders or substantial equity interest-holders, as the case may be, of the relevant entity to subscribe for their entitlements; and**
  - (g) **if the rights issue is or will not be underwritten, the reason for not underwriting the issue.**
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As at the Latest Practicable Date, Dr Derek Goh holds 215,663,926 Shares amounting to 35.74% of the issued and paid-up capital of the Company and 35,943,987 Exercisable Warrants W101220. For the purposes of the Rights Issue, Dr Derek Goh will not exercise his 35,943,987 Exercisable Warrants W101220 before the Books Closure Date. Therefore, based on his current shareholding in the Company, Dr Derek Goh is entitled to subscribe for 43,132,785 Rights Shares. To show his support for the Rights Issue, Dr Derek Goh has provided the Irrevocable Undertaking to, *inter alia*, subscribe and pay for and/or procure the subscriptions and payment for the 43,132,785 Rights Shares.

The Company has decided to proceed with the Rights Issue on a non-underwritten basis given the above-mentioned Irrevocable Undertaking for the Rights Issue as there is no minimum amount that needs to be raised.

**As the Rights Issue is not and will not be underwritten, Shareholders are advised to carefully evaluate their individual investment positions and if they are uncertain as to the same, to consult their own financial adviser or other adviser.**

**ADDITIONAL DISCLOSURE REQUIREMENTS FOR RIGHTS ISSUES UNDER  
APPENDIX 8.2 OF THE LISTING MANUAL**

1. **Provide a review of the working capital for the last three financial years and the latest half year, if applicable.**

The working capital of the Group as at 31 December 2006, 31 December 2007 and 31 December 2008 are as follows:-

	←	Audited as at	→
	31 December 2008 (S\$'000)	31 December 2007 (S\$'000)	31 December 2006 (S\$'000)
Total current assets	114,185	148,511	134,534
Total current liabilities	63,748	90,679	86,087
Net current assets	50,437	57,832	48,447

**Net current assets** decreased by 12.79% from S\$57.8 million as at 31 December 2007 to S\$50.4 million as at 31 December 2008. This was mainly due to the reclassification of the Transferable Loan Facility of about S\$5.6 million from non-current borrowings to current borrowings. There was substantial reduction in inventories and trade payables arising mainly from lower inventories purchased in the fourth quarter of FY2008 due to lower sales volume anticipated in first quarter of FY2009. Efficient and effective inventory management and tighter payment period by certain suppliers of the Group also contributed to the decline in inventories and trade payables respectively. Trade and other receivables reduced by about S\$8.8 million mainly due to lower sales recorded by the Group in the fourth quarter of FY2008 and reduction in debtors' collection days.

**Net current assets** increased by 19.37% from S\$48.4 million as at 31 December 2006 to S\$57.8 million as at 31 December 2007. This was mainly due to cash proceeds of S\$27.7 million from the sales of shares in Wintech. Part of these cash proceeds were utilized to repay current borrowings which declined by S\$5.1 million when compared to 31 December 2006. Trade receivables, inventories and trade payables increased mainly due to higher sales and corresponding higher purchases of inventories.

2. **A statement by the issue manager that, to the best of its knowledge and belief, the document constitutes full and true disclosure of all material facts about the issue, the issuer and its subsidiaries, and that the issue manager is not aware of any facts the omission of which would make any statement in the document misleading; and where the document contains a profit forecast, that it is satisfied that the profit forecast has been stated by the directors after reasonable enquiry.**

The Manager confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, based on the information furnished to it by the Company, this Offer Information Statement constitutes full and true disclosure of all material facts about the Rights Issue, the Company, its Subsidiaries and its Associated Companies, and that it is not aware of any material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect.

## PROCEDURES FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION BY ENTITLED DEPOSITORS

Entitled Depositors are entitled to receive this Offer Information Statement and the ARE which forms part of this Offer Information Statement.

The provisional allotments of Rights Shares are governed by the terms and conditions of this Offer Information Statement and the enclosed ARE and (if applicable) the Memorandum and Articles of Association of the Company. The number of Rights Shares provisionally allotted to each Entitled Depositor are indicated in the ARE (fractional entitlements (if any) having been disregarded). The Securities Accounts of Entitled Depositors have been credited by CDP with the provisional allotments of Rights Shares as indicated in the ARE. Entitled Depositors may accept their provisional allotments of Rights Shares in whole or in part. Full instructions for the acceptance of and payment for the provisional allotments of Rights Shares are set out in the Offer Information Statement as well as the ARE.

**For investors who hold Shares through finance companies or Depository Agents, the acceptances of their Rights Shares and (if applicable) application for excess Rights Shares must be done through their respective finance companies or Depository Agents, and in the case of investors who had bought Shares under the CPF Investment Scheme – Ordinary Account (“CPFIS Shareholders”), their respective approved CPF agent banks. Any application made directly to the CDP or through ATMs will be rejected.**

**For CPFIS Shareholders, acceptances of their Rights Shares and (if applicable) application for excess Rights Shares can only be made using, subject to applicable CPF rules and regulations, their CPF account savings (“CPF Funds”). CPFIS Shareholders who wish to accept the provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares using CPF Funds will need to instruct their respective approved banks, where such CPFIS Shareholders hold their CPF Investment Accounts, to accept the provisional allotments of Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with this Offer Information Statement. In the case of insufficient CPF Funds or stock limit, CPFIS Shareholders could top up cash into their CPF Investment Accounts before instructing their respective approved CPF agent banks to accept the Rights Shares and (if applicable) apply for excess Rights Shares. CPF Funds cannot, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.**

**For Entitled Depositors (which exclude Entitled Scripholders, CPFIS Shareholders and investors who hold Shares through finance companies or Depository Agents), acceptances of the Rights Shares and/or (if applicable) applications for excess Rights Shares may be made through CDP or by way of an Electronic Application at any ATM of a Participating Bank.**

If an Entitled Depositor wishes to accept his provisional allotment of Rights Shares specified in the ARE in full or in part, and (if applicable) apply for excess Rights Shares in addition to the Rights Shares provisionally allotted to him, he may do so by completing the relevant portions of the ARE or by way of an Electronic Application (as described below). An Entitled Depositor should ensure that the ARE is accurately and correctly completed, failing which the acceptance of his provisional allotment of Rights Shares and (if applicable) application for excess Rights Shares may be rejected.

Unless expressly provided to the contrary in this Offer Information Statement and the ARE or the ARS, a person who is not a party to any contracts made pursuant to this Offer Information Statement, the ARE or the ARS has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

With regard to any application which does not conform strictly to the instructions set out under this Offer Information Statement, the ARE, the ARS, the PAL and/or any other application form for the Rights Shares in relation to the Rights Issue or which does not comply with the instructions for Electronic Application or

with the terms and conditions of this Offer Information Statement, or in the case of an application by the ARE, the ARS, the PAL, and/or any other application form for the Rights Shares in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance, the Company and CDP may, at their absolute discretion, reject or treat as invalid any such application or present for payment or other processes all remittances at any time after receipt in such manner as it may deem fit.

The Company and CDP shall be entitled to process each application submitted for the acceptance of Rights Shares, and where applicable, application of excess Rights Shares in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Entitled Depositor, on its own, without regard to any other application and payment that may be submitted by the same Entitled Depositor. For the avoidance of doubt, insufficient payment for an application may render the application invalid; evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for excess Rights Shares.

**(a) Acceptance/Application through CDP**

To accept the provisional allotment of Rights Shares and (if applicable) apply for excess Rights Shares through CDP, the duly completed ARE must be accompanied by **A SINGLE REMITTANCE** for payment in full for the relevant number of Rights Shares accepted and (if applicable) excess Rights Shares applied for and submitted by hand to **SERIAL SYSTEM LTD C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, at 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807** or by post in the self-addressed envelope provided, at the sender's own risk, to **SERIAL SYSTEM LTD C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147**, so as to arrive not later than **5.00 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

Payment must be made in Singapore currency in the form of a Banker's Draft or Cashier's Order drawn on a bank in Singapore and made payable to **"CDP – SERIAL SYSTEM RIGHTS ISSUE ACCOUNT"** for the Rights Shares and crossed **"NOT NEGOTIABLE, A/C PAYEE ONLY"** with the name and Securities Account number of the Entitled Depositor clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft.

**NO COMBINED BANKER'S DRAFT OR CASHIER'S ORDER FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER FORM OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

**(b) Acceptance/Application by way of Electronic Application through an ATM of a Participating Bank**

Instructions for Electronic Applications through ATMs to accept the Rights Shares provisionally allotted or (if applicable) to apply for excess Rights Shares will appear on the ATM screens of the respective Participating Banks. Please refer to Appendix B for the additional terms and conditions for Electronic Application through an ATM of a Participating Bank.

An Entitled Depositor may choose to accept his provisional allotment of Rights Shares specified in the ARE in full or in part. If an Entitled Depositor wishes to accept part of his provisional allotment of Rights Shares and trade the balance of his provisional allotment of Rights Shares on the SGX-ST, he should:-

- (i) complete the ARE for the number of Rights Shares provisionally allotted which he wishes to accept and submit the ARE together with payment in the prescribed manner as described above to CDP; or
- (ii) accept and subscribe for that part of his provisional allotment of Rights Shares by way of Electronic Application in the prescribed manner.

The balance of his provisional allotment of Rights Shares may be sold as soon as dealings therein commence on the SGX-ST.

**Entitled Depositors who wish to trade all or part of their provisional allotments of Rights Shares on the SGX-ST during the provisional allotment trading period should note that the provisional allotments of Rights Shares will be tradeable in board lots, each board lot comprising provisional allotments of 1,000 Rights Shares or any other board lot size which the SGX-ST may require. Such Entitled Depositors may start trading in their provisional allotments of Rights Shares as soon as dealings therein commence on the SGX-ST. Entitled Depositors who wish to trade in lot sizes other than mentioned above may do so in the Unit Share Market during the provisional allotment trading period.**

The AREs need not be forwarded to the purchasers of the provisional allotments of Rights Shares (“**Purchasers**”) as arrangements will be made by CDP for separate ARSs to be issued to the Purchasers. Purchasers should note that CDP will, on behalf of the Company, send the ARSs, accompanied by this Offer Information Statement, by ordinary post and at the Purchasers’ own risk, to their respective Singapore addresses as recorded with CDP. Purchasers should ensure that their ARSs are accurately and correctly completed, failing which the acceptance of the provisional allotment of Rights Shares may be rejected.

This Offer Information Statement and its accompanying documents will not be despatched to Purchasers whose registered addresses with CDP are not in Singapore (“**Foreign Purchasers**”). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares credited to their securities accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Purchasers who do not receive the ARSs accompanied by this Offer Information Statement may obtain the same from CDP, the Share Registrar or any stockbroking firm for the period up to **5.00 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

**Purchasers should inform their finance companies or Depository Agents if their purchases of such provisional allotments are settled through these intermediaries. In such instances, if the Purchasers wish to accept the Rights Shares represented by the provisional allotments purchased, they will need to go through these intermediaries, who will then accept the Rights Shares on their behalf.**

As an illustration, if an Entitled Depositor has 1,000 Shares standing to the credit of his Securities Account as at the Books Closure Date, the Entitled Depositor will be provisionally allotted 200 Rights Shares as set out in his ARE. The Entitled Depositor’s alternative courses of action, and the necessary procedures to be taken under each course of action, are summarised below:

#### **Alternatives**

- (a) Accept his entire provisional allotment of Rights Shares and (if applicable) apply for excess Rights Shares

#### **Procedures to be taken**

- (i) Accept his entire provisional allotment of 200 Rights Shares and (if applicable) apply for excess Rights Shares by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9.30 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company); or
- (ii) Complete the ARE in accordance with the instructions contained therein for the full provisional allotment of 200 Rights Shares and (if applicable) the number of excess Rights Shares applied for and forward the ARE together with a single remittance for S\$11.00 (or, if applicable, such higher amount in respect of the total number of Rights Shares accepted and excess Rights Shares applied for) by way of a Banker’s Draft or Cashier’s Order drawn in Singapore currency on a bank in Singapore and made payable to “**CDP – SERIAL SYSTEM RIGHTS ISSUE ACCOUNT**” for the Rights Shares and crossed “**NOT NEGOTIABLE, A/C PAYEE ONLY**” for the full amount due on acceptance,

## Alternatives

## Procedures to be taken

by hand to **SERIAL SYSTEM LTD C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, at 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807** or by post, at his own risk, in the self-addressed envelope provided to **SERIAL SYSTEM LTD C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147** so as to arrive not later than **5.00 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company) and with the name and Securities Account number of the Entitled Depositor written on the reverse side of the Cashier's Order or Banker's Draft. **NO COMBINED BANKER'S DRAFT OR CASHIER'S ORDER FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER MODE OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

- (b) Accept a portion of his provisional allotment of Rights Shares, for example his entitlement to 100 provisionally allotted Rights Shares and reject the balance
- (i) Accept the provisional allotment of 100 Rights Shares by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9.30 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company); or
- (ii) Complete the ARE in accordance with the instructions contained therein for the provisional allotment of 100 Rights Shares and forward the ARE together with a single remittance for S\$5.50 in the prescribed manner described in alternative (a)(ii) above to CDP so as to arrive not later than **5.00 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

The balance of the provisional allotment of 100 Rights Shares which is not accepted by the Entitled Depositor will automatically lapse and cease to be capable of acceptance by that Entitled Depositor if an acceptance is not made through an ATM of a Participating Bank by **9.30 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company) or if an acceptance is not made through CDP by **5.00 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

**Alternatives**

- (c) Accept a portion of his provisional allotment of Rights Shares, for example his entitlement to 100 provisionally allotted Rights Shares, and trade the balance on the SGX-ST

**Procedures to be taken**

- (i) Accept the provisional allotment of 100 Rights Shares by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9.30 p.m. on 27 May 2009** (or such other time(s) or date(s) as may be announced from time to time by or on behalf of the Company); or
- (ii) Complete the ARE in accordance with the instructions contained therein for the provisional allotment of 100 Rights Shares, and forward the ARE together with a single remittance for S\$5.50 in the prescribed manner described in alternative (a)(ii) above to CDP, so as to arrive not later than **5.00 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

The balance of the provisional allotments of 100 Rights Shares may be traded on the SGX-ST during the provisional allotment trading period.

**During the provisional allotment trading period, Entitled Depositors should note that the provisional allotments of Rights Shares will be tradeable in board lots in the ready market, with each board lot comprising provisional allotments of 1,000 Rights Shares, or any other board lot which the SGX-ST may require.**

If acceptance and payment for the Rights Shares in the prescribed manner as set out in the ARE or ARS (as the case may be) and this Offer Information Statement is not received through an ATM of a Participating Bank **by 9.30 p.m. on 27 May 2009** or through CDP by **5.00 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company) from any Entitled Depositor or Purchaser, the provisional allotments of Rights Shares shall be deemed to have been declined and shall forthwith lapse and become void, and such provisional allotments not so accepted will be used to satisfy excess applications, if any, or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit. All monies received in connection therewith will be returned by CDP on behalf of the Company to the Entitled Depositors or the Purchasers, as the case may be, without interest or any share of revenue or other benefit arising therefrom, by ORDINARY POST or in such other manner as the Entitled Depositor or Purchaser may have agreed with CDP for the payment of any cash distributions (where acceptance is through CDP) or by crediting their accounts with the relevant Participating Banks (where acceptance is through Electronic Application at the ATMs) and at the Entitled Depositors' or the Purchasers' own risk.

**If any Entitled Depositor or Purchaser is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.**

The excess Rights Shares are available for application subject to the terms and conditions contained in the ARE, this Offer Information Statement and (if applicable) the Memorandum and Articles of Association of the Company. Applications for excess Rights Shares will, at the Directors' absolute discretion, be satisfied from such Rights Shares as are not validly taken up by Entitled Depositors, the original allottee(s) or their respective renounee(s) or the Purchaser(s) of the provisional allotments (including the aggregated fractional entitlements and any unsold "nil-paid" provisional allotment of Rights Shares of Foreign Shareholders) in accordance with the terms and conditions contained in the ARE and this Offer Information Statement. In the event that applications are received by the Company for more excess Rights Shares than are available, the excess Rights Shares available will be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. The Company reserves the right to refuse any application for excess Rights Shares in whole or in part without assigning any reason whatsoever therefor. CDP takes no responsibility for any decision that the Directors may make.

If no excess Rights Shares are allotted or if the number of excess Rights Shares allotted is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be refunded by CDP, on behalf of the Company, to such Entitled Depositors, without interest or any share of revenue or other benefit arising therefrom, within fourteen (14) days after the Closing Date, by crediting their accounts with the relevant Participating Banks (if they accept by way of an Electronic Application) at their own risk, the receipt by such bank being a good discharge to CDP, the Company and the Manager for their obligations, if any, thereunder, or by means of a crossed cheque drawn on a bank in Singapore and sent to them at their own risk, at their mailing addresses BY ORDINARY POST or in such other manner as the Entitled Depositors may have agreed with CDP for the payment of any cash distributions (if they apply through CDP).

**THE FINAL TIME AND DATE FOR ACCEPTANCES AND (IF APPLICABLE) EXCESS APPLICATIONS AND PAYMENT FOR THE RIGHTS SHARES IS:**

- (A) 9.30 P.M. on 27 MAY 2009 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE COMPANY) IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS SHARES IS MADE THROUGH AN ATM OF A PARTICIPATING BANK; OR**
- (B) 5.00 P.M. on 27 MAY 2009 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE COMPANY) IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS SHARES IS MADE THROUGH CDP.**

It should be particularly noted that unless:

- (i) acceptance and payment in Singapore currency by Banker's Draft or Cashier's Order drawn on a bank in Singapore and made out in favour of "**CDP – SERAL SYSTEM RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" for the full amount due on acceptance and with the names and Securities Account numbers of the Entitled Depositors or the Purchasers (as the case may be) clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft is submitted by hand to **SERIAL SYSTEM LTD C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, at 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807** or by post at the Entitled Depositor's or Purchaser's (as the case may be) own risk, in the self-addressed envelope provided to **SERIAL SYSTEM LTD C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147 by 5.00 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company); or
- (ii) acceptance of the provisional allotment of Rights Shares is made by the Entitled Depositors or the Purchasers (as the case may be) by way of an Electronic Application through an ATM of a Participating Bank and payment of the full amount payable for such Rights Shares is effected by **9.30 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company),

the provisional allotment of Rights Shares will be deemed to have been declined and shall forthwith lapse and become void. All monies received in connection therewith will be returned to the Entitled Depositors or the Purchasers (as the case may be) without interest or any share of revenue or other benefit arising therefrom BY ORDINARY POST or in such other manner as the Entitled Depositors or the Purchasers may have agreed with CDP for the payment of any cash distributions (where acceptance is through CDP) or by crediting their accounts with the relevant Participating Banks (where acceptance is through an Electronic Application at the ATMs), and at the Entitled Depositors' or the Purchasers' (as the case may be) own risk within fourteen (14) days after the Closing Date. **ACCEPTANCES ACCOMPANIED BY ANY OTHER FORM OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL NOT BE ACCEPTED.**

## ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATION THROUGH ATMS OF PARTICIPATING BANKS

The procedures for Electronic Applications at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks (the “**Steps**”). Please read carefully the terms and conditions of this Offer Information Statement, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. An ATM card issued by one Participating Bank cannot be used to accept and (if applicable) apply for Rights Shares at an ATM belonging to other Participating Banks. Any Electronic Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Application is made will be rejected.

Any reference to the “**Applicant**” in the terms and conditions for Electronic Applications and the Steps shall mean the Entitled Depositor or his renounees or the purchaser of the provisional allotment who accepts or (as the case may be) who applies for the Rights Shares through an ATM of the Participating Banks. An Applicant must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before he can make an Electronic Application at the ATM of that Participating Bank. The actions that the Applicant must take at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of his Electronic Application transaction, the Applicant will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of his Electronic Application. The Transaction Record is for retention by the Applicant and should not be submitted with any ARE or ARS.

**An Applicant, including one who has a joint bank account with a Participating Bank, must ensure that he enters his own Securities Account number when using the ATM Card issued to him in his own name. Using his own Securities Account number with an ATM Card which is not issued to him in his own name will render his acceptance or (as the case may be) application liable to be rejected.**

The Electronic Application shall be made on, and subject to, the terms and conditions of this Offer Information Statement including, but not limited to, the terms and conditions appearing below:

- (1) In connection with his Electronic Application for the Rights Shares, the Applicant is required to confirm statements to the following effect in the course of activating the ATM for his Electronic Application:-
  - (a) **that he has received a copy of this Offer Information Statement and has read, understood and agreed to all the terms and conditions of acceptance and (as the case may be) application for the Rights Shares under the Rights Issue and this Offer Information Statement prior to effecting the Electronic Application and agrees to be bound by the same; and**
  - (b) **that he consents to the disclosure of his name, NRIC/passport number, address, nationality, CDP Securities Account number, CPF Investment Account number and application details (the “Relevant Particulars”) from his account with that Participating Bank to the Share Registrar, Securities Clearing & Computer Services (Pte) Ltd, CDP, CPF Board, the SGX-ST, the Company and the Manager (the “Relevant Parties”).**

His application will not be successfully completed and cannot be recorded as a completed transaction in the ATM unless he presses the “Enter” or “OK” or “Confirm” or “Yes” key. By doing so, the Applicant shall be treated as signifying his confirmation of each of the two statements above. In respect of statement 1(b) above, his confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key, shall signify and shall be treated as his written permission, given in accordance with the relevant laws of Singapore including Section 47(2) and the Third Schedule of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

- (2) An Applicant may make an Electronic Application at an ATM of any Participating Bank for the Rights Shares using cash only by authorising such Participating Bank to deduct the full amount payable from his account with such Participating Bank.
- (3) The Applicant irrevocably agrees and undertakes to subscribe for and to accept up to the aggregate of the number of Rights Shares provisionally allotted and excess Rights Shares applied for as stated on the Transaction Record or the number of Rights Shares standing to the credit of his Securities Account as at the close of the Rights Issue. In the event that the Company decides to allot any lesser number of excess Rights Shares or not to allot any number of excess Rights Shares applied for to the Applicant, the Applicant agrees to accept the decision as final.
- (4) If the Applicant's Electronic Application is successful, his confirmation (by his action of pressing the "Enter" or "OK" or "Confirm" or "Yes" key on the ATM) of the number of Rights Shares accepted and/or excess Rights Shares applied for shall signify and shall be treated as his acceptance of the number of Rights Shares accepted and/or excess Rights Shares applied for that may be allotted to him.
- (5) In the event that the Applicant accepts the Rights Shares both by way of ARE and/or ARS (as the case may be) and by Electronic Application through an ATM of a Participating Bank, CDP shall be authorised and entitled to accept the Applicant's instructions in whichever mode or a combination thereof as it may, in its absolute discretion, deem fit. In determining the number of Rights Shares which the Applicant has validly given instructions to accept, the Applicant shall be deemed to have irrevocably given instructions to accept the lesser of the number of provisionally allotted Rights Shares which are standing to the credit of his Securities Account as at the Closing Date and the aggregate number of Rights Shares which have been accepted by the Applicant by way of ARE and/or ARS (as the case may be) and by Electronic Application through an ATM of a Participating Bank, and CDP, in determining the number of Rights Shares which the Applicant has validly given instructions to accept, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of Rights Shares, whether by way of Banker's Draft or Cashier's Order drawn on a bank in Singapore accompanying the ARE and/or ARS or by way of the acceptance through Electronic Application through an ATM of a Participating Bank.
- (6) If applicable, in the event that the Applicant applies for excess Rights Shares both by way of ARE and by Electronic Application through an ATM of a Participating Bank, CDP shall be authorised and entitled to accept the Applicant's instructions in whichever mode or a combination thereof as it may, in its absolute discretion, deem fit. In determining the number of excess Rights Shares which the Applicant has validly given instructions for the application of, the Applicant shall be deemed to have irrevocably given instructions to apply for and agreed to accept such number of excess Rights Shares not exceeding the aggregate number of excess Rights Shares for which he has applied by way of ARE and by Electronic Application through an ATM of a Participating Bank. CDP, in determining the number of excess Rights Shares which the Applicant has given valid instructions for the application, shall be authorised and entitled to have regard to the aggregate amount of payment received for the application of the excess Rights Shares, whether by way of Banker's Draft or Cashier's Order drawn on a bank in Singapore accompanying the ARE or by way of application through Electronic Application through an ATM of a Participating Bank.
- (7) The Applicant irrevocably requests and authorises the Company to:
  - (a) register, or to procure the registration of the Rights Shares allotted to the Applicant in the name of CDP for deposit into his Securities Account;
  - (b) return (without interest or any share of revenue or other benefit arising therefrom) the acceptance/application monies, should his Electronic Application in respect of the Rights Shares accepted and/or excess Rights Shares applied for not be accepted by the Company for any reason, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within twenty-one (21) days after the Closing Date; and

- (c) return (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should his Electronic Application for excess Rights Shares be accepted in part only, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within twenty-one (21) days after the Closing Date.
- (8) **BY MAKING AN ELECTRONIC APPLICATION, THE APPLICANT CONFIRMS THAT HE IS NOT ACCEPTING/APPLYING FOR THE RIGHTS SHARES AS NOMINEE OF ANY OTHER PERSON.**
- (9) The Applicant irrevocably agrees and acknowledges that his Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God, mistakes, losses and theft (in each case whether or not within the control of CDP, the Participating Banks, the Company and/or the Share Registrar) and any events whatsoever beyond the control of CDP, the Participating Banks, the Company or the Share Registrar and if, in any such event, CDP, the Participating Banks, the Company and/or the Share Registrar do not record or receive the Applicant's Electronic Application **by 9.30 p.m. on 27 May 2009** (or such other time as the Directors may, in their absolute discretion, decide), or such data or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, the Applicant shall be deemed not to have made an Electronic Application and the Applicant shall have no claim whatsoever against CDP, the Participating Banks, the Company and/or the Share Registrar for any purported acceptance thereof and (if applicable) excess application therefor, or for any compensation, loss or damage in connection therewith or in relation thereto.
- (10) **Electronic Applications may only be made at the ATMs of the Participating Banks from Mondays to Saturdays between 7.00 a.m. to 9.30 p.m., excluding public holidays.**
- (11) **Electronic Applications shall close at 9.30 p.m. on 27 May 2009 or such other time as the Directors may, in their absolute discretion, deem fit in the interests of the Company.**
- (12) All particulars of the Applicant in the records of his Participating Bank at the time he makes his Electronic Application shall be deemed to be true and correct and the relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in the particulars of the Applicant after the time of the making of his Electronic Application, the Applicant shall promptly notify his Participating Bank.
- (13) The Applicant must have sufficient funds in his bank account(s) with his Participating Bank at the time he makes his Electronic Application, failing which his Electronic Application will not be completed. Any Electronic Application made at the ATMs of Participating Banks which does not strictly conform to the instructions set out on the ATM screens of such Participating Banks will be rejected.
- (14) Where an Electronic Application is not accepted, it is expected that the full amount of the acceptance/application monies will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to the Applicant by being automatically credited to the Applicant's account with the relevant Participating Bank within twenty-one (21) days after the Closing Date. An Electronic Application may also be accepted in part, in which case the balance amount of acceptance/application monies will be refunded on the same terms.
- (15) In consideration of the Company arranging for the Electronic Application facility through the ATMs of the Participating Banks and agreeing to close the Rights Issue at **9.30 p.m. on 27 May 2009** or such later time or date as the Directors may, in their absolute discretion, decide, and by making and completing an Electronic Application, the Applicant agrees that:
- (a) his Electronic Application is irrevocable (whether or not, to the extent permitted by law, any supplementary document or replacement document referred to in Section 241 of the SFA is lodged with the Authority);

- (b) his Electronic Application, the acceptance by the Company and the contract resulting therefrom shall be governed by and construed in accordance with the laws of Singapore and he irrevocably submits to the exclusive jurisdiction of the Singapore courts;
  - (c) none of the Company, the Manager, CDP nor the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to his Electronic Application to the Company or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective control;
  - (d) he will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of the provisionally allotted Rights Shares and (if applicable) acceptance of his application for excess Rights Shares;
  - (e) in respect of the Rights Shares for which his Electronic Application has been successfully completed and not rejected, acceptance of the Applicant's Electronic Application shall be constituted by written notification by or on behalf of the Company and not otherwise, notwithstanding any payment received by or on behalf of the Company; and
  - (f) unless expressly provided to the contrary in this Offer Information Statement or the Electronic Application, a person who is not a party to any contracts made pursuant to this Offer Information Statement or the Electronic Application has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.
- (16) The Applicant should ensure that his personal particulars as recorded by both CDP and the relevant Participating Banks are correct and identical, otherwise, his Electronic Application may be liable to be rejected. The Applicant should promptly inform CDP of any change in his address, failing which the notification letter on successful allotment and other correspondence will be sent to his address last registered with CDP.
- (17) The existence of a trust will not be recognised. Any Electronic Application by an Applicant must be made in his own name and without qualification. The Company will reject any application by any person acting as nominee.
- (18) In the event that the Applicant accepts or subscribes for the provisionally allotted Rights Shares or (if applicable) applies for excess Rights Shares, as the case may be, by way of ARE or ARS or by way of Electronic Application through any ATM of the Participating Banks, the provisionally allotted Rights Shares and/or excess Rights Shares will be allotted in such manner as the Company or CDP may, in their absolute discretion, deem fit and the surplus acceptance and (if applicable) application monies, as the case may be, will be refunded, without interest or any share of revenue or other benefit arising therefrom, within twenty-one (21) days after the Closing Date by any one or a combination of the following:
- (a) by means of a crossed cheque sent BY ORDINARY POST at his own risk to his mailing address as maintained with CDP or in such other manner as he may have agreed with CDP for the payment of cash distributions if he accepts and (if applicable) applies through CDP; and
  - (b) by crediting the Applicant's bank account with the Participating Bank at his own risk if he accepts and (if applicable) applies through an ATM.

- (19) The Applicant hereby acknowledges that, in determining the total number of Rights Shares represented by the provisional allotment of Rights Shares which he can validly accept, the Company and CDP are entitled and the Applicant hereby authorises the Company and CDP to take into consideration:
- (a) the total number of Rights Shares represented by the provisional allotment of Rights Shares which the Applicant has validly accepted, whether under the ARE or any other form of application (including Electronic Application through an ATM of a Participating Bank) for the Rights Shares;
  - (b) the total number of Rights Shares represented by the provisional allotment of Rights Shares standing to the credit of the Applicant's Securities Account which is available for acceptance; and
  - (c) the total number of Rights Shares represented by the provisional allotment of Rights Shares which has been disposed of by the Applicant.

The Applicant hereby acknowledges that CDP's and the Company's determination shall be conclusive and binding on him.

- (20) The Applicant irrevocably requests and authorises CDP to accept instructions from the Participating Bank through whom the Electronic Application is made in respect of the provisional allotment of Rights Shares accepted by the Applicant and (if applicable) the excess Rights Shares which the Applicant has applied for.
- (21) With regard to any application which does not conform strictly to the instructions set out under the Offer Information Statement, the ARE, the ARS, the PAL and/or any other application form for the Rights Shares in relation to the Rights Issue or which does not comply with the instructions for Electronic Application or with the terms and conditions of the Offer Information Statement, or in the case of an application by the ARE, the ARS, the PAL and/or any other application form for the Rights Shares in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance, the Company may, at its absolute discretion, reject or treat or invalid any such application or present for payment or other processes all remittances at any time after receipt in such manner as it may deem fit.
- (22) The Company and the CDP shall be entitled to process each application submitted for the acceptance of Rights Shares, and where applicable, application of excess Rights Shares in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Entitled Shareholder, on its own, without regard to any application and payment that may be submitted by the same Entitled Shareholder. For the avoidance of doubt, insufficient payment for an application may render the application invalid; evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for excess Rights Shares.

## PROCEDURES FOR ACCEPTANCE, PAYMENT, SPLITTING, RENUNCIATION AND EXCESS APPLICATION BY ENTITLED SCRIPHOLDERS

Entitled Scripholders are entitled to receive this Offer Information Statement with the following documents which are enclosed with, and are deemed to form a part of, this Offer Information Statement:

Renounceable PAL incorporating:

Form of Acceptance	Form A
Request for Splitting	Form B
Form of Renunciation	Form C
Form of Nomination	Form D
Excess Rights Shares Application Form	Form E

The provisional allotment of the Rights Shares and application for excess Rights Shares are governed by the terms and conditions of this Offer Information Statement and the enclosed PAL and (if applicable) the Memorandum and Articles of Association of the Company. The number of Rights Shares provisionally allotted to Entitled Scripholders is indicated in the PAL (fractional allotments, if any, having been disregarded). Entitled Scripholders may accept their provisional allotments of Rights Shares, in full or in part, and are eligible to apply for Rights Shares in excess of their entitlements under the Rights Issue. Full instructions for the acceptance of and payment for the Rights Shares provisionally allotted to Entitled Scripholders and the procedures to be adopted should they wish to renounce, transfer or split their provisional allotments are set out in the PAL.

Entitled Scripholders should note that all dealings in and transactions of the provisional allotments of Rights Shares through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs will not be valid for delivery pursuant to the trades done on the SGX-ST.

Unless expressly provided to the contrary in this Offer Information Statement and/or the PAL, a person who is not a party to any contracts made pursuant to the PAL and/or this Offer Information Statement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

Entitled Scripholders who wish to accept their entire provisional allotments of Rights Shares or to accept any part of it and decline the balance, should complete the Form of Acceptance (Form A) for the number of Rights Shares which they wish to accept and forward the PAL in its entirety together with payment in the prescribed manner to **SERIAL SYSTEM LTD C/O THE SHARE REGISTRAR, B.A.C.S. PRIVATE LIMITED AT 63 CANTONMENT ROAD, SINGAPORE 089758**, so as to arrive not later than **5.00 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

Entitled Scripholders who wish to accept a portion of their provisional allotments of Rights Shares and renounce the balance of their provisional allotments of Rights Shares, or who wish to renounce all or part of their provisional allotments of Rights Shares in favour of more than one person, should first, using the Request for Splitting (Form B), request to have their provisional allotments of Rights Shares under the PAL split into separate PALs ("**Split Letters**") according to their requirements. The duly completed Form B together with the PAL in its entirety should be returned to reach the Share Registrar not later than **5.00 p.m. on 22 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company). Split Letters will then be issued to the Entitled Scripholders in accordance with their request. No Split Letters will be issued to the Entitled Scripholders if the Form B is received after **5.00 p.m. on 22 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

The Split Letters representing the number of Rights Shares, which Entitled Scripholders intend to renounce, may be renounced by completing the Form for Renunciation (Form C) before delivery to the renounce(s). Entitled Scripholders should complete Form A of the Split Letter(s) representing that part of their provisional allotments of Rights Shares they intend to accept, if any, and forward the said Split Letter(s) together with payment in the prescribed manner to the Share Registrar so as to arrive not later than **5.00 p.m. on 22 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

Entitled Scripholders who wish to renounce their entire provisional allotments of Rights Shares in favour of one person, or renounce any part of it in favour of one person and decline the balance, should complete Form C for the number of provisional allotments of Rights Shares which they intend to renounce and deliver the PAL in its entirety to the renounce(s).

Payment in relation to PALs must be made in Singapore currency in the form of a Banker's Draft or Cashier's Order drawn on a bank in Singapore and made payable to "**SERIAL SYSTEM RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" with the name and address of the Entitled Scripholder or acceptor clearly written in block letters on the reverse side. The completed PAL and payment should be addressed and forwarded, at the sender's own risk, to **SERIAL SYSTEM LTD C/O THE SHARE REGISTRAR, B.A.C.S. PRIVATE LIMITED AT 63 CANTONMENT ROAD, SINGAPORE 089758**, so as to arrive not later than **5.00 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company). **NO OTHER FORM OF PAYMENT (INCLUDING THE USE OF A POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

If acceptance and payment in the prescribed manner as set out in the PAL is not received by **5.00 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company), the provisional allotments of Rights Shares will be deemed to have been declined and shall forthwith lapse and become void, and such provisional allotments not so accepted will be used to satisfy excess applications, if any, or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. The Company will return all unsuccessful application monies received in connection therewith by ORDINARY POST and at the risk of the Entitled Scripholders or their renounee(s), as the case may be, without interest or share of revenue or other benefit arising therefrom within twenty-one (21) days after the Closing Date.

Entitled Scripholders who wish to apply for excess Rights Shares in addition to those which have been provisionally allotted to them may do so by completing the Excess Rights Shares Application Form (Form E) and forwarding it with a separate remittance for the full amount payable in respect of the excess Rights Shares applied for in the form and manner set out above, at their own risk, to **SERIAL SYSTEM LTD C/O THE SHARE REGISTRAR, B.A.C.S. PRIVATE LIMITED AT 63 CANTONMENT ROAD, SINGAPORE 089758**, so as to arrive not later than **5.00 p.m. on 27 May 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company). **NO OTHER FORM OF PAYMENT (INCLUDING THE USE OF A POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

Applications for the excess Rights Shares are subject to the terms and conditions contained in the PAL, Form E and this Offer Information Statement. Applications for excess Rights Shares will, at the Directors' absolute discretion, be satisfied from such Rights Shares as are not validly taken up, the unsold "nil-paid" provisional allotments of Rights Shares (if any) of Foreign Shareholders and the aggregated fractional entitlements of Rights Shares and any Rights Shares that are otherwise not allotted for any reason. In the event that applications are received by the Company for more excess Rights Shares than are available, the excess Rights Shares available will be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. The Directors reserve the right to allot the excess Rights Shares applied for under Form E in any manner as the Directors may deem fit and to refuse, in whole or in part, any application for excess Rights Shares without assigning any reason whatsoever.

If no excess Rights Shares are allotted to Entitled Scripholders or if the number of excess Rights Shares allotted to them is less than that applied for, it is expected that the amount paid on application or the surplus application monies, as the case may be, will be refunded to them by the Company without interest or share of revenue or other benefit arising therefrom within twenty-one (21) days after the Closing Date, **BY ORDINARY POST** at their **OWN RISK**.

No acknowledgements or receipts will be issued in respect of any acceptances, remittances or applications.

If the Entitled Scripholders' addresses stated in the PALs are different from their addresses registered with CDP, they must inform CDP of their updated addresses promptly, failing which the notification letter on successful allotments will be sent to their addresses last registered with CDP.

**Entitled Scripholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.**

**THE FINAL TIME AND DATE FOR ACCEPTANCE AND/OR APPLICATIONS AND PAYMENT FOR THE RIGHTS SHARES IS 5.00 p.m. on 27 MAY 2009 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE COMPANY).**

**LIST OF PARTICIPATING BANKS**

**PARTICIPATING BANKS FOR ELECTRONIC APPLICATIONS THROUGH AN ATM**

DBS Bank Ltd (including POSB)

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Offer Information Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Offer Information Statement are fair and accurate in all material respects as at the date of this Offer Information Statement and there are no material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Information Statement.

For and on behalf of **SERIAL SYSTEM LTD**

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DR DEREK GOH BAK HENG  
Executive Chairman / Group Chief Executive Officer

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MR NG CHER YAN  
Non-Executive & Independent Director

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MR RAVINDRAN S/O RAMASAMY  
Non-Executive & Independent Director

---

MR LEE TECK LENG ROBSON  
Non-Executive & Independent Director