

SECURITIES INDUSTRY COUNCIL ("SIC")
PRESS STATEMENT
SERIAL SYSTEM LTD ("SERIAL SYSTEM" OR THE "COMPANY")

On 23 May 2001, the Securities Industry Council directed Eddie Chng Weng Wah ("Chng") to compensate Serial System shareholders as at the close of trading on 26 Feb 2001 (the "Affected Shareholders") prejudiced by Chng's failure to make a general offer for the Company as required by Rule 33 of the Singapore Code on Take-overs and Mergers (the "Compensation").

2 On 30 May 2001, the SIC received Chng's written unconditional undertaking to comply fully with the SIC's direction to compensate the Affected Shareholders. Subsequently, Chng appointed Deloitte & Touche ("DT") as the administrator of the Compensation.

3 On 18 Jun 2001, Chng applied to SIC to pay the Compensation by distributing his Serial System shares to the Affected Shareholders (the "Share Compensation"). In view of the possible adverse effect that the sale of a large bloc of Serial System shares by Chng to raise funds for the Compensation may have on shareholders of the Company, the SIC agreed to allow Chng to make the Share Compensation subject to the following conditions:

- a) Chng to transfer his Serial System shares to an escrow account to be opened and maintained by DT for the purposes of the Compensation; and

- b) Chng to appoint an independent third party to value his Serial System shares for the purposes of the Share Compensation. The independent party and the value it places on Serial System shares for the purposes of the Compensation must be acceptable to the SIC.

4 On 20 Jun 2001, Chng transferred his Serial System shares into an escrow account maintained by DT for the purposes of the Compensation.

5 Arthur Andersen (“AA”), the independent third party appointed by Chng to value his Serial System shares for the purposes of the Compensation, has submitted its valuation report to Chng and extended a copy of the report to the SIC. (Please see Appendix 1.) AA’s valuation of 38.14 cents per Serial System share for the purposes of the Compensation represents the weighted average market price of Serial System shares between the date on which Chng undertook to compensate the Affected Shareholders (30 May 2001) and the date on which he applied to make the Share Compensation (18 Jun 2001). The SIC considers AA’s valuation acceptable for the purposes of the Compensation.

6 DT is currently working out the procedure and amount of Compensation for the Affected Shareholders, consulting the SIC as necessary. DT will announce the details when they are ready.

Issued by the Securities Industry Council
12 Oct 2001

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