

AEM Holdings plans to take CEI Ltd private in S\$99.7 million buy-out offer

MON, JAN 11, 2021 - 7:21 PM

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ELECTRONICS services provider AEM Holdings has launched a S\$99.7 million buy-out bid for contract manufacturer CEI Ltd, in a voluntary conditional offer on Monday.

Citing business synergy, mainboard-listed AEM is offering S\$1.15 in cash, or a mix of cash and new AEM shares, for each ordinary share in mainboard-listed CEI.

The offer price marks a premium of 26.1 per cent volume-weighted average price of CEI shares in the 12 months to Jan 8. CEI closed at S\$1.00 on Monday, up by S\$0.01 or 1.01 per cent, while AEM ended higher by S\$0.02 or 0.55 per cent, at S\$3.67.

CEI shareholders can also opt to accept the offer for a mix of either 85 per cent cash and 15 per cent new shares, or 70 per cent cash and 30 per cent new shares, at an issue price of S\$3.55 for each new share in AEM.

AEM plans to delist and privatise CEI, but added in its offer document that it wants to continue developing the business and does not intend to introduce any major changes, redeploy fixed assets or terminate staff beyond the ordinary course of business.

The AEM board, which plans to fund the cash component of its offer through internal cash resources, asserted that CEI offers "a strategic fit and will provide synergistic benefits to the business and operations". These could include opportunities for better supply-chain integration, wider cross-selling and improved manufacturing processes.

Still, the privatisation bid is conditional on AEM and its concert parties obtaining valid acceptances for at least a 50 per cent interest by the close of the offer.

For the deal to go through, the Singapore Exchange must also give in-principle approval for the listing and quotation of the new AEM shares by the long-stop date of Feb 15.

Separately, the CEI board noted that it will appoint an independent financial adviser to advise the independent directors, once the offer has been made.

In the meantime, it advised shareholders to exercise caution when dealing in their shares, and refrain from taking any action prejudicial to their interests.