

PURCHASE OF EQUIPMENT

The Board of Directors of Multi-Chem Limited (“Company”) is pleased to announce the purchase of new computer numeric controlled (CNC) mechanical drilling machines and laser drilling machines from a third party Japanese machine manufacturer. The investment is driven by the demand from certain key customers in China. The Company is in the process of incorporating a wholly-owned subsidiary in the Export Processing Zone of Kunshan, China to provide such service to a customer in that area.

The investment amounts to approximately USD14.5 million and is to be funded by a combination of internal resources and bank borrowings. The Company is currently arranging for a term loan to finance this capital expenditure.

Delivery of the machines will be made in batches and full delivery is expected to be completed by the end of 3Q2007. Once full delivery is completed, the Group’s mechanical drilling capacity will increase by approximately 30% and its laser drilling capacity will increase by 200%.

Based on indications from customers, the demand for outsourced drilling services is expected to remain strong till end of the year. Accordingly, addition of the drilling machines is expected to enable the Group to meet the demand for its drilling services and contribute positively to the earnings per share and net tangible assets per share of the Group for the financial year ending 31 December 2007.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the above transactions. The Directors are not aware of any substantial shareholders having any interest, direct or indirect, in the transaction.

Submitted by Han Juat Hoon, Director on 10 August 2007.