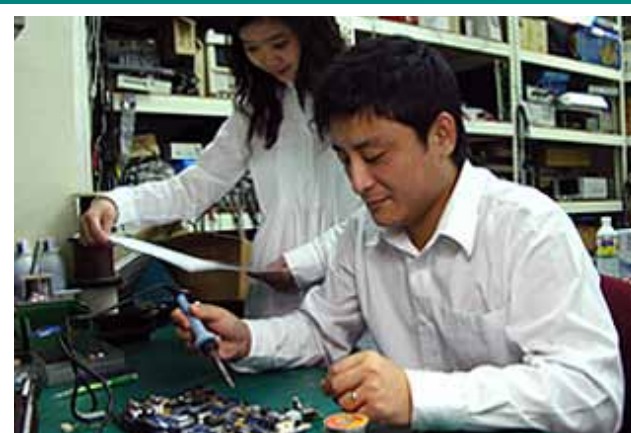


# Corporate Presentation

## 14 November 2009



**SERIAL SYSTEM LTD**  
新暉科技有限公司

# Outline

- Serial Overview
- Industry Outlook
- Financial Highlights
- Strategic Overview



" We will continue to create a corporate environment committed to delivering service and product quality excellence, achieving continual success in performance and profitability, and be a leading semiconductors/components distributor in the region."

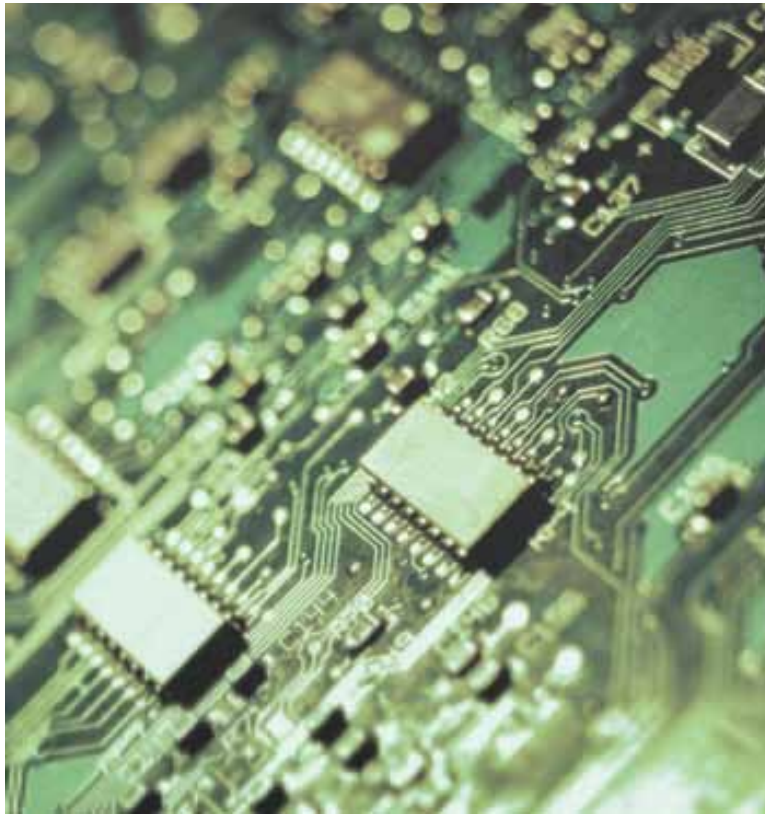
# **Serial Overview**

# Serial At A Glance



|                            |   |
|----------------------------|---|
| <b>Founded:</b>            | <b>1988</b>   |
| <b>Stock Code:</b>         | <b>S69 (Singapore Stock Exchange)</b>                                       |
| <b>Market Cap:</b>         | <b>S\$47.1 million (As at 06 Nov 2009)</b>                                  |
| <b>Net Assets :</b>        | <b>S\$87.3 million (As at 30 June 2009)</b>                                 |
| <b>Website:</b>            | <b><a href="http://www.serialsystem.com.sg">www.serialsystem.com.sg</a></b> |
| <b>YTD Sep 2009 Sales:</b> | <b>S\$396.5 million (unaudited)</b>   |
| <b>2008 Sales:</b>         | <b>S\$510.5 million</b>   |
| <b>Employees:</b>          | <b>500</b>  |
| <b>Locations:</b>          | <b>40 offices across 10 countries in Asia Pacific</b>                       |
| <b>Corporate HQ:</b>       | <b>8 Ubi View, Singapore</b>  |
| <b>Customers:</b>          | <b>4,500</b>  |
| <b>Suppliers:</b>          | <b>56</b>   |

# ***Our Business***



***“A leading semiconductors/  
components distributor of  
active and passive components  
to original manufacturers and  
sub-contractors in various  
industries in the Asia Pacific  
region...”***

# Our Competitive Advantage



***Strong Product Line Cards  
serving wide range of Industries***



ON Semiconductor®

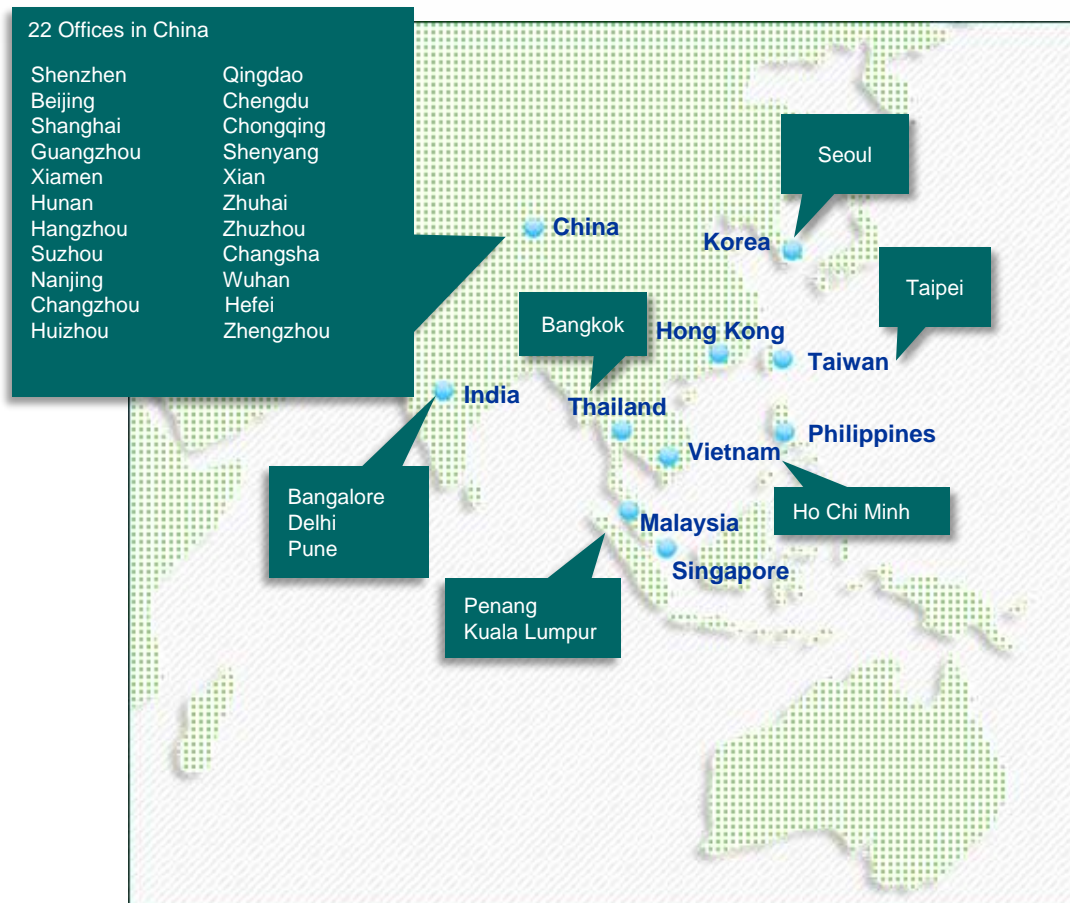


...Adds up to 50 + Franchised Suppliers in the Serial Group

# Our Competitive Advantage



## Extensive Distribution Network



*The Group offices and/or representations in Singapore, Malaysia, Philippines, Thailand, Vietnam, Hong Kong, Taiwan, Korea and major cities of China and India.*

# Our Competitive Advantage



## Customers spanning across various Industries

### Consumer Appliances Industry



### Medical Devices Industry

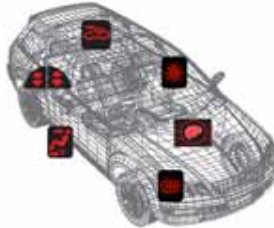


### Telecommunication Industry



### Automotive Industry

Amplifiers  
Data Converters  
Interface  
Power Management  
Processors  
Logic



### Security Device Industry



Biometrics / Identity



Smoke detector

### Industrial Instrumentation



CCTV / Surveillance



Digital Video Recorder

### OEM/EMS/Traders

We sell our products to OEM/  
EMS customers who on-sell  
them to other customers

# Our Competitive Advantage



## Supply Chain Excellence



7 Product Distribution centers

Warehousing and Logistics support

ERP and Advanced Planning Tools

Integrated Materials Supply Chain Solution



# Our Competitive Strength



Derek Goh  
Executive Chairman /Group CEO

Alex Wui  
Group Financial Controller

Terence Tan  
Chief Operating Officer

Ng Teck Cheng  
Vice President Supply Chain

Sean Goh  
Vice President Regional Marketing

Sidney Thong  
Senior IT Director

Lawrence Ho  
Serial China

Kim Sang Yeol  
Tong Baek South Korea

Richard Namkoong  
Unitron South Korea

Jesse Jeng  
Serial Taiwan

Philip Warren  
Serial South Asia Pacific

Bob Chu  
Bull Will Taiwan

## Experienced Management Team

- ∅ ***The senior managers have more than 20 years of experience in our industry***
- ∅ ***Have established wide and valuable contacts and customers***



## ***Attractive Value Proposition***

### **Our customers get:**

- § Access to broad technologies through strong and wide product line cards
- § Shorter time-to-market for their products
- § Market intelligence
- § Extensive reach
- § Lower costs on product development
- § Lower costs in supply chain management
- § Financing

### **Our suppliers get:**

- § Access to 2<sup>nd</sup> and 3<sup>rd</sup> tier OEM, EMS customers which they find difficult to work with
- § Stronger branding
- § Market intelligence
- § R&D and new product introduction capabilities
- § Extensive reach

# ***Industry Outlook***



## Financial and Economic Crisis

Is It Over Yet ???



Have we reached the Bottom???

YES

Various indicators and signs

- n Panic is gone
- n GDP is up quarters on quarters for most countries
- n Consumer & business confidence show signs of improvement
- n Many countries are out of recession

Are we Recovering ???

YES

Certainty ?

- n Some positive signs...
- n Question of V, U or W Shaped recovery?

# Recovery of Electronic/Technology Industry



## Positive Signs “Recovery is Real and not Inventory Driven”

### INTEL OPTIMISTIC ABOUT THE RECOVERY....

Earnings, Revenue and Outlook for 3Q Easily Beat Wall Street's Estimates

Feels strongly that Technology and Innovation will lead the economic recovery and raises outlook on PC sales optimism

Source : CNNMoney.com

### DELL

Expects demand for computers from large companies to pick up by as soon as mid-2010 from Microsoft's launch of Windows 7 operating system

Source : CNNMoney.com

### IBM EARNINGS AND REVENUE BEAT ANALYSTS' FORECASTS

3Q net income rose 14% as compared to last year and raised its expectations for rest of the year, citing improving sales trends during the quarter

Source : CNNMoney.com

## Industry Leaders

### CISCO SAYS THE RECESSION IS (MOSTLY) DEAD

Second consecutive quarter of sequential sales growth for 1Q of fiscal year 2010. CEO says that 4Q 2009 was the “tipping point” of the recovery

Source : The Motley Fool, LLC

### MICROSOFT EARNINGS AND REVENUE BEAT ANALYSTS' FORECASTS

Expects businesses will slowly start to buy new computers beginning next year and into 2011

Source : CNNMoney.com

### APPLE QUARTERLY EARNINGS UP 47%

Sales soar for Macs and iPhones in current quarter. Strong product lineup for the holiday season and some really great products in the pipeline for 2010

Source : CNNMoney.com

# Recovery of Electronic/Technology Industry



## Positive Signs

### Texas Instruments

**Better-than expected 3Q Results. Strong demand from every industry that uses its chips, from cars to computers and phones. Growth mainly from Japan and [Asia Pacific Region](#)**

*Source : Reuters*

### TYCO

**7% increase sequentially in net sales for 3Q. Expects sequential sales increase of between 1 to 5% in 4Q**

*Source : Tyco News Release*

### Avago

**Forecast 4Q revenue to be up 15% from 3Q from stronger than anticipated sales in the wired infrastructure and consumer and computing peripherals end markets**

*Source : Avago News Release*

## Serial Suppliers Customers

### On Semiconductor

**13% sequential growth in Revenue in 3<sup>rd</sup> quarter 2009. Year over year basis, On Semiconductor performed slightly better than other power semiconductor device vendors such as Fairchild, Vishay, Intesil and IR, mainly due to its higher share in power IC market compared to discrete semiconductor market**

*Source : On Semi News Release*

### Flextronics

**Better-than-expected 3Q Results. See signs of renewed strength in the economy and a general improvement in business conditions**

*Source : CNNMoney.com*

### Hynix

**World's No. 2 memory chip maker, swung to profit in 3Q, citing rise in memory chip prices. The company posted first net income in 8 quarters**

*Source : Yonhap News*

# Positioning To Grow Revenue & Bottomline



## Extension of Product Lines to more countries / regions

- § **Tyco** → Hong Kong, China & Korea
- § **On-Semi** → Taiwan
- § **Avago** → Hong Kong & China

## Growth of promising Small Lines

- § **Telegent (China)** → Growth by 683% from 2007 to 2009  
(Telecommunication Industry)

## Acquisition / Addition of Product Lines

- § **Texas Instruments** line in Taiwan
- § **Littelfuse** in Asia
- § **TXC Corporation (Taiwan)** in Korea

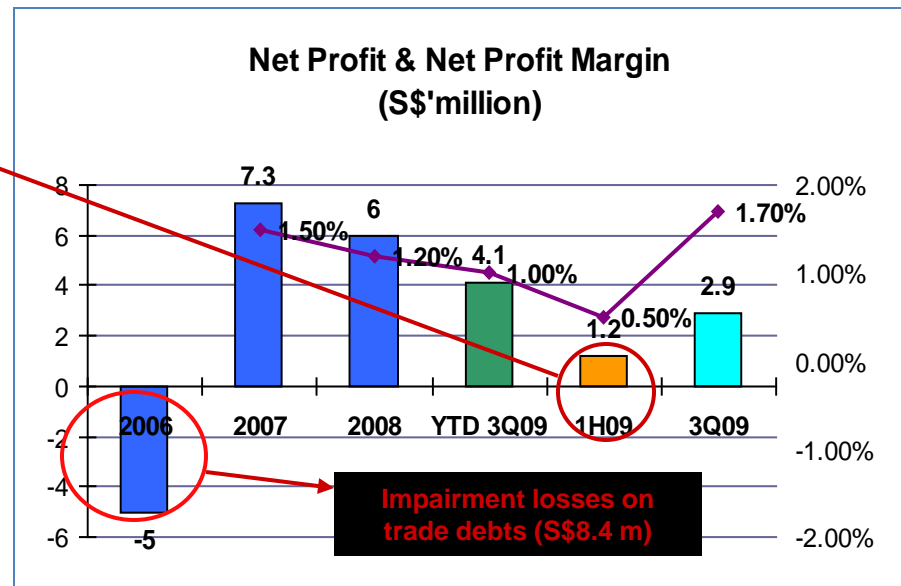
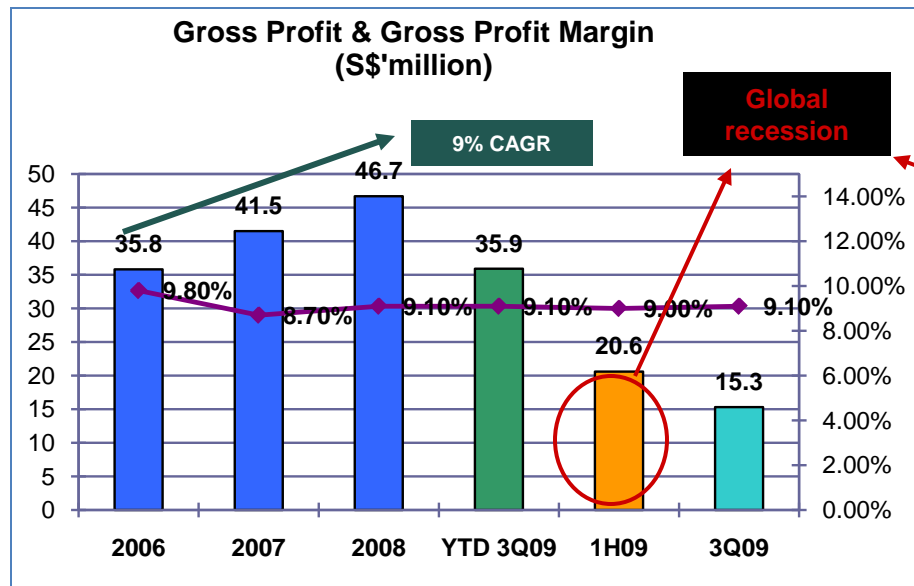
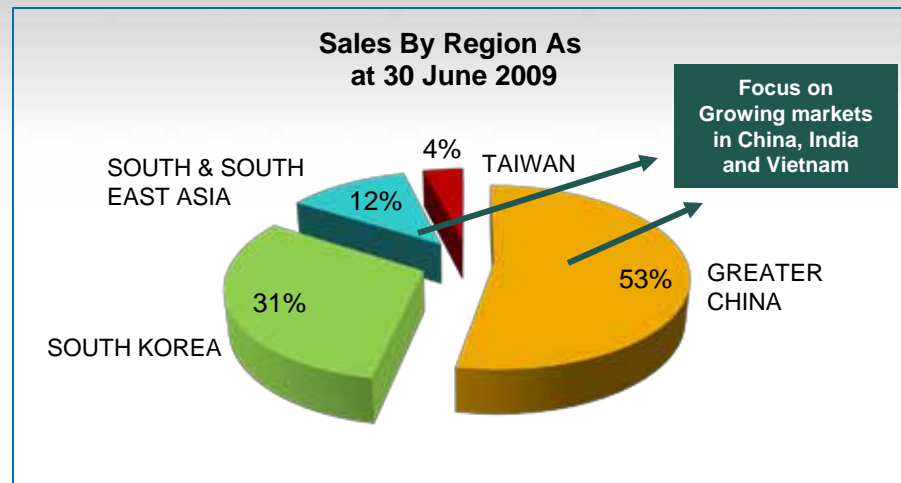
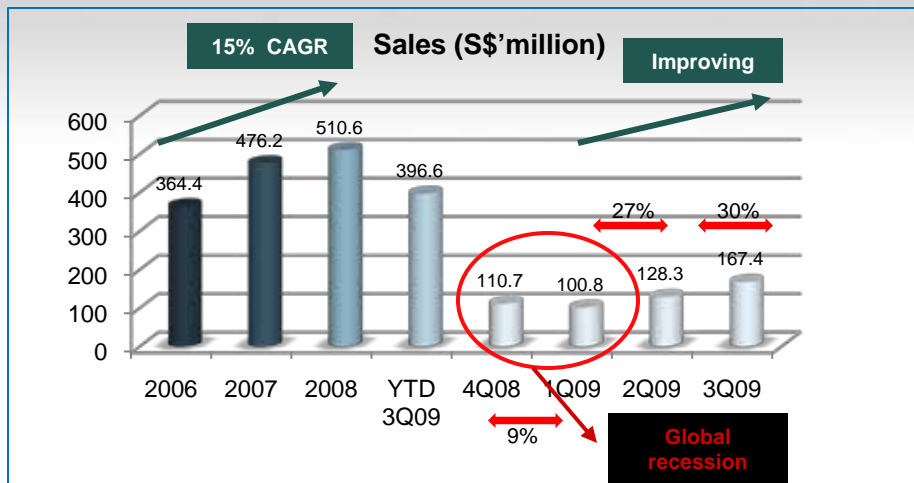
## Addition of New Customers

- § **Hynix**
- § **Fujitsu**
- § **Huizhou BYD Electronics Co., Ltd**
- § **More than 150 other new customers in various industries**

**Various New Product Lines / New Customers In Negotiation**

# ***Financial Highlights***

# Revenue & Profitability

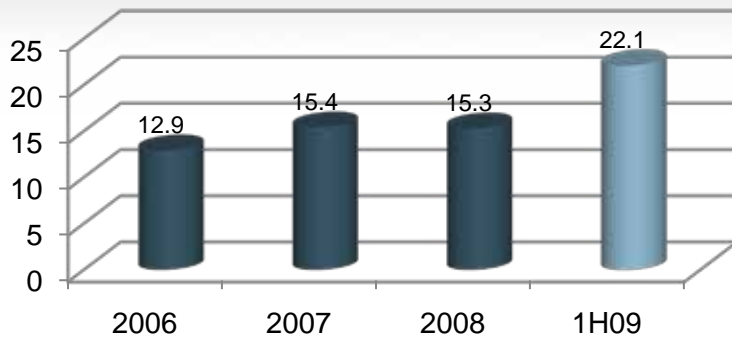


Footnote: 2009 Figures are unaudited

# Cash Flow & Dividend Payout

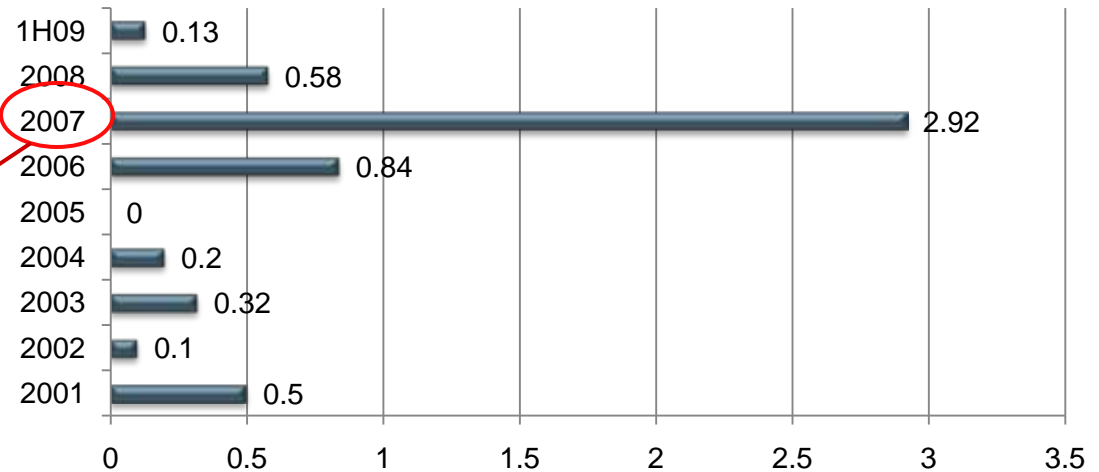


Cash Flow (S\$'million)



Healthy cash position

Dividend per Share (SGD cent)



## Dividend payout every year

**Special interim dividend of SGD 2.7 cent :-**

**(1) Reward shareholders for their royalty and support over the years ( out of proceeds from sale of Wintech investment)**

**(2) Pass on S44 tax credits to shareholders by giving them option to re-invest their cash dividend through subscription of rights shares cum warrants**

# Sound Balance Sheet



| S\$'million                           |   | FY2006 | FY2007 | FY2008 | 1H2009 |
|---------------------------------------|---|--------|--------|--------|--------|
| Working Capital                       | ▲ | 48.4   | 57.8   | 50.4   | 58.0   |
| Net Assets                            | ▲ | 83.2   | 80.0   | 80.1   | 87.3   |
| Net Debt                              | ▼ | 34.4   | 22.0   | 14.9   | 13.9   |
| Net Debt/ Equity (Times)              | ▼ | 0.41   | 0.27   | 0.18   | 0.16   |
| Net Asset Value Per Share (SGD Cents) | ▼ | 22.81  | 13.26  | 13.40  | 12.06  |
|                                       |   |        |        |        |        |
|                                       |   |        |        |        |        |
|                                       |   |        |        |        |        |

# Key Financial Indicators



| Ratios                    |   | FY2006 | FY2007 | FY2008 | 1H2009 |
|---------------------------|---|--------|--------|--------|--------|
| Current Ratio (Times)     | ▲ | 1.56   | 1.64   | 1.79   | 1.81   |
| Net Gearing (Times)       | ▼ | 0.41   | 0.27   | 0.18   | 0.16   |
| Trade Receivable Turnover | ▲ | 58     | 46     | 41     | 45     |
| Trade Payable Turnover    | ▼ | 52     | 42     | 32     | 32     |
| Inventory Turnover        | ▼ | 61     | 53     | 42     | 37     |
| Cash Conversion Cycle     | ▼ | 67     | 57     | 51     | 50     |

# **Strategic Overview**

# Serial's Strategies



- § New product lines and extension of existing lines
  - § Organic growth from value-added M&A, new and existing product lines
  - § Continued focus on lucrative markets, such as China, Korea and Taiwan
  - § Expansion in emerging markets, India and Vietnam
- 
- § Improved value-added designs and solutions to customers
  - § Demand creation for suppliers and customers
- 
- § Staff productivity and efficiency
  - § Business simplification (ERP)
  - § Cost efficiency
  - § Strengthen controls on Receivables, Inventories and Cash

Grow Revenue & Bottomline

# Q&A



***Thank you***  
Thank you

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