

MEGACHEM LIMITED
Registration No.198803293M

ESTABLISHMENT OF SUBSIDIARY, MGI CHEMICALS PRIVATE LIMITED

The Board of Directors of Megachem Limited (“the Company”) is pleased to announce the establishment of a new subsidiary, known as “MGI Chemicals Private Limited” (“MGI”) in Mumbai India on 17 July 2009.

The principal activities of MGI consist of trading in chemicals and chemical-related products.

MGI is established with paid up capital of Rs. 10million. The Company will contribute Rs. 9,900,000.00 to the paid up capital and Megachem Manufacturing Pte Ltd, its wholly-owned subsidiary, will contribute the remaining Rs. 100,000.00. The Company will have a 99.0% equity interest in MGI while Megachem Manufacturing Pte Ltd will hold the remaining 1.0% equity interest.

The above investment was funded through internal resources and is not expected to have any material impact on the earnings per share and the net tangible assets per share of the Company and its subsidiaries for the financial year ending 31 December 2009.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect in the above investment.