
**PROPOSED ACQUISITION : ASSOCIATED COMPANY MEGACHEM (THAILAND)
PUBLIC COMPANY LIMITED TO ACQUIRE C.M.J ANCHOR 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”) has made an announcement to the Stock Exchange of Thailand of its decision to incorporate a 80%-owned subsidiary (“Newco”) for obtaining an entire business transfer of a chemical distribution company, C.M.J Anchor Co., Ltd (“CMJ”) including its assets, liabilities, other agreements, employees, licenses and rights to business operation of CMJ and the land on which CMJ’s office is located (the “Proposed Acquisition”).

The remaining shareholding of the Newco will be held by (1) Mr. Pichan Mahachanok (managing director of CMJ) of 18%, and (2) Ms Sumontha U-buranakul (management of Megachem Thailand) of 2%.

Upon completion of the Proposed Acquisition, Megachem Limited will effectively have an indirect equity interest of approximately 28.95% in the Newco.

The Proposed Acquisition is subject to the successful completion of the business transfer and all relevant legal documentation.

INFORMATION ON CMJ

CMJ is in the business of importing and distributing chemical product, namely ethanol. CMJ imports ethanol from manufacturers abroad and distributes to customers in various spray, perfume and cosmetic industries in Thailand. After the Proposed Acquisition, CMJ shall dissolve and liquidate according to its bylaws.

RATIONALE

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

PURCHASE CONSIDERATION

	Baht (‘mil)
Net tangible asset of CMJ as at 31 December 2017	49.38
Purchase consideration by Megachem Thailand	124

The Proposed Acquisition will be funded from initial public offering proceeds of Megachem Thailand.

The purchase consideration of the Proposed Acquisition was agreed upon on a willing buyer and willing seller basis. The criteria used for determining the value of consideration of the entire business is based on valuation of a financial advisor under the discounted cashflow approach with the value of Baht 132,396,400, while the value of land based on the market value calculated by cost method of third party appraiser is Baht 12,123,000. Collectively, the aggregate value of the entire business and the land is Baht 144,519,400.

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 2018.

INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Chew Choon Tee, Executive Chairman and Chief Executive Officer, and Mr Tan Bock Chia, Executive Director of the Company, will be nominated on the board of directors of the Newco. Other than the aforementioned, 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 Newco being an associated company of the Company, this announcement is made pursuant to Rule 704(16)(c) of the SGX-ST Listing Manual Section B : Rules of Catalyst.

By order of the Board

Chew Choon Tee
Managing Director

16 May 2018

This announcement has been prepared by the Company and the contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "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 Mr Ong Hwee Li (tel : (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.