

MEGACHEM LIMITED
Registration No.198803293M

ESTABLISHMENT OF WHOLLY-OWNED SUBSIDIARY, MEGACHEM VIETNAM COMPANY LIMITED

INTRODUCTION

The Board of Directors of Megachem Limited ("Megachem" or the "Company") is pleased to announce that the Company has incorporated a wholly-owned subsidiary known as Megachem Vietnam Company Limited in Vietnam ("Megachem Vietnam") on 8 January 2010.

RATIONALE

The set up of Megachem Vietnam is in line with the Company's globalization strategy.

FINANCIAL EFFECTS

Megachem Vietnam will have an initial paid-up capital of US\$200,000 equivalent or approximately S\$283,000 and is funded through internal resources of the Company. This investment 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 2010.

INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect in the above investment other than through their shareholding interest in the Company.

COMPLIANCE WITH SGX LISTING MANUAL

This announcement is made pursuant to Rule 704(15)(c) of the SGX Listing Manual.

This announcement has been prepared by the Company and the contents have been reviewed by the Company's Sponsor, Phillip Securities Pte Ltd, 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.

The contact person for the Sponsor is Dawn Chua (Director, Corporate Finance), Phillip Securities Pte Ltd, 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone (65) 6533 6001.