

**MTQ CORPORATION LIMITED**  
(Incorporated in Singapore)  
(Company Registration No. 196900057Z)

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**PROPOSED DISPOSAL OF PEMAC PTE. LTD.**

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**1. INTRODUCTION**

- 1.1 The Board of Directors (the “**Board**”) of MTQ Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to inform shareholders (the “**Shareholders**”) that the Company has on 24 January 2025 entered into a sale and purchase agreement (the “**SPA**”) with Sidi Investment Holdings Pte. Ltd. (the “**Purchaser**”) pursuant to which the Company will sell, and the Purchaser will acquire, all the ordinary shares (the “**Sale Shares**”) in the issued share capital of Pemac Pte. Ltd. (the “**Target Company**”), a wholly-owned subsidiary of the Company, for an aggregate consideration of S\$5.5 million (the “**Sale Price**”), subject to such adjustments set out in the SPA (the “**Proposed Disposal**”).
- 1.2 As the relative figure computed under Rule 1006(b) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) exceeds 20.0%, the Proposed Disposal is classified as a “major transaction” as defined in Rule 1014 of the Listing Manual and is subject to, *inter alia*, the approval of Shareholders at an extraordinary general meeting to be convened by the Company (the “**EGM**”).

**2. INFORMATION ON THE PARTIES**

**2.1 Information on the Target Company**

The Target Company is a wholly-owned subsidiary of the Company and was incorporated in Singapore on 16 January 1992. The Target Company is engaged in the manufacture of high pressure piping, general steel fabrication works, repairing of oilfield equipment and fabrication of pressure vessels. It primarily serves regional drilling operators in respect of their maintenance needs.

The Target Company presently subleases and operates out of the Group’s facilities located at 54 Loyang Way, Singapore 508747 (the “**Loyang Premises**”).

Based on the latest announced consolidated audited financial statements of the Group for the financial year ended 31 March 2024 (“**FY2024**”) and the unaudited condensed interim financial statements of the Group for the six-month financial period ended 30 September 2024 (“**1H2025**”):

- (a) the book value and net tangible asset value (“**NTA**”) of the Target Company was as follows:
- (i) approximately S\$4.3 million as at 31 March 2024; and

- (ii) approximately S\$4.8 million, as at 30 September 2024; and
- (b) the consolidated net profit attributable to the Target Company for FY2024 and 1H2025 was approximately S\$0.3 million and S\$0.7 million, respectively.

As at the date of this announcement, there is no available open market valuation of the shares of the Target Company as it is not publicly traded.

## 2.2 Information on the Purchaser

The Purchaser is an investment holding company incorporated in Singapore on 27 December 2024. As at the date of this announcement, the Purchaser has an issued share capital of S\$1,000 comprising 1,000 ordinary shares. The shareholders of the Purchaser comprise Mr Sumardi bin Sidi (90.0%) ("**Mr Sidi**") and Mdm Noorin binte Ahmad (10.0%) ("**Mdm Noorin**").

Mr Sidi is presently the managing director of the Target Company. He has more than 30 years of experience in repair, manufacturing and remanufacturing of API Product Specification (5CT, 7-1, 6A, 16A and 16C). Mr Sidi also has extensive knowledge and experience in engineering design, quality control and assurance. He is a Certified Welding Inspector with the American Welding Society.

Mdm Noorin is the spouse of Mr Sidi.

## 3. SALIENT TERMS OF THE SPA

### 3.1 Sale Price

- (a) The Sale Price is computed in according to the following formula:

$$\text{Sale Price} = \text{S\$5,500,000} + \text{Adjustment Amount}$$

"**Adjustment Amount**" being the aggregate net profit/loss after tax of the Target Company for the calendar months of January, February and March 2025 (collectively, the "**Relevant Period**"). For the avoidance of doubt, if the Adjustment Amount shall be a negative figure, the S\$5,500,000 shall be less such Adjustment Amount as an absolute figure.

- (b) The Adjustment Amount shall be determined based on the management accounts of the Target Company prepared by the Company for the Relevant Period. Save for any manifest errors, the Adjustment Amount prepared and determined by the Company shall be final and conclusive.
- (c) Under the terms and conditions of the SPA, the Sale Price shall be paid in the following manner:
  - (i) on the date of completion of the sale and purchase of the Sale Shares ("**Completion Date**"), the Purchaser shall pay the Company an amount of S\$3,200,000 (the "**First Tranche Sale Price**"); and

(ii) the balance Sale Price (being the Sale Price less the First Tranche Sale Price), if any, shall be paid by the Purchaser to the Company in four (4) equal instalments on each of the following dates:

- (1) the date falling 90 days from the Completion Date;
- (2) the date falling 180 days from the Completion Date;
- (3) the date falling 270 days from the Completion Date; and
- (4) the date falling 360 days from the Completion Date.

Provided That in the event the balance Sale Price shall be a negative figure, the Company shall pay to the Purchaser an amount equivalent to such figure.

- (d) The Sale Price was arrived at on a willing-buyer-willing-seller basis taking into account, among other things, the recent Target Company's financial performance and position.
- (e) Based on the Sale Price of S\$5.5 million (without taking into consideration any adjustment pursuant to the terms of the SPA) and the Group's unaudited condensed interim financial statements of 1H2025, the Group is expected to record a net gain on the Proposed Disposal of approximately S\$0.7 million. The gain on disposal is derived by deducting the net asset value of the Target Company against the net sales proceeds to be received upon completion of the Proposed Disposal. For more details of the net sales proceeds and the use of such proceeds, please refer to paragraph 4 of this announcement. Shareholder should take note that the final net proceeds may be subject to such adjustments set out in the SPA (details of which are reproduced in paragraph 3.1(a) above).

### 3.2 Conditions Precedent

The completion of the sale and purchase of the Sale Shares shall be conditional upon the Company and the Purchaser having obtained all material approvals, consents, licenses, permits, waivers and exemptions, including but not limited to approval from SGX-ST and/or the Shareholders (if required) (collectively, "**Approvals**") required for the sale and purchase of the Sale Shares, and all transactions contemplated herein, and where any such Approval is subject to conditions, such conditions being reasonably acceptable to the Parties, and if such conditions are required to be fulfilled on or before the Completion Date, on or before the date falling six (6) months from the date of the SPA.

### 3.3 Extension of lease

Pursuant to the terms of the SPA, on completion of the sale and purchase of the Sale Shares, the Company and the Target Company will enter into a letter to extend its sublease of the facilities at Loyang Premises for a further period commencing from 1 April 2025 and ending 31 March 2026 (the "**Sublease Extension**").

### 3.4 Completion

The completion of the sale and purchase of the Sale Shares shall take place on:

3.4.1 the later of:

- (a) 1 April 2025; and
- (b) the date falling seven (7) days from the date the condition set out in Paragraph 3.2 above is satisfied; or

3.4.2 such other date as the Company and the Purchaser may mutually agree in writing.

## 4. **USE OF PROCEEDS**

Without taking into consideration any adjustment to the Sale Price pursuant to the terms of the SPA, the net sales proceeds from the Proposed Disposal, after deducting the key professional costs and expenses, is estimated to be approximately S\$5.4 million (the “**Net Proceeds**”).

The Group intends to use the Net Proceeds (a) to fund and reinforce its primary operations in Singapore and Middle East; (b) to reinvest in other core business segments with higher growth potential; and/or (c) for general working capital purposes.

Shareholder should take note that the final Net Proceeds will be subject to such adjustments set out in the SPA (details of which are reproduced in paragraphs 3.1(a) above).

## 5. **RATIONALE FOR THE PROPOSED DISPOSAL**

In July 2023, the Group disposed off its premises at Pandan Loop and shifted its key Singapore facilities to 100 Tuas South Avenue 8, Singapore 637424 (“**Tuas Premises**”). Following the relocation, the Group continued to maintain the Loyang Premises, where the Target Company operates, primarily serving regional drilling operators. Presently, within Singapore, there is an overlap and duplication of services provided out of the Loyang Premises and the Tuas Premises. The Proposed Disposal will enable the Group to eliminate redundancies, streamline its resources and focus on its primary operations in Singapore and the Middle East.

Further, although the Target Company has been profitable, its profitability has been volatile and there is no certainty that future performance will yield similar results of the current year. The Proposed Disposal will enable the Group to secure predictable cash inflow and will allow the Group to mitigate risks associated with uncertain future performance and profits.

The Proposed Disposal will also provide the Group the opportunity to explore the divestment of the Loyang Premises upon the expiry of the Sublease Extension and potentially unlock the value of the Loyang Premises.

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

6.1 Based on the latest announced unaudited condensed interim financial statements of the Group for the six-month financial period ended 30 September 2024, the relative figures in relation to

the Proposed Disposal computed on the bases set out under Rule 1006 of the Listing Manual are as follows:

<b>Rule</b>	<b>Basis</b>	<b>Relative Figure</b>
1006(a)	Net asset value of the Target Company, compared with the Group's net asset value.	6.15% <sup>(1)</sup>
1006(b)	Net profits attributable to the Target Company, compared with the Group's net profits.	31.41% <sup>(2)</sup>
1006(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.	10.24% <sup>(3)</sup>
1006(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
1006(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 or gas company, but not to an acquisition of such assets.	Not applicable

**Notes:**

- (1) Based on the net asset value of the Target Company of S\$4,790,000 and the net asset value of the Group of S\$77,922,000 as at 30 September 2024.
- (2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" is defined as profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. The relative figure is computed based on the net profit of the Target Company of S\$720,000 compared to the net profit of Group of S\$2,292,000 for the six-month financial period ended 30 September 2024.
- (3) This figure is based on the Sale Price of S\$5.5 million (without taking into consideration any adjustment pursuant to the terms of the SPA) and the Company's market capitalisation of approximately S\$53.7 million. The Company's market capitalisation was computed based on the Company's existing number of issued shares (less treasury shares) of 224,873,000 ordinary shares ("**Shares**") and the volume weighted average price of S\$0.2388 per Share on 23 January 2025, which is the last full market day on which the Shares were traded prior to the date of the SPA.

6.2 As the relative figure computed for Rule 1006(b) is more than 20.0%, the Proposed Disposal is classified as a "major transaction" as defined in Rule 1014 of the Listing Manual and shall be conditional upon the approval of Shareholders in the EGM to be convened by the Company.

- 6.3 A circular containing further information on the Proposed Disposal and the EGM will be despatched to Shareholders in due course.

## 7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 7.1 The financial effects of the Proposed Disposal set out below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company or the Group after the completion. The financial effects of the Proposed Disposal were calculated based on the audited consolidated financial statements of the Group for FY2024, being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement.

### 7.2 Net tangible asset (“NTA”)

The effect of the Proposed Disposal on the NTA per share of the Group for FY2024, assuming that the Proposed Disposal had been effected as at 31 March 2024 is as follows:

As at 31 March 2024	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$ '000)	75,524	76,675
Number of Shares (excluding treasury shares) ('000)	224,873	224,873
NTA per Share (Singapore cents)	33.6	34.1

### 7.3 Earnings per Share (“EPS”)

The effect of the Proposed Disposal on the EPS of the Group for FY2024, assuming that the Proposed Disposal had been effected on 1 April 2023 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to owners of the Company (S\$ '000)	9,703	10,570
Weighted average number of Shares (excluding treasury shares) ('000)	224,782	224,782
EPS (Singapore cents)	4.32	4.70

## 8. SERVICE CONTRACT

No person will be appointed to the Board, and no service contract will be entered into by the Company, in connection with the Proposed Disposal.

**9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

**10. DOCUMENT FOR INSPECTION**

A copy of the SPA is available for inspection at the registered office of the Company at 100 Tuas South Avenue 8, Singapore 637424 for a period of three (3) months from the date of this announcement.

**By Order of the Board**

Tan Lee Fang  
Company Secretary  
27 January 2025