



MSM INTERNATIONAL LIMITED
(Incorporated in Singapore)
(Company Registration No.: 200918800R)

PROPOSED DISPOSAL OF ASSOCIATED COMPANY – COSMOS TECHNOLOGY INTERNATIONAL BERHAD

1. INTRODUCTION

The board of directors (“**Board**” or “**Directors**”) of MSM International Limited (“**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company (the “**Vendor**”) has on 14 November 2024, entered into five conditional share sale agreements (“**Disposal SSA**”) with five purchasers (the “**Purchasers**”) as mentioned in Section 2, to dispose 21% of its shareholding interests, which is equivalent to 53,864,322 ordinary shares, in the capital of its associated company, Cosmos Technology International Berhad (“**Cosmos**”) (“**Sale Shares**”), to the Purchasers for a cash consideration of RM21,244,088.60 (“**Consideration**”) (“**Proposed Disposal**”).

Upon completion of the Proposed Disposal, the Company will hold approximately 6% shareholding interests (15,390,078 ordinary shares) in Cosmos, and Cosmos shall cease to be an associated company of the Company.

2. INFORMATION ON THE PURCHASER

The Purchasers are listed as below:

Purchaser Name	Number of Sale Shares	Consideration (RM)
i) I.S.E.T. Engineering Sdn Bhd (“ ISET ”)	5,130,000	2,023,272.00
ii) Green HPSP (M) Sdn Bhd (“ HPSP ”)	7,695,000	3,034,908.00
iii) Dato’ Foong Wei Kuong	35,909,322	14,162,636.60
iv) Dang Yee Fong	2,565,000	1,011,636.00
v) Lew Jin Aun	2,565,000	1,011,636.00
Total	53,864,322	21,244,088.60

ISET was incorporated in Malaysia on 22 December 1997 as a private company limited by shares and is primarily involved in the business of designing, supplying, installation, testing and commissioning of mechanical and electrical works. The sole director of ISET, Datin Lim Wan Ring is the spouse of Dato’ Chong Toh Wee, a director of Cosmos. Dato’ Chong Toh Wee owns 85% shareholdings in ISET.

HPSP was incorporated in Malaysia on 27 July 1994 as a private company limited by shares and is primarily involved in the business of manufacturing and trading of specialised polymer or rubber products. The major shareholder and director of HPSP is Mr Ong Kian Huat.

The individual purchasers Dato' Foong Wei Kuong, Ms Dang Yee Fong and Mr Lew Jin Aun are Malaysians. The Purchasers are either business associates of the Company or introduced by mutual acquaintance of the Executive Director of the Company. There are no introducer fees paid or to be paid by the Company in connection with the Proposed Disposal. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, all Purchasers are independent third parties who are not related to any of the Company's directors and/or controlling shareholders and their respective associates.

3. INFORMATION ON COSMOS

Cosmos is listed on the ACE Market of Bursa Malaysia with principal activities of manufacturing and supply fluid control products for water, wastewater and oil and gas applications.

Based on the audited financial statements of Cosmos as at 30 April 2024, its net tangible assets amounted to RM53.05 million. Cosmos recorded a net profit of RM2.30 million for the financial year ended 30 April 2024.

Based on the unaudited financial statements of the Group, investments in associated companies which represents approximately 27% interests in Cosmos, amounted to approximately RM14.23 million as at 30 September 2024. The Group recorded a share of loss of associated companies of approximately RM0.20 million for the financial period ended 30 September 2024.

Assuming that the Proposed Disposal had been completed on 30 September 2024, the said transaction would result in a gain on disposal of approximately RM10.18 million.

4. MATERIAL TERMS OF THE PROPOSED DISPOSAL

4.1 Consideration

The Consideration, which is equivalent to RM0.3944 per Cosmos shares, was arrived at pursuant to arm's length negotiations between the Company and the Purchasers on a willing buyer willing seller basis, after taking into account the market price of Cosmos shares as traded in the ACE Market of Bursa Malaysia, prevailing market conditions, and the rationale for the Proposed Disposal as disclosed in Section 5 below. No valuation was commissioned by the Company in respect of the Proposed Disposal given that Cosmos shares are publicly traded in the ACE Market of Bursa Malaysia. The closing market price of Cosmos shares on 13 November 2024 is RM0.37 and the Consideration represents a premium of approximately 6.6% over the market price.

The Consideration will be paid by the Purchasers to the Vendor within three (3) months from the date of the Disposal SSA ("Completion Date").

4.2 Conditions Precedent

The completion of the Proposed Disposal is subject to the customary conditions, including, *inter alia*, the Company obtaining the necessary regulatory approvals, including from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (if applicable).

4.3 Completion

The Proposed Disposal will complete upon receipt of the full payment from the Purchasers of the Consideration and completion of the transfer of Sale Shares by the designated brokers mutually agreed by both parties.

5. RATIONALE OF THE PROPOSED DISPOSAL

The Company is of the view that the Proposed Disposal is in the best interest of the Company given that the Company would realise a gain from investment and generate a positive cash inflow to the Company. As such, divesting this investment is expected to improve the Company's future financial position and cashflow. The Proposed Disposal will also allow the Company to focus on its core businesses and developments therein. This may, in turn, enhance long-term shareholders' value of the Company.

The Proposed Disposal will also not have any material impact on the Company's core businesses and/or business segments.

6. USE OF PROCEEDS

The proceeds from the Proposed Disposal from the consideration of approximately RM21.24 million (less transaction costs which are not material), will be used for working capital purposes and debt repayment of the Group.

7. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

Based on the latest announced consolidated financial statements of the Group (being the unaudited consolidated financial statements for the financial period ended 30 September 2024), the relative figures for the Proposed Disposal, as computed on the bases set out in Rule 1006 of the Catalist Rules, are as follows:

Rule 1006	Bases of computation	Relative Figure
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value ⁽¹⁾	32.94% ⁽²⁾
(b)	The net losses attributable to the assets disposed of, compared with the Group's net profits ⁽³⁾	-23.72% ⁽⁴⁾
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	183.59% ⁽⁵⁾
(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 ⁽⁶⁾
(e)	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.	Not applicable ⁽⁷⁾

Notes:

- (1) Under Rule 1002(3)(a) of the Catalist Rules, “net assets” means total assets less total liabilities.
- (2) Based on the 21% interest in investment in associated company of RM11.06 million and the net asset value of the Group of RM33.59 million as at 30 September 2024.
- (3) Under Rule 1002(3)(b) of the Catalist Rules, “net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (4) Based on the unaudited financial statements of Cosmos and the Group for the financial period ended 30 September 2024, the share of losses attributable to the 21% interests in Cosmos was RM0.16 million and the net profit of the Group was RM0.67 million, respectively.
- (5) Based on the Consideration of RM21.24 million and the Company’s market capitalisation of approximately RM11.57 million. The Company’s market capitalisation of approximately RM11.57 million (based on an exchange rate of S\$1.00 to RM3.3271), is determined by multiplying the total issued shares of 105,391,186 ordinary shares in issue by the volume weighted average price of shares of S\$0.033 per share on 21 October 2024, being the last full market day immediately preceding the date of the Disposal SSA on which shares were last traded.
- (6) No equity securities will be issued by the Company in connection with the Proposed Disposal.
- (7) The Company is not a mineral, oil and gas company.

Based on the relative figures computed on the basis set out in Rule 1006 of the Catalist Rules as set out above, the Proposed Disposal would constitute a “major transaction” under Chapter 10 of the Catalist Rules and is subject to the approval of the shareholders, unless the requirement for such shareholders’ approval is waived by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Further, as the relative figure under Rule 1006(c) exceeds 75%, the Company is required to appoint a competent and independent valuer to value the assets to be disposed.

The Board is of the view that there will be no material change in the risk profile of the Group arising from the Proposed Disposal as the investment in Cosmos is not considered a core asset of the Group. In addition, the Consideration is higher than the Cosmos shares which are publicly traded on 13 November 2024. Given the above, the Company intends to apply to the SGX-ST for a waiver to hold a general meeting to seek shareholders’ approval for the Proposed Disposal and to conduct an independent valuation on the Sale Shares (“**Waivers**”). In the event that the Waivers are obtained, the Proposed Disposal will not be subject to shareholders’ approval.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal as set out below are computed based on the Group’s latest audited consolidated financial statements for the financial year ended 31 March 2024 and assuming, *inter alia*, that (a) the Proposed Disposal was completed on 31 March 2024 for computing the financial effects on the net tangible assets (“**NTA**”) per share of the Company; (b) the Proposed Disposal was completed on 1 April 2023 for computing the financial effects on the earnings per share (“**EPS**”) of the Company; and (c) the costs and expenses incurred or to be incurred in connection with the Proposed Disposal was disregarded. The financial effects below are purely for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Company and the Group following the completion of the Proposed Disposal.

(a) NTA per Share

	Before the Proposed Disposal	After the Proposed Disposal
NTA (RM'000)	33,110	43,131
Number of Shares	105,391,186	105,391,186
NTA per Share (Malaysia sen)	31.42	40.92

(b) Earnings per Share ("EPS")

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to the shareholders of the Company (RM'000)	377	10,264
Weighted average number of Shares	105,391,186	105,391,186
EPS (Malaysia sen)	0.36	9.74

9. SERVICE CONTRACTS

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

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, substantial shareholders and controlling shareholders of the Company (other than in his capacity as a Director or shareholder of the Company) has any interest, direct or indirect, in the Proposed Disposal.

11. RESPONSIBILITY STATEMENT

The Board collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Board is not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Disposal SSA are available for inspection during normal office hours at the Company's registered office at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

CHAN KEE SIENG

Executive Chairman

14 November 2024

This announcement has been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGXST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.