



SERIAL SYSTEM LTD
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199202071D)

**DISPOSAL OF ENTIRE EQUITY INTEREST IN
JUBILEE INDUSTRIES HOLDINGS LTD. ("JUBILEE")**

1. INTRODUCTION

The Board of Directors (the "**Board**") of Serial System Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that SCE Enterprise Pte. Ltd. ("**SCE**"), a wholly-owned subsidiary of the Company, has on 26 May 2014 entered into a sale and purchase agreement (the "**SPA**") with WE Holdings Ltd. ("**WE Holdings**") to dispose of SCE's entire equity interest of 31,878,000 ordinary shares in the capital of Jubilee (the "**Sale Shares**") (the "**Disposal**").

The Sale Shares represent approximately 13.6% of the entire issued share capital of Jubilee as at 26 May 2014.

The Disposal was completed on 27 May 2014. The Group no longer has any equity interest in Jubilee, and has ceased to be a substantial shareholder of Jubilee.

2. INFORMATION ON JUBILEE

Jubilee is a company incorporated in Singapore and listed on Catalist, the sponsor-supervised platform of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). It is engaged in the business of mould design and fabrication and precision plastic injection moulding, and the production of a range of precision plastic components typically used for customers in consumer electronics, computer peripherals, automotive and household appliances industries.

3. CONSIDERATION FOR THE DISPOSAL

The aggregate consideration paid in cash by WE Holdings for the Disposal (excluding transaction costs) is S\$7,714,476 (US\$6,142,000) (the "**Consideration**").

The Consideration was negotiated and agreed on a willing-buyer, willing-seller basis between the parties, taking into account the selling price per Sale Share of S\$0.242 (US\$0.193) is at a premium compared to the audited net tangible asset per share of Jubilee of S\$0.147 (US\$0.117) as at 31 December 2013, the closing price per share of Jubilee of S\$0.125 (US\$0.099) as at 23 May 2014 and the average purchase price per share of Jubilee by SCE of S\$0.188 (US\$0.150).

4. RATIONALE FOR THE DISPOSAL

The Board considers the Sale Shares as non-core assets, and is of the view that the Disposal enables the Company to realise returns on its investment in Jubilee, and also avail itself of cash which can be deployed into its core businesses and/or utilised for other business opportunities.

The Group intends to use the proceeds from the Disposal for general working capital purposes or other business opportunities as and when they arise and/or reduction of borrowings.

5. FINANCIAL EFFECTS

The *pro forma* financial effects of the Disposal, based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2013 ("**FY2013**"), are set out below. The *pro forma* financial effects are only presented for illustration purposes, and are not intended to reflect the actual future financial situation of the Company or the Group after completion of the Disposal. Transaction costs for the Disposal are ignored for computation purposes.

(a) Net Tangible Assets

Assuming that the Disposal was completed on 31 December 2013, the effect on the net tangible assets ("**NTA**") per share of the Group would be as follows:

	Before the Disposal	After the Disposal
NTA (US\$'000)	100,896	102,277
Number of issued shares (excluding treasury shares) ('000)	895,842	895,842
NTA per share (US\$ cents)	11.26	11.42

(b) Earnings per Share

Assuming that the Disposal was completed on 1 January 2013, the effect on the earnings per share ("**EPS**") of the Group would be as follows:

	Before the Disposal	After the Disposal
Profit attributable to shareholders (US\$'000)	11,206	12,587
Number of issued shares (excluding treasury shares) ('000)	895,773	895,773
EPS (US\$ cents)	1.25	1.41

(c) Book value and profits

The book value of the Sale Shares as at 23 May 2014 is S\$3,984,750 (US\$3,173,000). The gross proceeds of the Disposal of S\$7,714,476 (US\$6,142,000) represents an excess of S\$3,729,726 (US\$2,969,000) over the book value of the Sale Shares as at 23 May 2014. The Disposal will result in the Company recording a gain of S\$1,734,526 (US\$1,381,000), net of fair value reserve of S\$1,995,200 (US\$1,588,000) which was previously taken to equity.

6. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

The relative figures in respect of the Disposal, as computed on the bases set out in Rule 1006 of the Listing Manual and based on the latest announced unaudited consolidated financial statements of the Group for the period ended 31 March 2014, are as follows:

Bases of calculation		Size of relative figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	2.8
(b)	The net profits ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits.	11.5
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	6.6 ⁽²⁾
(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, as the Disposal does not involve an issue of equity securities by the Company
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable, as the Company is not a mineral, oil and gas company

Note:

- (1) Net profits attributable to the Sale Shares were S\$1,734,526 (US\$1,381,000). The Group's net profits for the period ended 31 March 2014 annualised to 12 months were approximately S\$15,107,000 (US\$12,028,000). For the purposes of this Note 1, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) The market capitalisation of the Company is determined by multiplying the Company's total number of issued shares of 895,841,914 (excluding treasury shares) by S\$0.131 (US\$0.104), being the weighted average share price of the Company's shares on 23 May 2014, being the market day preceding the date of the SPA.

As the relative figures as computed on the bases set out in Rule 1006 exceed 5% but do not exceed 20%, the Disposal constitutes a "discloseable transaction" within the meaning of Chapter 10 of the Listing Manual.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER(S)

None of the Directors or the controlling shareholder(s) of the Company has any interest, direct or indirect, in the Disposal.

8. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the Company's registered office at 8 Ubi View #05-01 Serial System Building Singapore 408554 for a period of three (3) months commencing from the date of this announcement.

By Order of the Board

Dr. Derek Goh Bak Heng
Executive Chairman and Group Chief Executive Officer

27 May 2014