

Novo Tellus to take controlling stake in Grand Venture Tech via placement, vendor share sale

Private equity fund to take 29.6% of Grand Venture's enlarged share capital

THU, JAN 14, 2021 - 5:50 AM

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PRIVATE equity fund Novo Tellus PE Fund 2 is set to take a 29.6 per cent stake in Grand Venture Technology's enlarged share capital after the fund signed two separate agreements.

In a bourse filing on Tuesday, manufacturing service provider Grand Venture said it has entered into a conditional placement agreement with placee NT SPV 12, a wholly-owned subsidiary of Novo Tellus PE Fund 2.

Catalist-listed Grand Venture is proposing to issue 71.5 million new shares in the company at S\$0.33 apiece to raise some S\$23.6 million.

The issue price represents about an 18 per cent discount to the volume-weighted average price of S\$0.40 per share. This is based on trades done on Jan 11 - the last full market day before the placement agreement was signed.

Net proceeds after deducting estimated fees and expenses will be about S\$23.5 million.

The company intends to use 81 per cent, or the bulk of this for expansion via mergers and acquisitions.

About S\$3 million, or 13 per cent of the proceeds, will be used for investing and enhancing operational and engineering capabilities; the remainder will be used for general working capital.

The placement shares, when allotted and issued, will represent about 23.4 per cent of the firm's enlarged share capital, resulting in a transfer of controlling interest.

Among other things, completion of the proposed placement is conditional upon shareholders' approval at an extraordinary general meeting to be convened, and the listing and quotation notice from the Singapore Exchange.

In connection with the placement, the placee shall be entitled to nominate one director for appointment to Grand Venture's board.

Separately, Grand Venture's controlling shareholder Metalbank Singapore, has also entered into a conditional sale-and-purchase agreement (SPA) to sell some 19 million shares to Novo Tellus for about S\$6.3 million.

Metalbank holds a 57 per cent stake in Grand Venture and the sale shares represent 8.1 per cent of the firm's existing share capital.

Completion of this SPA is conditional upon completion of the aforementioned placement agreement.

Taken together, the placement shares and the sale shares will represent about 29.6 per cent of Grand Venture's enlarged share capital.

The placement is deemed to be an interested-person transaction, and consideration for the placement shares represents about 80.1 per cent of the group's latest audited net tangible assets value of S\$29.5 million as at Dec 31, 2019, Grand Venture said.

Novo Tellus PE Fund 2 makes private equity investments in the tech and industrials sector of South-east Asia, with a focus on mid-market companies.

AEM Holdings' non-executive chairman Loke Wai San runs technology buyout fund Novo Tellus Capital Partners.

Just this week, electronics services provider AEM launched a S\$99.7 million buyout bid for mainboard-listed contract manufacturer CEI Ltd.

Last November, Sunningdale Tech also announced that its chairman Koh Boon Hwee is teaming up with Novo Tellus PE Fund 2 to take the precision plastic components manufacturer private.

Grand Venture shares closed at 44.5 Singapore cents on Wednesday, up 5.5 cents or 14.1 per cent.

Source: The Business Times