

## MTQ CORPORATION LIMITED

(Incorporated in Singapore)

(Co. Reg. No. 196900057Z)

### DISCLOSEABLE TRANSACTION: ACQUISITION OF ALL THE ISSUED SHARE CAPITAL OF THE BINDER GROUP

#### 1) INTRODUCTION

MTQ Corporation Limited (“**Company**” or “**MTQ**”) wishes to announce that its wholly owned subsidiary, Blossomvale Investments Pte Ltd, has today entered into a Share Purchase Agreement (“**SPA**”) to acquire 100% of the issued shares (“**Sale Shares**”) of Binder Group Pty Limited (“**Binder**”) and its subsidiaries (“**Binder group**”). The sale and purchase of 75% of the Sale Shares under the SPA is expected to be completed shortly and the remaining 25% of the Sale Shares will be completed in stages over the next two years.

The vendors are a group of private individuals based in Western Australia (“**Vendor**”) and they are not related to any Directors and controlling shareholders of the Company.

#### 2) INFORMATION ON BINDER

Binder is headquartered in Perth, Western Australia and was established in 1982. Binder group is one of the region’s leading specialists in the design and manufacture of proprietary and custom-built pipe support and pipe suspension solutions mainly focused on the oil & gas sector.

In addition to the Perth production facility, the group holds a 50% investment in an Indonesian entity which operates a manufacturing facility in Jakarta, Indonesia.

The group has sales branches in Brisbane and Melbourne, Australia and an office in Singapore.

The unaudited consolidated net book value and net tangible assets of Binder group as at 30 June 2013, based on the financial information provided by the Vendor to the Company, is approximately A\$6.2 million. The unaudited consolidated profit after tax of the Binder group for the financial year ended 30 June 2013 is approximately A\$1.9 million. For the four months ended October 2013, unaudited consolidated profit after tax of the Binder group is approximately A\$1.8 million.

#### 3) RATIONALE FOR ACQUISITION

MTQ views the acquisition of Sale Shares as an opportunity to increase the scope and scale of its core Oilfield operations in the following ways –

- (a) Acquisition of Binder will expand the current services and products offered by MTQ Group and grow its oilfield engineering business by selling to an enlarged group of customers.
- (b) The 50% joint venture of Binder in Indonesia is an established and profitable operation which can enhance the Group’s effort in developing the growing Indonesian market for its other oilfield service businesses.

#### 4) CONSIDERATION FOR THE ACQUISITION

The purchase consideration for the acquisition of the Sale Shares is A\$19.3 million. Completion of 75% of the Sale Shares will take place shortly (“Initial Share Sale Completion”) and completion for the remaining 25% of Sale Shares will be in stages over the next two years.

The deal structure and purchase consideration amount were arrived at on a “willing buyer, willing seller” basis and has taken into account the net asset value, the industrial landscape and growth prospects of Binder.

The Vendor has also agreed to put A\$3.0 million of the A\$14.5 million paid at Initial Share Sale Completion in escrow for the duration of the warranty period of 18 months to support any potential claims faced by the Company arising from the impact of transactions entered into before the disposal.

The Initial Share Sale purchase consideration of A\$14.5 Million will be funded by internal cash resources.

#### 5) RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”)

The relative figures computed under Rule 1006(b) and Rule 1006(c) of the SGX-ST Listing Manual based on a purchase consideration of A\$19.3 million exceed 5% but do not exceed 20% and the acquisition of the Sale Shares would be classified as a discloseable transaction under Rule 1010 of the SGX-ST Listing Manual.

The relative figures under Rule 1006 are:

	Purchase Consideration	A\$19.3 million
Rule 1006a	NAV of assets disposed/Group net NAV	N/A <sup>(1)</sup>
Rule 1006b	Net profits attributable to assets acquired / Group’s net profits <sup>(2)</sup>	10%
Rule 1006c	Aggregate value of consideration given / Issuer Market Capitalisation <sup>(3)</sup>	12%
Rule 1006d	Number of equity securities issued / Equity securities previously in issue	N/A <sup>(4)</sup>

Note: <sup>1</sup> Rule 1006a of the Listing Manual is not applicable to an acquisition of assets.

<sup>2</sup> Based on unaudited pro forma net profit before tax for the financial year ended 30 June 2013 for Binder group except for the Indonesian JV which was for the year ended 31 December 2012. The functional currency of Binder Group is in Australian Dollars.

<sup>3</sup> Based on the market capitalisation of the Company as of 14 January 2014.

<sup>4</sup> Rule 1006d of the Listing Manual is not applicable as no equity securities will be issued by the Company as consideration.

<sup>5</sup> As the context requires in the above computations, the Australian dollars are converted into Singapore dollars at an exchange rate of A\$1 : S\$1.143.

## 6) FINANCIAL EFFECTS OF THE ACQUISITION

The financial effects of the acquisition of the Sale Shares is based on (i) the latest announced consolidated accounts of the Company for Financial Year ended 31 March 2013, (ii) the unaudited consolidated income statement of the Binder group for Financial Year ended 30 June 2013 and (iii) unaudited consolidated balance sheet of the Binder group as at 30 June 2013 are set out below.

### (a) Effect of the Acquisition on the Earnings per share (“EPS”) of MTQ Group

Assuming that the acquisition had been completed on 1 April 2012, the effect of the acquisition on MTQ Group’s EPS for Financial Year ended 31 March 2013 would have been:

	<b>Before Acquisition</b>	<b>After Acquisition</b>
EPS (Singapore cents)	18.45	20.52

### (b) Effect of the Acquisition on the Net Tangible Assets (“NTA”) per share of MTQ Group

Assuming that the acquisition had been completed on 31 March 2013, the effect of the acquisition on MTQ Group’s NTA per share as at 31 March 2013 would have been:

	<b>Before Acquisition</b>	<b>After Acquisition</b>
NTA per share (Singapore cents)	70.43	56.87

### (c) Effect on MTQ Group’s gearing<sup>1</sup>

	<b>Before Acquisition</b>	<b>After Acquisition</b>
Group gearing	19.86%	28.44%

Note: <sup>1</sup> Gearing is defined as the ratio of net debt to net capitalisation. Net debt is defined as gross debt less cash and bank balances. Net capitalisation is the aggregate of net debt and total equity.

## 7) INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors of the Company has any direct or indirect interest in the aforesaid acquisition. The Directors are not aware of any controlling shareholder having any interest, direct or indirect, in the investment and have not received any notification of interest in the investment from any controlling shareholders.

## 8) MISCELLANEOUS

A copy of the SPA is available for inspection from, Monday to Friday, 8.00 am to 5.45 pm at the Company’s registered office at 182 Pandan Loop, Singapore 128373 for 3 months from the date of this announcement.

BY ORDER OF THE BOARD  
MTQ CORPORATION LIMITED

DOMINIC SIU MAN KIT  
COMPANY SECRETARY  
14 January 2014