



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

1. INTRODUCTION

The Board of Directors of Serial System Ltd (the “**Company**”) refers to the Company’s circular to shareholders dated 27 July 2006 and the announcements made on 18 August 2006, 23 October 2006 and 9 November 2006. The Board of Directors wishes to announce that the Company has on 16 November 2006 and 21 November 2006 disposed of 1 million shares in Wintech Microelectronics Co., Ltd (“**Wintech**”) on each occasion on the open market of the Taiwan Stock Exchange through its broker (the “**Disposals**”). The Disposals were carried out pursuant to the disposal mandate (the “**Disposal Mandate**”), which was obtained from the shareholders of the Company (the “**Shareholders**”) on 18 August 2006, for the disposal of the entire interest in Wintech held by the Company from time to time, in the twelve month period commencing from 18 August 2006.

The disposals of 2 million shares in Wintech (the “**Disposed Shares**”) on 16 November 2006 and 21 November 2006, when aggregated with the previous disposals of 3 million and 4 million shares in Wintech by the Company (collectively to be referred to as the “**Aggregate Disposed Shares**”), which were announced on 23 October 2006 and 9 November 2006 respectively, exceeds 20% of the relative figures computed on the bases set out in Rule 1006(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”). The Aggregate Disposed Shares is 9 million shares in Wintech. Details of the computation based on the Aggregate Disposed Shares and the bases set out in Rule 1006 of the Listing Manual are stated below:

(a)	Rule 1006(a) The net asset value attributable to the Aggregate Disposed Shares compared with the net asset value of the Group of approximately S\$87,787,142 as at 30 June 2006	11.7%
(b)	Rule 1006(b) The net profits attributable to the Aggregate Disposed Shares, compared with the Group’s net profits of approximately S\$3,348,681 as at 30 June 2006	3.3%
(c)	Rule 1006(c) The aggregate value of the consideration received by the Company from the disposal of the Aggregate Disposed Shares, compared with the Company’s market capitalisation	20.3%
(d)	Rule 1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

Upon completion of the Disposals, the Company will continue to own 14.7% of the issued and paid-up share capital of Wintech.

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

2. CONSIDERATION

The disposal of the Disposed Shares was conducted on arms' length basis and at the prevailing average market price of NT\$25.1 (or S\$1.26) per Disposed Share or an aggregate price of NT\$50,200,000 (or S\$2,510,000) for the Disposed Shares.

As at 30 June 2006, the Group's book value of the Disposed Shares was S\$2,274,560. The excess of the net proceeds over the book value of the Disposed Shares amounted to S\$84,333.

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

3. FINANCIAL EFFECT

(i) Net tangible assets ("NTA")

The effect of the disposal of the Aggregate Disposed Shares on the net tangible assets per share in the Company ("**Share**") for the financial year ended 31 December 2005, assuming that the disposal had been effected on 31 December 2005 are summarised below:

	Before the Disposals	After the Disposals*
NTA excluding investment in Wintech (S\$)	41,401,788	51,718,578
Investment in Wintech (S\$)	34,869,219	24,964,112
NTA (S\$)	76,271,007	76,682,690
Number of Shares as at 31 December 2005	364,657,621	364,657,621
NTA per Share (cents)	20.92	21.03

**This also include disposals made on 23 Oct 2006, 25 Oct 2006 and 9 Nov 2006, which was announced via SGX announcement No. 00105 on 23 Oct 2006 and SGX announcement No. 00155 on 9 Nov 2006 respectively.*

(ii) Earnings per Share (“EPS”)

The effect of the disposal of the Aggregate Disposed Shares on the Company’s EPS for the financial year ended 31 December 2005, assuming that the disposal had been effected on 1 January 2005 are summarised below:

	Before the Disposals S\$	After the Disposals S\$
Consolidated loss after taxation and minority interests but before share of profit after tax of Wintech and loss on dilution of interest in Wintech	(6,674,247)	(6,674,247)
Share of profit after tax of Wintech	1,074,736	-
Loss on dilution of interest in Wintech	(389,972)	-
Loss on disposal of shares in Wintech on 23 October 2006	-	(51,907)
Gain on disposal of shares in Wintech on 25 October 2006 and 9 November 2006	-	48,844
Gain on disposal of shares in Wintech on 16 November 2006 and 21 November 2006	-	84,333
Consolidated loss after taxation and minority interests	(5,989,483)	(6,592,977)
EPS (cents)	(1.97)	(2.16)

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

By Order of the Board

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