



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

ACQUISITION OF SHARES IN M.TECH PRODUCTS PTE LTD

1. INTRODUCTION

The board of directors (the “**Board**”) of Multi-Chem Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement released on 30 September 2021 (“**Announcement**”).

Further to the Announcement, the Company would like to announce that M.Tech Holdings Pte. Ltd. (“**MTH**”), a wholly-owned subsidiary of the Company, had acquired 50,000 ordinary shares representing 1.25% equity interest in M.Tech Products Pte Ltd (“**MTP**”) from the existing shareholder of MTP (“**Selling Shareholder**”) at a cash consideration of USD637,500 (the “**Acquisition**”).

Upon completion of the Acquisition, MTH will hold 100% equity interest in the total issued and paid-up share capital of MTP and, in effect, the Company’s total equity interest in MTP will increase from 98.75% to 100%.

2. INFORMATION RELATING TO THE ACQUISITION OF SHARES

MTH is a wholly-owned subsidiary of the Company, and MTP is in turn a subsidiary of MTH and in which MTH held 98.75% of the total equity immediately prior to the Acquisition. MTP was incorporated in Singapore on 22 May 1999. The principal activities of MTP are distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products.

2.1 **Terms of the Acquisition**

MTH purchase, and the Selling Shareholder sold all shares comprising 50,000 ordinary shares of MTP, representing approximately 1.25% of the total issued and paid-up share capital of MTP (“**MTP Shares**”). The MTP Shares are acquired by MTH free from all encumbrances.

There are no other material conditions attached to the Acquisition.

2.2 **Consideration**

The book value and audited net tangible assets of the MTP Shares amounted to S\$662,000 as at 31 December 2020. The open market value of the MTP Shares is not available as the MTP Shares are not listed or traded on any securities market. No separate valuation was undertaken on the MTP Shares.

The consideration for the Acquisition of USD637,500 (the “**Consideration**”) was arrived at and was agreed on a willing-buyer, willing-seller basis, taking into account the net asset value of MTP

based on the latest audited financial statements for the financial year ended 31 December 2020 and an assessment of the business prospects of MTP.

The Consideration was paid in cash to the existing shareholder of MTP on 12 November 2021. The Acquisition was fully funded through the Group's internal resources.

3. **RATIONALE AND BENEFIT**

The Board is of the view that the Acquisition is in the best interest of the Group as it allows the Group to increase its equity interest in MTP, thereby potentially improving the future earnings of the Group.

4. **RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL**

As stated in the Announcement, the Company had acquired all but one of the other existing shareholders of MTP of an aggregate of 22% equity interest in MTP resulting in the Company's equity interest in MTP increased from 76.75% to 98.75% ("**September Acquisition**").

The relative figures (and aggregated relative figures) computed using applicable bases under Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") in respect of (i) the Acquisition and (ii) both the Acquisition and September Acquisition, based on the latest audited financial statements for the financial year ended 31 December 2020 are set out follows:

Rule 1006	Bases	Relative Figures for the Acquisition	Relative Figures for the Acquisition and September Acquisition
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable ⁽¹⁾	Not applicable ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Nil ⁽²⁾	Nil ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	0.51%	9.87%
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽³⁾	Not applicable ⁽³⁾
(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.	Not applicable ⁽⁴⁾	Not applicable ⁽⁴⁾

- (1) Rule 1006(a) is not applicable to an acquisition of assets.
- (2) As the change in the Group's interest in MTP does not result in a loss of control, the Acquisition is accounted for as an equity transaction. The carrying amounts of the Group's interests and the non-controlling interests will be adjusted to reflect the changes in their relative interests in MTP. Any difference between the amount by which the non-controlling interests are adjusted and the consideration paid is recognized directly in equity and attributed to owners of the Group. Therefore, the net profits attributable to the Acquisition was Nil.
- (3) Rule 1006(d) is not applicable as no equity securities are to be issued as part of the Consideration.
- (4) Rule 1006(e) is not applicable to the Acquisition and September Acquisition.

As the relative figure under Rule 1006(c) of the Listing Manual exceeds 5% but does not exceed 20%, the Acquisition constitutes a "discloseable transaction" as defined under Chapter 10 of the Listing Manual.

5. FINANCIAL EFFECTS OF THE ACQUISITION

The financial figures set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial performance of the Group after the Acquisition. No representation is made as to the actual financial position and/or results of the Group after the completion of the Acquisition.

The following proforma financial effects of the Acquisition are computed based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("FY2020") and the following bases and assumptions:

Net Tangible Assets ("NTA") per share

Assuming that the Acquisition was completed on 31 December 2020, being the end of the most recently completed financial year, the proforma effect on the NTA per share of the Group would be as follows:

	Before September Acquisition	After September Acquisition but Before Acquisition	After Acquisition
NTA (S\$'000)	114,526	111,434	111,259
NTA per share (cents)	127.12	123.68	123.49

Earnings per Share ("EPS")

Assuming that the Acquisition was completed on 1 January 2020, being the beginning of the most recently completed financial year, the proforma effect on the EPS of the Group would be as follows:

Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

	Before September Acquisition	After September Acquisition but Before Acquisition	After Acquisition
Earnings (S\$'000)	17,776	19,472	19,568
Earnings per share (cents)	19.73	21.61	21.72

The Acquisition is not expected to have any material impact on the consolidated NTA and EPS of the Group for the financial year ending 31 December 2021.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date hereof, none of the Directors or substantial shareholders of the Group has any interest, direct or indirect, in the Acquisition, save for their shareholdings and directorship in the Company, MTH and MTP.

By Order of the Board
 Han Juat Hoon
 Director

12 November 2021