



MEGACHEM LIMITED
Registration No. 198803293M

**ANNOUNCEMENT ON THE COMPLETION OF ACQUISITION OF FACTORY AT 11
TUAS LINK 1 SINGAPORE 638588**

The Board of Directors of Megachem Limited (the “Company”) refers to the announcement dated 26 May 2011 made by the Company in relation to an Option granted to its wholly-owned subsidiary, Megachem Manufacturing Pte Ltd (“MGM”), to purchase a JTC detached factory at 11 Tuas Link 1 Singapore 638588 (the “Property”) and is pleased to announce that all the conditions of the Option have been fulfilled and that MGM has thus completed the purchase of the said Property.

Valuation of Property

Following our previous announcement dated 26 May 2011, a formal valuation of the Property was conducted and the Property was valued at S\$6.2 million as at 6 October 2011. The purchase price for the Property was S\$5.6 million (excluding GST).

Rationale for Expansion

With the completion of the purchase, MGM will now embark on installation of the manufacturing facility. The key objectives of this expansion are to (i) increase its production output to meet customers’ demand, (ii) improve its productivity through better asset utilization, increased process efficiency and automation and (iii) to sharpen its competitive edge. This is in line with the Company’s plan to develop manufacturing as an engine of growth.

By order of the Board

Chew Choon Tee
Managing Director

3 January 2012



This announcement has been prepared by the Company and the contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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