

THE MAURITIUS CHEMICAL AND FERTILIZER INDUSTRY LIMITED

BRN: C06001461

CAUTIONARY ANNOUNCEMENT

We refer to the Cautionary Announcement issued on 17 December 2019 whereby the shareholders of The Mauritius Chemical and Fertilizer Industry Limited ("MCFI") were informed that the Board of Directors ("the Board") intended to:

1. Acquire all the issued shares of Suchem Ltd ("Suchem"), a wholly owned subsidiary of Harel Mallac & Co. Ltd ("HMCO") for a consideration of MUR 143.5 million; and
2. Acquire three plots of land of a total extent of approximately 21,000 square metres situated in Bois Marchand from HMCO for a consideration of MUR 51.2 million.

The two aforementioned transactions are hereinafter referred to as the "Transaction".

The Transaction qualifies as a disclosable transaction for MCFI under Chapter 13 of the Listing Rules. It also qualifies as a related party transaction by virtue of Harel Mallac & Co. Ltd being the controlling shareholder of MCFI. Consequently, a Chapter 13 Circular has been prepared and the shareholders of MCFI will be called upon to vote on the Transaction at a special meeting of shareholders to be held on 19 March 2020.

RATIONALE FOR THE TRANSACTION

MCFI is considering the acquisition of Suchem with the objectives of:

- (i) achieving better operational efficiency;
- (ii) increasing revenue synergies by expanding into foreign markets and broadening its product offerings locally;
- (iii) mitigating risk through diversifying its activities.

Through this acquisition, MCFI will be able to diversify its Mauritian activities into non-fertilisers agricultural products and boost its existing portfolio of industrial chemicals.

The purchase of land from HMCO is of interest to the Board of MCFI which is contemplating to rationalise its industrial chemical activities into one location.

PRICE CONSIDERATION

The consideration for the shares of Suchem, amounting to MUR 143.5 million has been determined by the Board based on the valuation exercise carried out jointly by PricewaterhouseCoopers and Deloitte Mauritius, the independent valuers appointed by MCFI.

The consideration for the acquisition of plots of land, amounting to MUR 51.2 million has been determined by the Board based on the valuation exercise carried out by Professional Valuers, an independent valuer appointed by MCFI.

The Disclosable and Related Party Transaction Circular to the shareholders of MCFI has been prepared in accordance with Chapter 13 of the Listing Rules and has been duly approved by the Stock Exchange of Mauritius.

By order of the Board

HM SECRETARIES LTD.
Secretary

17 February 2020

Copies of the Circular are available for inspection at the registered office of MCFI, 18 Edith Cavell Street, Port Louis, until the special meeting of Shareholders to be convened on 19 March 2020.

This notice is issued pursuant to Listing Rules 11.3, 13.15(b) and Section 87 of the Securities Act 2005.

The Board of Directors of MCFI accepts full responsibility for the accuracy of the information contained in this Communiqué.