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Advance SCT takes over 3 firms for \$17.9m

Move gives it direct presence in Malaysia and Indonesia

By OH BOON PING

ADVANCE SCT is acquiring three firms - two in Malaysia and one in Indonesia - for \$17.9 million.

The copper-recycling company says the takeovers will help strengthen its copper supply chain in terms of geographical reach and provision of value-added services.

The acquired firms include Malaysia's TTM Industries, a copper smelter, and Tsing Technologies, which is in the business of recycling metal scrap.

The third - PT Nuansa Citra Cemerlang (PTNCC) of Indonesia - is also in the metal scrap recycling business.

In a statement yesterday, Advance said it proposed to acquire an 80 per cent stake in TTMI from Lee Kok Peng for \$15.51 million. The purchase, which represents 80 per cent of TTMI's issued and paid-up capital, will be satisfied by cash and the issuance of three million new Advance shares at 64.4 cents each. Tembusu Growth Fund will purchase the remaining 20 per cent stake.

Advance is also acquiring the whole of Tsing Technologies from Mr Lee for \$1.21 million in cash.

It added that it is also buying the whole of PTNCC for \$1.2 million in cash.

To help finance the acquisitions, Advance is using a combination of internal cash resources, external bank borrowings and funds raised from the issuance of debt and/or equity-linked instruments.

There is also a profit guarantee whereby Mr Lee will make up any shortfall if the total profit after tax of Tsing and TTMI for the year ending March 31, 2008 is less than \$8 million.

Advance said the purchase of a copper smelter in Malaysia with capacity of about 60,000 tonnes per annum, and two collection centres, one in Malaysia and one in Indonesia, will provide it with a presence in those countries 'in relation to the collection and processing of copper and other related recyclable material'. It added that those acquisitions will also add value to the materials processed by the group.

The acquisitions are subject to shareholders' approval.

Earlier, Advance said it will invest \$20 million to build one of the world's largest copper refineries in Singapore.

Shares of Sesdaq-listed Advance closed unchanged yesterday at 71 cents each.

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