

**MULTI-CHEM LIMITED**

(Incorporated in Singapore)

(Registration Number: 198500318Z)

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**INCREASE IN SHARE CAPITAL OF A SUBSIDIARY**

The Board of Directors of Multi-Chem Limited (the "Company") wishes to announce that the Company had subscribed for 2,150,000 ordinary shares in the capital of M.Tech Products Pte Ltd (the "Subsidiary") a 80%owned subsidiary company for a total consideration of S\$2,150,000.

Five of the Subsidiary's key employees subscribed for an additional 850,000 ordinary shares in the capital of the Subsidiary for a total consideration of S\$850,000. Following the abovementioned capital injection, the issued and paid up capital of the Subsidiary has increased from S\$1,000,000 to S\$4,000,000.

The subscription by the Company was funded through internal resources.

Following the abovementioned share issue exercise by the Subsidiary, effective from 20 July 2006, the Company's shareholding in the Subsidiary now stands at 73.75%. Mr Ho Boon Chuan Wilson, a director of the Company, is also a director of the Subsidiary and he holds a 12.5% shareholding in the Subsidiary.

The above transaction is not expected to have any significant impact on the net tangible assets or earnings per share of the Company for the current financial year ending 31 December 2006.

Save for the above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the above transaction.

Submitted by Han Juat Hoon, Director on 07/08/2006 to the SGX.