

**Proposed Acquisition (The "Acquisition") Of The Entire Issued And Paid-Up Share Capital Of Each Of Semitech Mobility Solutions Pte Ltd ("SMS"), Semitech Electronics (HK) Limited ("SE (HK)"), And SEM Technology Sdn Bhd ("SEM TECH")**

Miscellaneous

Name of Announcer *	ACCORD CUSTOMER CARE SOLN LTD
Company Registration No.	200009059G
Announcement submitted on behalf of	ACCORD CUSTOMER CARE SOLN LTD
Announcement is submitted with respect to *	ACCORD CUSTOMER CARE SOLN LTD
Announcement is submitted by *	Woo Kah Wai
Designation *	Company Secretary
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>> Announcement Details

The details of the announcement start here ...

Announcement Title *	PROPOSED ACQUISITION (THE "ACQUISITION") OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF EACH OF SEMITECH MOBILITY SOLUTIONS PTE LTD ("SMS"), SEMITECH ELECTRONICS (HK) LIMITED ("SE (HK)"), AND SEM TECHNOLOGY SDN BHD ("SEM TECH")
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Description

Attachments:	 <a href="#">010306_2_Acquisition.pdf</a> Total size = <b>21K</b> (2048K size limit recommended)
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## **ACCORD CUSTOMER CARE SOLUTIONS LIMITED**

(Company Registration No: 200009059G)

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### **PROPOSED ACQUISITION (THE "ACQUISITION") OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF EACH OF SEMITECH MOBILITY SOLUTIONS PTE LTD ("SMS"), SEMITECH ELECTRONICS (HK) LIMITED ("SE (HK)"), AND SEM TECHNOLOGY SDN BHD ("SEM TECH")**

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#### **Introduction**

Accord Customer Care Solutions Limited ("ACCS" or the "Company", or together with its subsidiaries, the "Group") is pleased to announce that it has entered into a conditional sale and purchase agreement (the "Agreement") with Semitech Electronics Limited ("Semitech") on 1 March 2006, to acquire from Semitech the entire issued and paid-up share capital in each of its wholly-owned subsidiaries, SMS, SE (HK) and SEM Tech (collectively the "Sale Companies"), for an aggregate purchase consideration of S\$7.5 million (the "Purchase Consideration").

This announcement is made pursuant to Rule 1010 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Listing Manual").

#### **Information on the Sale Companies and Semitech**

SESDAQ-listed Semitech is an engineering-based group providing solutions for the electronics industry, with focus on the hard disk drive, gaming, medical devices, semiconductor, industrial and communication sectors.

The Semitech group's core capabilities in electronics solutions extend across the three areas of Contract Equipment Manufacturing, After-Market Customer Services ("AMS") and Trading and Distribution. The Sale Companies are engaged in the provision of AMS for manufacturers of mobile communication devices, including Samsung, 3Com, Hewlett Packard, BenQSiemens and O<sub>2</sub> in the territories of Singapore, Hong Kong SAR and Malaysia. For the unaudited financial year ended 31 December 2005, the Sale Companies contributed to approximately 32% or S\$11.2 million of Semitech's unaudited group revenue of S\$34 million for the same period. As at 31 December 2005, the Sale Companies have an unaudited net tangible asset value of S\$2.15 million, after taking into account balance sheet adjustments as agreed between the Company and Semitech for inter-company balances.

#### **Rationale**

The Sale Companies have a regional network that complements ACCS' geographic footprint. The Sale Companies currently outsources the provision of AMS services to third parties in markets where it does not have a physical presence. The combined AMS businesses provide a common service and administrative platform for the customers of the Sale Companies to leverage on ACCS' regional infrastructure and to extend a seamless suite of AMS services to their end-users in those markets.

The proposed transaction is expected to have an accretive impact on the Group's earnings going forward. In addition, the Group expects to benefit from economies of scale and operational and cost efficiencies through the integration of the new business with the Group's existing operations in those countries.

Having consolidated our operations, the Group is now focusing its resources on growth and performance. This transaction enhances and broadens the Group's brand and product profile and present opportunities for the Group to introduce its regional network to the customers of the Sale Companies.

### **Purchase Consideration and Financial Effects**

The Purchase Consideration will be satisfied in full by the allotment and issue of 65,331,010 ordinary shares in the capital of the Company (the "Consideration Shares") at an issue price of S\$0.1148 for each Consideration Share (the "Issue Price") to Semitech. The Issue Price is based on the average volume weighted price of ACCS shares over the ten full market days prior to the date of signing of the sale and purchase agreement for which there was trading in ACCS shares. The Consideration Shares represent approximately 6.8% of the issued share capital of the Company as at the date of this announcement, or approximately 6.37% of the Company's enlarged share capital after taking into account the Consideration Shares. The Consideration Shares will be issued on completion of the Acquisition, which is expected to be by the first half of 2006.

50% of the Consideration Shares are subject to a 12-month moratorium from the date of completion of the Acquisition.

The Purchase Consideration was agreed upon based on arms' length negotiations between the Company and Semitech on a willing buyer and willing seller basis, after taking into consideration the unaudited net tangible asset value of the Sale Companies of S\$2,150,000 as at 31 December 2005 (after taking into account balance sheet adjustments as agreed between the Company and Semitech for inter-company balances), the unaudited FY2005 revenue and operational performance of the Sale Companies as well as the business prospects of the Sale Companies.

Based on the Group's unaudited financials for FY2005 announced on 1 March 2006, the transaction is expected to improve the earnings per share and net tangible asset per share of the Group by 5.11% and 14.59% respectively.

### **Conditions Precedent**

The sale and purchase of the Sale Shares is conditional, *inter alia*, upon:

- (a) the results of a due diligence review of the business, affairs, operations, assets, financial condition, prospects, records and affairs of the Sale Companies, being satisfactory to the Company in its sole and absolute discretion;
- (b) the approval of the shareholders of Semitech being given for the sale of the Sale Shares by Semitech to the Company on the terms and conditions of the Agreement; and
- (c) approval in-principle for the listing and quotation of the Consideration Shares on the SGX-ST being obtained from the SGX-ST.

### **Interests of Directors and Controlling Shareholders**

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the proposed Acquisition.

### **Service Contracts of Directors**

There are no directors who are proposed to be appointed to the Company in connection with the Acquisition.

**Inspection**

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office at 20 Toh Guan Road, #07-00, Accord Distri Centre, Singapore 608839, for three months from the date of this announcement.

BY ORDER OF THE BOARD

Woo Kah Wai  
Company Secretary

Singapore  
1 March 2006