

RESPONSE TO SGX-ST QUERIES

The board of directors (the “**Board**”) of Metech International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on the following:

- a) the debt capitalization agreement announced on 14 March 2025 (the “**First Agreement**”);
- b) the responses to our queries announced on 20 March 2025 (the “**SGX Responses**”); and
- c) the debt capitalization agreement announced on 30 June 2025 (the “**Second Agreement**”),

(collectively, the “**Previous Announcements**”).

Unless and otherwise defined herein, all capitalized terms shall have the meanings scribed to them in the Previous Announcements.

SGX-ST Queries

- 1) **The Company had entered into the First Agreement in March 2025 with Mr Cao for partial capitalization of the loan. What has changed since the First agreement that prompted the need for further debt capitalisation under the Second Agreement.**

Company’s response

Pursuant to further discussions between the Company and Mr Cao, both parties, taking into consideration its financial position (i.e., working capital needs) and the date of maturity of the Extended Loan, had agreed to convert a portion of the outstanding amount under the Extended Loan amounting to S\$296,000 into new shares in the capital of the Company (the “**Capitalised Loan**”).

Given the continued progress and development in the Company, by entering into the Second Agreement to capitalise the Capitalised Loan, Mr Cao has demonstrated his commitment and confidence in the prospects of the Company, and the Company greatly appreciates his support. The Second Agreement is expected to bolster the confidence of existing shareholders and stakeholders in the Company, as well as providing the Company with greater financial flexibility to pursue any future corporate development activities.

Furthermore, the further debt capitalisation pursuant to the Second Agreement will also enable the Group to (i) improve the Group’s working capital and the overall financial position of the Group; (ii) reduce its indebtedness, loss per share and net liabilities position; (iii) eliminate the need for any cash repayment for the Capitalised Loan in view of the current financial and cash position of the Group; and (iv) allow the Group to focus its resources on stabilising its business activities.

- 2) **How was the conversion price determined for the Second Agreement. Please clarify why the conversion price could not remain consistent with the terms of the First Agreement.**

Company’s response

The conversion price of S\$0.022 ("**Conversion Price**") per Conversion Share represents no discount or premium to the prevailing volume weighted average price for trades done in respect of the Conversion Shares on the sponsor-supervised board of the SGX-ST on 30 June 2025, being the full market day on which the Second Agreement was signed.

The Conversion Price was arrived at after taking into consideration, *inter alia*, the recent share price of the Company, the prevailing market conditions and financial performance of the Group, the rationale for the Second Agreement, and following arm's length negotiations between the Company and the Lender.

Given the differences in financial performance of the Group and the prevailing market conditions at the respective times the First Agreement and the Second Agreement were entered into, it would not be appropriate to all parties (including stakeholders) for the Conversion Price under the Second Agreement to remain consistent to that under the First Agreement. Furthermore, as the Proposed Debt Capitalisation is subject to Shareholders' approval, Shareholders will have the opportunity to consider and vote on the Proposed Debt Capitalisation prior to its implementation.

In this regard, a circular to Shareholders containing, *inter alia*, further information regarding the Proposed Debt Capitalisation, together with the notice of extraordinary general meeting, will be issued in due course.

- 3) **Following the implementation of the Second Agreement, Mr Cao will become the single largest shareholder of the Company. Please disclose Mr Cao's plans for the Company going forward.**

Company's response

Following the implementation of the Second Agreement, the Company confirms that Mr Cao will remain in his current role within the Company. While he is expected to remain a passive shareholder and notwithstanding the above, Mr Cao has expressed his continued support for the Company's existing businesses and future expansion plans, including the provision of further financial support, if required, with a view to maximizing the interests of all shareholders of the Company.

- 4) **Please disclose if Mr Cao intends to get a board seat or appoint a representative on the Board after obtaining controlling interest in the Company?**

Company's response

As at the date of this announcement, the Company understands from Mr Cao that he has no intention of (i) obtaining a board seat, (ii) seeking any form of board representation, or (iii) assuming a key management position within the Company.

For the avoidance of doubt, the nomination and appointment process of a director and/or executive officers falls under the responsibilities of the Nominating Committee of the Company ("**NC**"). As part of this process, the NC will conduct an initial assessment to review candidates' qualifications, attributes and past experience followed by interviewing shortlisted candidates prior to making a recommendation to the Board for consideration.

The duties and responsibilities of the NC include, but are not limited to, reviewing of board succession plans for the Directors, in particular the appointment and/or replacement of the Chairman, the Chief Executive Officer ("**CEO**") and key management personnel, reviewing and assessing the Board composition on behalf of the Board, and recommending the appointment of new Directors.

In any case, the Board confirms that it will seek the views and guidance of the SGX-ST first before any proposed appointment of Mr. Cao or his representative as a director or executive officer of the Company through the Company's Sponsor.

5) Please disclose the following:

- (a) remaining sum owed to Mr Cao under all outstanding loan agreements (the “Remaining Sum”) and when the Remaining Sum is due**

Company’s response

On the assumption that the Proposed Debt Capitalisation has been completed pursuant to the Second Agreement, the Remaining Sum owed to Mr Cao at the date of this announcement is approximately S\$1.19 million, which is due for repayment on 6 October 2025. For the avoidance of doubt, the Remaining Sum does not include the S\$200,000 that has already been repaid to Mr Cao in cash using the Company’s internal resources as at the date of this announcement.

- (b) The Board’s assessment regarding the proposed method of settling the Remaining Sum owed.**

Company’s response

The Board does not preclude considering various available options at the appropriate juncture when the Remaining Sum falls due. These options may include, but are not limited to, the following:

- (i) utilising excess cash available to the Group generated from the Group’s existing business operations for the partial repayment of the Remaining Sum owed;
- (ii) seeking strategic investors through a combination of equity/debt financing; and/or
- (iii) entering into further financial agreement(s) with Mr Cao and/or to defer the repayment amount of the Remaining Sum, subject to the discussions between Mr Cao and the Company.

6) Considering the Remaining Sum owed and the First and Second Agreement with Mr Cao,

- (a) Please clarify if there is a change in Mr Cao’s role in the Company as disclosed previously in the SGX Responses. If so, please explain what Mr Cao’s current role in the Company is.**

Company’s response

There are no changes in Mr Cao’s role in the Company as disclosed previously in the SGX Responses.

- (b) Please provide the nominating committee and sponsor’s assessment, with justification on whether Mr Cao’s role is equivalent in substance, to an executive officer or director of the Group.**

Company’s response

Based on the NC’s assessment, Mr Cao is not performing the role of an executive officer or director of the Company since he is not the decision-maker for the Company. Currently, the payments to be made by the Company/Group are jointly approved by the (i) Chairman of the Audit Committee and (ii) Executive Director and CEO after the payment requests are submitted by various departments, and any business decisions are also to be approved by the Board before the relevant department execute them. For the avoidance of doubt, the Remaining Sum and the Second Agreement will neither impact Mr Cao’s role as a manager of Zhongxin Minghua (Shanghai) International Trade Co., Ltd., a indirectly wholly-owned

subsidiary of the Company (“**Zhongxin Minghua**”) (i.e., granting him any increased authority, influence or control within the Company) nor allow him to have any vote or decision-making at the board level.

Sponsor’s response

Under the Companies Act 1967 of Singapore, as amended, supplemented or modified from time to time, a “director” includes any person occupying the position of director of a corporation by whatever name called and includes a person in accordance with whose directions or instructions the directors or the majority of the directors of a corporation are accustomed to act and an alternate or substitute director.

Under the Catalist Rules, “executive officers” are defined as the management team (excluding directors) of an issuer, including its chief executive officer, chief financial officer, chief operating officer and any other individual, regardless of title, who (a) performs or has the capacity to perform any function or responsibility equivalent to that of the foregoing persons or (b) is responsible for ensuring that the issuer complies with its obligations under the Catalist Rules.

Based on (i) the Sponsor’s assessment as set out in the SGX Responses, (ii) the representations made by Mr Cao and the Company regarding his roles and responsibilities in Zhongxin Minghua, (iii) Mr Cao’s confirmation that there has been no change to his roles and responsibilities in the Company as previously disclosed in the SGX Responses based on a follow-up interview conducted with Mr Cao, (iv) the Company’s response and NC’s assessment as detailed above, and (v) the Sponsor’s interactions and communications with the Board and Company personnel, nothing has come to the attention of the Sponsor to suggest that Mr Cao’s role in substance falls within the above definitions of a “director” or an “executive officer” of the Group.

- 7) Please provide the Board’s assessment, with supporting bases on the Group’s ability to continue as a going concern.**

Company’s response

The Board is of the opinion that after taking into consideration (i) the second S\$3.0 million interest-free loan extended by Mr Cao, of which approximately S\$1.81 million remains available as at the date of this announcement for disbursement at the request of the Company; (ii) the operations of the new health supplements business of the Group and the future plans of the Company; and (iii) the implementation of the debt capitalisation pursuant to the Second Agreement, the working capital available to the Group is sufficient to meet its present requirements and continue as a going concern.

Furthermore, the Board is of the view that the Company is able to continue as a going concern based on the assumptions that were disclosed in the Company’s annual report for the financial year ended 31 December 2024 (“**FY2024**”). Please refer to the Company’s announcement dated 11 June 2025 for further details of the going concern assumptions used in the preparation and presentation of the financial statements for FY2024.

- 8) Please disclose if there are any other material information shareholders should be aware of.**

Company’s response

Save as announced by the Company on SGXNet, there is no other material information shareholders of the Company should be aware of.

By Order of the Board of Directors of
Metech International Limited

Pang Wei Hao
Executive Director and Chief Executive Officer

08 July 2025

*This announcement has been reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"). It 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 Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #04-02 Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.