



METECH INTERNATIONAL LIMITED
(Company Registration No.: 199206445M)
(Incorporated in the Republic of Singapore)

THE PROPOSED ACQUISITION OF SHARES IN ADVANCE SCT LIMITED

1. INTRODUCTION

The board of directors (the **"Directors"**) of Metech International Limited (the **"Company"**, and together with its subsidiaries, the **"Group"**) wishes to announce that the Company has today entered into a conditional share and purchase agreement (the **"Agreement"**) with Fort Canning (Asia) Pte. Ltd. (the **"Vendor"**), pursuant to which the Company will acquire 1,348,495,104 ordinary shares in the capital of Advance SCT Limited (the **"Target"**, and together with its subsidiaries, the **"Target Group"**) representing approximately 9.03% of the issued share capital of the Target (the **"Sale Shares"**) from the Vendor for a basic consideration of S\$1,348,495.10, which may rise to S\$2,696,990.20 upon certain conditions being met (the **"Proposed Acquisition"**).

The Proposed Acquisition constitutes a discloseable transaction as defined under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (**"SGX-ST"**) Section B: Rules of Catalyst (the **"Catalist Rules"**).

2. INFORMATION ON THE TARGET AND THE VENDOR

2.1 Information on the Target¹

The Target has been listed on the Main Board of the SGX-ST since 24 November 2004. The Target is a public company limited by shares and was incorporated in Singapore on 8 April 2004. As at the date of this announcement, the Target has a total issued and paid-up share capital of S\$201,080,709 comprising 14,942,564,101 ordinary shares.

The Target, once the premium service provider for the recycling of metals, has since evolved to become a major supplier of copper-based products to electronic and power industries around the world. By leveraging on its past expertise in the metal industry, the Target is able to produce high-quality copper products that boast greater functional efficiency as well as increased tensile strength. These are manufactured in the Target Group's facilities in Singapore and the People's Republic of China (the **"PRC"**).

The Target Group also operates a wastewater treatment plant in the PRC.

Based on the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2014, the net asset value of the Target Group is approximately S\$9.44

¹ This information was extracted from the Target's annual report for the financial year ended 31 December 2014.

million. The latest available open market value of the Target based on the 6-month volume-weighted average price (“**VWAP**”) of S\$0.001 per share as at 21 October 2015 is approximately S\$15,000,000.

2.2 Information on the Vendor

The Vendor is a private company limited by shares which was incorporated in Singapore on 4 December 2003, and is an investment holding company.

As at the date of this announcement, the Vendor is wholly owned by College Hill Holdings Limited and has a total issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares.

College Hill Holdings Limited is an investment holding company incorporated in the British Virgin Islands. Its ultimate shareholder is Mr. Zhang Baoan, a Chinese national who is a Non-Executive Director and the Vice Chairman of the Target.

3. RATIONALE AND BENEFITS

The Group had incurred a significant loss in the previous financial year ended 30 June 2015, in large part because of the severe and sustained fall in metal prices. As an electronic waste service provider, it has been ill-equipped to manage such fluctuations in metal prices. The Company believes that the proposed acquisition of a strategic stake in the Target will allow the Company to tap the Target’s expertise and reap the immediate benefits of synergies in the management of the metal supply chain.

The Proposed Acquisition is in line with the Group’s plan to rationalise its current operations and diversify its earnings base. The Directors are of the opinion that the Proposed Acquisition could enhance shareholders’ value in the long term.

In view of the above, the Directors consider the Proposed Acquisition to be in the interest of and beneficial to the Group.

4. THE PROPOSED ACQUISITION

4.1 Consideration

The consideration for the sale of the Sale Shares shall be S\$1,348,495.10 based on the price of S\$0.001 per Sale Share and payable in cash upon completion of the Proposed Acquisition (“**Basic Consideration**”).

The Vendor shall be entitled to a further S\$1,348,495.10 (“**Bonus Consideration**”) based on the price of S\$0.001 per Sale Share, which shall be payable in cash subject to and upon:

- (a) the announcement by the Target of its removal from the watch-list of the SGX-ST (“**Watch-list**”) by 30 April 2018; and
- (b) evidence being provided to the Company’s satisfaction of the shares in the capital of the Target maintaining a volume-weighted average price of S\$0.002 per share for the 120 days preceding the date of the Target’s removal from the Watch-list.

The total consideration will rise to S\$2,696,990.20 ("**Total Consideration**") upon the payment of the Bonus Consideration.

The Total Consideration was determined at arm's length on a willing-buyer willing-seller basis, and after taking into consideration the traded prices of the Sale Shares on the SGX-ST in 2015, and the rationale for and benefits of the Proposed Acquisition as set out in paragraph 3 above.

4.2 Conditions Precedent

Completion is conditional upon, *inter alia*, the following conditions being fulfilled (unless expressly waived by the relevant parties):

- (a) the representations and warranties under the Agreement remaining true and correct at all times from the execution of the Agreement until (and including at) the completion of the Proposed Acquisition ("**Completion**"); and
- (b) no order or judgment of any court or governmental, statutory or regulatory body in Singapore or elsewhere having been issued or made prior to Completion which has the effect of making the Agreement unlawful or otherwise prohibiting the Company from acquiring the Sale Shares or any of them on the date of completion of the Proposed Acquisition.

5. FINANCIAL EFFECTS

The financial effects of the Proposed Acquisition set out below are for illustration only and do not reflect the future financial results or position of the Group after the completion of the Proposed Acquisition.

The objective of presenting the financial effects of the Proposed Acquisition is to illustrate what the historical financial information might have been had the Proposed Acquisition been completed at an earlier date. However, such financial information is not necessarily indicative of the results of the operations or the related effects in the financial position that would have been achieved had the Proposed Acquisition been completed at the earlier date.

The illustrative financial effects in this section are based on the audited accounts of the Group for the financial year ended 30 June 2015. The pro forma financial effects are only presented **for illustration**, and are not intended to reflect the actual future financial situation of the Group after completion of the Proposed Acquisition.

Net Tangible Assets

Assuming that the Proposed Acquisition was completed on 30 June 2015, the effect on the net tangible assets ("**NTA**") per Share (as defined below) of the Group as at 30 June 2015 will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated NTA attributable to Shareholders (S\$'000)	12,975	12,975
Number of shares in the capital of	2,812,372,611	2,812,372,611

	Before the Proposed Acquisition	After the Proposed Acquisition
the Company (“ Shares ”)		
Consolidated NTA per Share attributable to Shareholders (S\$ cents)	0.461	0.461

Earnings per Share

Assuming that the Proposed Acquisition has been completed on 1 July 2014, the effect on the earnings per share (“**EPS**”) of the Group for the financial year ended 30 June 2015 will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated profit after tax and minority interests (S\$'000)	(11,135)	(11,135)
Weighted Average Number of Shares ('000)	2,475,668	2,475,668
Consolidated Profit per Share (S\$ cents)	(0.450)	(0.450)

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006

Based on the unaudited financial statements for the period ended 30 June 2015 (“**4Q2015**”) and the audited financial statements for the 12 months ended 30 June 2015 of the Group (“**FY2015**”), the relative figures of the Proposed Transaction computed on the bases set out in Rules 1006(a) to (e) of the Catalist Rules are as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of compared with the Group’s net asset value	N.A. ⁽¹⁾
(b)	The net loss ⁽²⁾ of approximately S\$102,220 attributable to the Target, compared with the Group’s net loss of approximately S\$4,160,000 for 4Q2015	2.46%
(c)	The Basic Consideration and Total Consideration compared with the Company’s market capitalisation ⁽³⁾ of S\$12,655,677 as at 21 October 2015, being the last market day the Shares were traded on the Catalist immediately preceding the date the Agreement was executed	Basic Consideration: 10.7% Total Consideration: 20.14%
(d)	The number of shares issued by the Company,	N.A. ⁽⁴⁾

compared with the number of Shares (excluding treasury shares) previously in issue

- (e) The aggregate volume of proved and probable reserves to be disposed of compared with the Group's probable and proved reserves N.A.⁽⁵⁾

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) Based on the unaudited consolidated financial statements of the Target Group for the period ended 30 June 2015. "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Market capitalisation is determined by multiplying the number of Shares by the weighted average price of such Shares transacted on the market day preceding the date of the Agreement. As at the date of this announcement, the Company has 4,218,558,916 issued Shares. The market capitalisation of the Company for the purpose of the Proposed Acquisition is based on the VWAP of S\$0.003 per Share on 21 October 2015, being the last traded market day prior to the date of the Agreement.
- (4) This is not applicable as no shares will be issued in connection with the Proposed Acquisition.
- (5) This is not applicable as it is not an acquisition of mineral, oil or gas assets.

Based on the relevant figures computed under Rule 1006 of the Catalist Rules, as the relative figures under Rule 1006(c) exceed 5.0% but do not exceed 75.0%, the Proposed Acquisition constitutes a discloseable transaction.

7. DISCLOSURE IN COMPLIANCE WITH RULE 704(16)(b)

Pursuant to Rule 704(16)(b) of the Catalist Rules, issuers are required to announce any acquisition of quoted securities resulting in the issuer's aggregate cost of investment exceeding each multiple of 5.0% of the issuer's latest audited consolidated NTA.

As a result of the Proposed Acquisition, the Group's aggregate cost of investment in quoted securities has increased as follows:

	Before the Proposed Acquisition (S\$'000)	After the Proposed Acquisition and upon payment of the Basic Consideration (S\$'000) ⁽¹⁾
Aggregate cost of quoted securities	177	1,526
Aggregate cost of quoted securities as a percentage of the latest audited consolidated NTA as at 30 June 2015	1.4%	11.8% ⁽²⁾
Total market value of quoted investment of the Company	172	1,521

Provision for diminution in value	(5)	(5)
Latest audited consolidated net tangible assets as at 30 June 2015	12,975	12,975

Notes:

(1) Figures exclude the Bonus Consideration.

(2) The latest audited consolidated NTA as at 30 June 2015 was S\$12.975 million.

The Company will make an announcement if and when the Bonus Consideration is paid, which will include the necessary disclosures in compliance with Rule 704(16)(b) of the Catalist Rules.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be made available for inspection during normal business hours at the Company's registered office for a period of three (3) months from the date of this announcement.

9. SERVICE CONTRACTS

The Company does not intend to appoint new directors to the Board in connection with the Proposed Acquisition.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for Mr. Simon Eng and Mr. Zhang Baoan, who are directors and shareholders of the Target, none of the Directors or substantial shareholders of the Company has, any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company.

11. FURTHER INFORMATION AND ACTION BY SHAREHOLDERS

The Company will make further announcements relating to the Proposed Acquisition as and when necessary. As there is no assurance that the aforementioned transactions will be completed, shareholders are advised to refrain from taking any action which may be prejudicial to their interests before seeking advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers (as appropriate).

By Order of the Board
METECH INTERNATIONAL LIMITED

Benedict Lim
Executive Vice President
22 October 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Continuing Sponsor, Stamford Corporate Services Pte. Ltd., for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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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