



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**”) is pleased to announce that M.Tech Holdings Pte. Ltd. (“**MTH**”), a wholly-owned subsidiary of the Company, had entered into an Agreement (the “**Agreement**”) on 23 September 2021 with, amongst others, all but one of the other existing shareholders (“**Selling Shareholders**”) of M.Tech Products Pte Ltd (“**MTP**”), which agreement provided for the acquisition by MTH from the Selling Shareholders of an aggregate of 22% equity interest in MTP for an aggregate cash consideration of USD11,220,000, on the terms and conditions of the Agreement (the “**Acquisition**”).

Upon completion of the Acquisition, MTH will hold 98.75% 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 76.75% to 98.75%.

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 76.75% 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**

Under the terms of the Agreement, MTH purchases, and the Selling Shareholders sell all their shares comprising 880,000 ordinary shares of MTP, representing approximately 22% 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 **Aggregate Consideration**

The book value and audited net tangible assets of the MTP Shares amounted to S\$11,643,000 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 aggregate consideration for the Acquisition of USD11,220,000 (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 shareholders of MTP on the Completion Date, being 5 business days from the date of the Agreement. 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**

The relative figures for the Acquisition computed using applicable bases under Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) are as follows:

Rule 1006	Bases	Relative Figures
(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⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits.	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.	9.36%
(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⁾
(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⁾

(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.

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

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:

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

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 and their having been included as parties to the Agreement.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection to members of the Company during normal business hours for three months from the date of this announcement at the office of the Company Secretary, Tricor Evatthouse Corporate Services (A division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road #02-00 Singapore 068898.

By Order of the Board
Han Juat Hoon
Director

30 September 2021