



MEMTECH INTERNATIONAL LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200312032Z)

SALE AND PURCHASE AGREEMENT ENTERED INTO WITH ZHEJIANG ADD AUTO-PARTS CO., LTD

The Board of Directors of Memtech International Ltd. (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Group’s wholly owned subsidiary, Huzhou Memtech Electronic Industry Co., Ltd (the “**Vendor**”), has, on 29 December 2016, entered into a sale and purchase agreement (the “**Agreement**”) with Zhejiang Add Auto-Parts Co., Ltd (the “**Purchaser**”) for the sale of two pieces of its land located at No. 328 Guangyuan Road (“**Asset A**”) and No.181 Chuangye Avenue (“**Asset B**”) respectively, in Huzhou City, the People’s Republic of China (collectively, the “**Assets**”) as described below for an aggregate cash consideration of RMB 41,000,000 (inclusive of value-added taxes on land and property) upon the terms and conditions of the Agreement (the “**Disposal**”).

1. SALIENT TERMS OF THE DISPOSAL

1.1. Information on the Purchaser

The Purchaser is a company incorporated in Zhejiang Province, the People’s Republic of China.

The Purchaser is an independent third party and is not related to any director, chief executive officer or substantial shareholder of each entity of the Group, nor an associate of any such director, executive officer or substantial shareholder.

1.2. Information on the Assets

The Assets comprise the land use rights of Asset A and Asset B, together with the buildings erected thereon. The details of Asset A and Asset B are as follows:

Asset	Land Use Right	Gross Area (square metres)	Usage	Land Use Permit Number
Asset A	State-owned	10,616	Industrial	Huzhou City (2010) No. 9-6455
Asset B	State-owned	19,957.68	Industrial	Huzhou City (2015) No. 000035

The details of the buildings of Asset A and Asset B are as follows:

Asset	Gross Area (square metres)	Registration Number
Asset A – 1 factory building	8,782.24	110043667
Asset B – 1 workers dormitory	8,281.52	110267695
Asset B – 1 factory building	8,903.07	110299910

The Assets shall include any other facilities, plants and buildings located on the respective property.

1.3. Value of the Assets

As at 30 November 2016 the net book value of Asset A is RMB4,575,533.48. The proceeds from the Disposal of Asset A will result in a net gain of RMB8,741,539.69.

As at 30 November 2016 the net book value of Asset B is RMB12,744,178.03. The proceeds from the Disposal of Asset B will result in a net gain of RMB12,938,748.80.

1.4. Purchase Consideration

The purchase consideration for the Disposal is RMB41,000,000 (the “**Purchase Consideration**”), of which RMB14,000,000 shall be payable for the sale of Asset A and RMB27,000,000 shall be payable for the sale of Asset B. The Purchase Consideration is inclusive of value-added taxes on land and property of approximately RMB2,000,000.

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after taking into account, *inter alia*, the net asset value of the Properties and prevailing market conditions.

Pursuant to the Agreement, the Purchase Consideration shall be satisfied in cash in the following manner:

- a) within 7 days upon signing of the Agreement, the Purchaser shall pay RMB 4,100,000 to the Company as an upfront deposit;
- b) within 3 business days of paying the relevant value added taxes on land and property in connection with the Disposal, the Purchaser shall pay 60% of the Purchase Consideration for the sale of Asset A and Asset B respectively (i.e. RMB8,400,000 and RMB16,200,000);
- c) upon submission of the transfer and registration documents to the relevant authorities, the Purchaser shall immediately pay 25% of the Purchase Consideration for the sale of Asset A and Asset B respectively (i.e. RMB3,500,000 and RMB6,750,000); and
- d) within 5 business days from the date falling 3 months from the completion of the matters mentioned in paragraph 1.4(c), the remaining Purchase Consideration shall be paid to the Vendor.

1.5. Other Terms of the Agreement

Upon transfer of the Assets to the Purchaser, the Vendor shall deliver all relevant documents relating to the Assets, including building designs, relevant approvals and registration documents to the Purchaser.

The Vendor and the Purchaser shall use best endeavours to procure that the relevant registration documents are completed for the transfer of the Assets.

Pursuant to the Agreement, the Vendor and the Purchaser shall each bear their own taxes and expenses in respect of the Disposal.

1.6. Rationale for the Disposal

The Disposal is in line with the Group's strategy to divest under-utilised assets for cost savings, and will allow the Group to unlock the value of the Assets.

The proceeds from the Disposal will provide the Group with additional working capital to fund the operations and expansion of its core businesses and also to undertake new investment opportunities that may arise in the future.

1.7. Use of Proceeds

The Company expects to receive net proceeds of RMB39,000,000 (excluding estimated value-added taxes on land and property of RMB2,000,000 to be incurred in connection with the Disposal). The Company intends to utilise the net proceeds from the Disposal for general working capital purposes of the Group's businesses and operations.

1.8. Financial Effects

The *pro forma* financial effects of the Disposal on the Group have been prepared based on the Group's audited consolidated financial statements for the financial year ended 31 December 2015. These *pro forma* financial effects are purely for illustrative purposes only and do not reflect the future actual financial position and results of the Group after the Disposal.

a) Net Tangible Asset ("NTA") per share

Assuming that the Disposal had been completed on 31 December 2015, the *pro forma* financial effects of the Disposal on the NTA per share of the Group for the financial year ended 31 December 2015 would have been as follows:

	Before the Disposal	After the Disposal
NTA (US\$'000)	112,334	115,819
Number of issued shares excluding treasury shares ('000)	140,881	140,881
NTA per share (cents)	79.7	82.1

b) Earnings per share (“EPS”)

Assuming that the Disposal had been completed on 1 January 2015, the *pro forma* financial effects of the Disposal on the EPS of the Group for the financial ended 31 December 2015 would have been as follows:

	Before the Disposal	After the Disposal
Net profit / attributable to shareholders (US\$'000)	8,153	11,457
Weighted average number of issued shares ('000)	140,881	140,881
EPS / (cents)	5.8	8.1

1.9. Relative Figures pursuant to Rule 1006 of the Listing Manual

(a)	Rule 1006(a) The net asset value (“NAV”) of the Assets of approximately US\$2.594 million as at 30 November 2016, compared with the Group's NAV of US\$109.266 million as at 30 September 2016 ⁽¹⁾	2.4%
(b)	Rule 1006(b) The net profits attributable to the Assets compared with the Group's net profits ⁽²⁾	Not applicable as there is no profit attributable to the Assets
(c)	Rule 1006(c) The aggregate value of the Purchase Consideration of RMB41,000,000, compared with the Company's market capitalisation ⁽³⁾ of approximately US\$63.4 million (based on the weighted average price of the Company's shares on the SGX-ST of S\$88.75 million on 28 December 2016)	9.7%
(d)	Rule 1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as this is a disposal

(e)	<p>Rule 1006(e)</p> <p>The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.</p>	<p>Not applicable as this is not a disposal of a mineral, oil gas asset by a mineral, oil and gas company</p>
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Notes:

- (1) Based on the latest announced unaudited consolidated accounts of the Group for the 9 months ended 30 September 2016.
- (2) No profits are attributable to the Assets as there have been no operations undertaken by the Vendor in relation to the Assets for the past three (3) years.
- (3) Based on the market capitalisation of the Company determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the Agreement.

2. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective directorships and/or shareholdings in the Company, if any, none of the directors and/or controlling shareholders of the Company has any interest, direct or indirect, in the Disposal.

3. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

4. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 89 Short Street, Golden Wall Centre #04-01, Singapore 188216 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Chuang Wen Fu
 Executive Chairman
 30 December 2016