

Palette to gain more recurring income with acquisition

By TOH KAR INN

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PETALING JAYA: Palette Multimedia Bhd is expected to gain additional recurring income next year, following the acquisition of a 51% stake in biomedicine and herbal medicine company Genopharma Sdn Bhd for RM1.53mil.

This acquisition provides a progressive recurring income over the next three financial years.

For this deal, Palette will issue new shares valued at RM1.53mil for the 51% equity stake in Genopharma.

Palette hopes to complete this deal by March 2017.

According to the term sheet, both parties will sign a share sale agreement 21 working days from the date of receipt of notification that Palette is proceeding with the proposed acquisition.

Palette chairman Eg Kah Yee does not expect the company to issue more than 10% of shares for this acquisition.

So if the shares are issued at 10 sen per share, this would mean that Palette would be issuing some 15.3 million shares or just some 4.78% of its existing paid up capital of 319.5 million shares.

Palette currently has a market capitalisation of RM20.8mil based on its share price of 6.5 sen.

Meanwhile, on the acquisition price of RM1.53mil, this is derived from a price earnings (PE) ratio of 5 times Genopharma's FY16 net profit of RM600,000.

Over the next three years, Palette has the call option for the remaining 49% stake based on a PE ratio of 6 times, through a series of 15%, 15% and 19% of Genopharma's total shares each year.

The call options after the closing of financial years 2017, 2018, and 2019 will have



It's a deal: Eg (left) shaking hands with Genopharma Sdn Bhd global executive director Datuk Seri Liu E Jen after the signing of the term sheet. In the middle is Genopharma medical consultant Datuk Seri Prof C.H. Liao.

profit guarantees of RM1mil, RM1.5mil, and RM2mil, respectively.

This translates to profit growth of 67% in Palette's earnings for the first year, followed by 50% and 33% in the second and third year. Shares in Palette were suspended for one hour yesterday beginning from 11.04am to 12.04pm.

Its share price closed 7.1% lower at 6.5 sen, traded on a volume of 1.32 million shares.

Palette, which has invested RM2.5mil on research and development of its mobile healthcare system 'i-medic' over the last five years, sees increasing demand for the digitisation of traditional Chinese medicine (TCM).

"The acquisition of Genopharma augurs well with Palette's digital healthcare operations.

"There is a strong demand for herbal based TCM treatments, especially for chronic diseases such as cancer and cardiovascular diseases.

"With i-medic, both doctors and patients can track and analyse data from various tests, as well as pre- and post-treatment, to see a measurement of progress in the treatment plan.

"Hence, we intend to digitise and build a database for TCM," said Eg after the signing of the term sheet with Genopharma.

Palette Multimedia buys 51% stake in Genopharma

PETALING JAYA: Information technology company Palette Multimedia Bhd is buying a 51% stake in traditional Chinese medication trader Genopharma Sdn Bhd for RM1.53 million in an all-share deal.

The company's stock closed down half a sen to 6.5 sen yesterday. The issue price for the new shares has not been determined.

Palette Multimedia, which made a half a million net loss on revenue of RM222,000 for the first quarter ended Aug 31, 2016, said the proposed buy will enable Palette Multimedia to expand its earning base and invest in a profitable business. It has a three-month period to do due diligence on the financial status and affairs of Genopharma.

The proposed buy comes with a profit guarantee by the vendors, Liao Chunhua, Liu Zhen and Tan Yi Wen, for the next three financial years subsequent to 2016 to be at least RM1 million for financial year ending June 30, 2017, RM1.5 million for FY 2018 and RM2 million for FY 2019. The vendors will make up for any shortfall.

Independently, Palette Multimedia undertakes to provide additional working capital of up to RM1 million for FY 2017 and on cumulative basis no more than the profits so guaranteed in any of the financial year into Genopharma as a loan on needed basis. The loan is repayable on demand.

續紛入股GENOPHARMA

(吉隆坡24日讯) 缤纷 (PALETTE, 0005, 创业板科技) 建议通过发新股的形式, 以153万令吉收购GENOPHARMA私人有限公司51%股权, 扩大公司获利。

缤纷今日与拿督斯里廖春华、拿督斯里刘胤楨及拿汀斯里陈宇雯签署条款清单, 建议发行新股, 以153万令吉, 收购GENOPHARMA的51%股权。

GENOPHARMA主要涉及传统中药、食品及

草药营养品贸易。

针对是项股权收购, 涉及的单位将洽谈相关条款和条件, 而缤纷将在日后

落实新股的每股发售价。

缤纷提呈马证交所的报备文件指出, 上述股权收购, 可提高公司的盈利。

该股今早以7仙平盘开市, 配合上述企业宣布, 该股今早11时04分暂停交易1小时, 以6.5仙复牌, 跌0.5仙。该股休市暂挂7仙平盘; 半日成交量66万5300股。该股闭市报6.5仙, 跌0.5仙, 成交量132万2600股。

Palette Multimedia plans to diversify into traditional Chinese medicine

BY CHONG JIN HUN

KUALA LUMPUR: Palette Multimedia Bhd plans to diversify into traditional Chinese medicine (TCM) to expand its earnings base.

In a statement to Bursa Malaysia yesterday, Palette said it had entered into a term sheet for the proposed acquisition of a 51% stake in Genopharma Sdn Bhd (GSB) for RM1.53 million. Palette said it had entered into the term sheet with GSB shareholders Liao Chunhua, Liu Zhen and Tan Yi Wen.

"GSB is principally involved in the trading of TCM, food and herbal supplements. Currently, GSB products are sold at TCM clin-

ics, pharmacies and chain stores. GSB also supplies herbal-based medicines and supplements to hospitals and clinics in Malaysia.

"The proposed acquisition will enable Palette to expand its earnings base and invest in a profitable business. Hence, the term sheet is to set the parameters of transaction and allow the parties to outline the terms and conditions, as well as their understanding and intention in respect of the proposed acquisition," Palette said. Palette added that it would issue new shares in the company, as payment for the GSB stake. Palette shares settled half a sen lower at 6.5 sen with a market value of RM20.8 million.