
**PROPOSED ACQUISITION : ASSOCIATED COMPANY MEGACHEM (THAILAND)
PUBLIC COMPANY LIMITED TO ACQUIRE GREEN LEAF CHEMICAL CO., LTD.**

INTRODUCTION

The Board of Directors (the “Board”) of Megachem Limited (the “Company” or together with its subsidiaries, the “Group”) wishes to announce that our associated company, Megachem (Thailand) Public Company Limited (“Megachem Thailand”), in which the Company holds approximately 36.19% equity interest, has approved the purchase of 55% of Green Leaf Chemical Co., Ltd (“GLC”) at a purchase consideration of Thai Baht 82.5 million (approximately Singapore Dollar 3.37 million) (the “Proposed Acquisition”).

After the completion of the Proposed Acquisition, the shareholders of GLC will be as follows:

Shareholders	% share
Megachem Thailand	55%
PS Miracle Holding Co., Ltd	25%
Folium Co., Ltd	20%
	100%

Upon completion of the Proposed Acquisition, Megachem Limited will have an effective indirect equity interest of approximately 19.9% in GLC.

The Proposed Acquisition is subject to the successful signing of the sale and purchase agreement and completion of all relevant legal documentation.

INFORMATION ON GLC

GLC is in the business of importing and distributing chemical materials for the manufacturing of personal care products such as cosmetics and nutraceuticals as well as providing service for clinical testing of such products.

RATIONALE

The Proposed Acquisition by Megachem Thailand will enhance the Group’s product portfolio and deepen our coverage of the personal care industry thereby strengthening our market position. We will also seek to derive synergistic value to deliver better customer propositions.

PURCHASE CONSIDERATION

	Baht ('mil)	Proposed Acquisition at 55% Baht ('mil)	SGD equivalent (mil) ¹
Net tangible asset of GLC as at 31 December 2020	75.36	41.45	1.69
Net Profit of GLC for year ended 31 December 2020	12.96	7.13	0.29
Purchase consideration	82.5	Not applicable	3.37

Note 1 : SGD equivalent using exchange rate of 24.5 Baht to 1 SGD.

The purchase consideration will be satisfied wholly by cash and the Proposed Acquisition will be fully funded internally from Megachem Thailand.

The purchase consideration of the Proposed Acquisition was agreed upon on a willing buyer and willing seller basis, taking into account the growth potential of GLC and synergy with the Group's current business.

The valuation of GLC is done by an independent financial advisor.

FINANCIAL EFFECTS

The Proposed Acquisition is not expected to have any material impact on earnings per share of the Group and net tangible assets per share of the Company and of the Group for the financial year ending 31 December 2021.

INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the above transaction, save through their respective shareholdings in the Company and/or directorships. The Company did not receive any notification from any of its controlling shareholders that they have any direct or indirect interest in the above transaction.

COMPLIANCE WITH SGX LISTING MANUAL

As this Proposed Acquisition results in GLC being an associated company of the Company, this announcement is made pursuant to Rule 706(A)(1)(a) and Rule 706(A)(2) of the SGX-ST Listing Manual Section B : Rules of Catalyst.

By order of the Board

Chew Choon Tee
Managing Director

17 September 2021

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Ms Tay Sim Yee (tel : (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.