



Metech International Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 199206445M)

RESPONSE TO SGX QUERIES

The Board of Directors (the “**Board**” or the “**Directors**”) 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 29 February 2024 in relation to the Company’s announcement on the notice of extraordinary general meeting (“**EGM**”) dated 28 February 2024 (“**Notice of EGM**”), the response to Singapore Exchange Regulation (“**SGX RegCo**”) queries dated 15 November 2023 and the results of the financial year ended 30 June 2022 (“**FY2022**”) annual general meeting (“**AGM**”) as announced on 21 October 2022 (collectively, the “**Previous Announcements**”).

Unless otherwise defined, capitalised terms and references used herein shall bear the same meanings ascribed to them in the Previous Announcements and the Circular (as defined herein).

SGX-ST’s Queries

Please provide clarification on the following:

At the FY2022 AGM, shareholders had voted against the resolutions for the approval of payment of S\$220k as director’s fees for the financial year ending 30 June 2023 (“FY2023”) and the resolution for the re-appointment of Mr Chng Hee Kok (“Mr Chng”). Accordingly, both resolutions were not passed, and Mr Chng stepped down as an independent director of the Company. Notwithstanding, the Company reappointed Mr Chng shortly thereafter, citing Nominating Committee’s (“NC”) assessment on his wealth of experience and continuity with the Company given changes to the board composition at that time. In response to SGX RegCo’s queries, the Board highlighted that Mr Chng’s appointment will be subject to shareholders’ approval at the next AGM. The Company subsequently changed its financial year end to 31 December. As a result, the FY2023 AGM would only be due in April 2024.

Based on the Notice of EGM, the Company is now (EGM to be held in March 2024), seeking shareholders’ approval to pay directors fees to previous and existing directors for their services in FY2023.

- 1) Who had proposed the payment of directors’ fees for FY2023, despite it being voted down at the FY2022 AGM? What were the considerations of the Remuneration Committee (“RC”) and Board?

Company’s response:

The RC had proposed the payment of Directors’ fees for FY2023, and the Board had accepted the recommendation. Accordingly, the Board instructed for the inclusion of two resolutions for Shareholders’ consideration and voting at the upcoming EGM on 14 March 2024. These resolutions relate to the proposed payment of the sum of S\$63,380 as Directors’ fees for the

Existing Directors for FY2023, and the proposed payment of the sum of S\$122,312 in Directors' fees for the Previous Directors for FY2023. Further details can be found in the circular to Shareholders dated 28 February 2024 (the "**Circular**"). Despite the payment of Directors' fees being voted down at the FY2022 AGM, the Board had accepted the recommendations, taking into account the following considerations:

- (i) Under section 169 of the Companies Act, the Company is obliged to seek the approval of Shareholders at a general meeting prior to disbursing Directors' fees. However, it is imperative for Shareholders to recognise that Directors who have served in their capacities from FY2023 have provided valuable services to the Company. Their appointments have also been necessary so that the Company remains in compliance with the Code of Corporate Governance 2018 (the "**Code**") and Catalist Rules;
- (ii) The Company emphasises the importance of Shareholders' understanding in this matter, particularly concerning Directors fulfilling roles as Independent Directors, Non-Executive Directors and taking on positions in the Committees, as required by the Code and Catalist Rules. Denying fees due to these Directors could potentially convey an unfavourable message to the market and investors at large. This would have broader implications of such a decision on the Company's reputation, relationship with the investment community and the regulators; and
- (iii) If Directors' fees are not paid, the Company will face a severe challenge in attracting and/or retaining its non-executive and/or independent directors. Consequently, this could lead to a breach of the relevant listing rules and Code's recommendations of having a majority non-executive and independent directors on the board.

2) Please provide the RC's assessment of the proposed director fees in light of the Company's performance for FY2023, including the linkage between directors' fees and performance vis-à-vis Company's / Group's performance, and whether any industry or peer benchmarking was conducted.

Company's response:

The structure of Directors' fees proposed for FY2023 (being the financial period from 1 July 2022 to 31 December 2023, following the Company's change of its financial year end from 30 June to 31 December as announced on 8 December 2023) will be the same as the structure of Directors' fees for FY2022, which has been stated in the Section 3.3.8 of the Circular and enumerated as below:

Appointment	Per annum
Board - Board Chairman - Board Member	S\$10,000 S\$36,000 (base fee)
AC - AC Chairman - AC Member	S\$5,000 Included in base fee
RC - RC Chairman - RC Member	S\$5,000 Included in base fee
NC - NC Chairman - NC Member	S\$5,000 Included in base fee

The Proposed Directors' Fees have been determined by the RC, taking into consideration the non-executive Directors' respective roles and responsibilities on the Board and the Committees, the frequency of the Board's and Committees' meetings and the expertise and skills of each non-executive Director. The Proposed Directors' Fees comprise a base fee. An additional sum is paid if the non-executive Director is appointed chairperson of, and the number of Committees he/she is a member of in view of the additional responsibilities and duties of the Directors.

The RC is of the view that it would be of the best interest of the Company to maintain the current fee structure and it is not appropriate for the Directors' fees linkage with the Group's performance in order not to jeopardise the independence of the independent directors.

3) Are there differences in how the directors' fees for "existing directors" and "previous directors" were determined? Please explain.

Company's response:

There are no differences in the Directors' fee structure for the "Existing Directors" and "Previous Directors". The structure of the Directors' fees has been clearly enumerated in the Circular based on the respective appointment(s) for the various Committees and roles and responsibilities, taking into account the tenure with the Company.

The summary of the Directors' fees proposed to be paid to the Existing Directors and the Previous Directors are stated in Section 3.3.9 of the Circular and for ease of reference, replicated herein:

S/N	Name of Director	Current/Last Designation	Period of directorship in FY2023	Directors' fees payable
Existing Directors				
1.	Mr. Chng Hee Kok ⁽¹⁾	Independent Non-Executive Chairman Member of AC, NC and RC	9 November 2023 to 31 December 2023	S\$6,679 ⁽¹⁾
2.	Mr. Ng Cheng Huat	Non-Executive Non-Independent Director	8 February 2023 to 31 December 2023	S\$39,786 ⁽²⁾
3.	Ms. Lucy Yow Su Chin	Independent Director Chairman of RC Member of AC and NC	22 September 2023 to 31 December 2023	S\$10,962
4.	Mr. Er Kwong Wah	Independent Director Chairman of AC Member of NC and RC	9 November 2023 to 31 December 2023	S\$5,953
Total Directors' fees for the Existing Directors				S\$63,380
Previous Directors				
5.	Mr. Tan Siji Macarthur	Non-Executive Non-Independent Director Member of NC and RC	1 July 2022 to 12 July 2022	S\$1,184
6.	Mr. Chng Hee Kok ⁽¹⁾	Independent Director Chairman of RC Member of AC and NC	1 July 2022 to 21 October 2022	S\$12,693 ⁽¹⁾

7.	Mr. Ricky Sim Eng Huat	Independent Director Chairman of NC Member of AC and RC	1 July 2022 to 21 October 2022	S\$12,693
8.	Mr. Chay Yiowmin	Independent Non- Executive Chairman Chairman of AC Member of NC and RC	1 July 2022 to 17 January 2023	S\$28,085
9.	Mr. Zhang Keke	Independent Director Chairman of NC Member of AC and RC	16 January 2023 to 22 November 2023	S\$38,742
10.	Mr. Long Zheng	Independent Director Member of AC, NC and RC	9 March 2023 to 22 November 2023	S\$28,915
Total Directors' fees for the Previous Directors				S\$122,312
Total Directors' fees for FY2023				S\$185,692

Notes:

- (1) As Mr. Chng's re-appointment to the Board was not approved in the AGM held on 21 October 2022, he ceased to be a director of the Company following the completion of the AGM. On 9 November 2023, Mr. Chng was appointed by the Board as Independent Director of the Company, Independent Non-Executive Chairman of the Board, and member of AC, NC and RC. The Director's fees for Mr. Chng for FY2023 amount to S\$19,372, being the aggregate of S\$12,693 (for his initial appointment with the Company in FY2023, from 1 July 2022 to 21 October 2022) and S\$6,679 (for his subsequent appointment with the Company in FY2023, from 9 November 2023 to 31 December 2023).
- (2) This includes Mr. Ng's previous appointments as the Chairman of the Board and member of AC and NC from 8 February 2023 to 9 November 2023 and member of RC from 30 May 2023 to 9 November 2023.

4) In the Company's response to SGX Queries in November 2023, the Board highlighted that Mr Chng's appointment remains subject to shareholders' approval at the upcoming FY2023 annual general meeting. In light of the upcoming EGM for the approval of Director's fees, has the Board considered seeking shareholders' approval for the re-appointment Mr Chng at the upcoming EGM? Please provide the considerations of the Nominating Committee for the aforementioned decision.

Company's response:

1. The NC did not recommend to the Board to consider seeking Shareholders' approval for the re-appointment of Mr Chng at the upcoming EGM to be held on 14 March 2024 for the following reasons:
 - (a) Mr Chng's appointment to the Board was done to fill a casual vacancy pursuant to the powers conferred to the Directors under Regulation 88 of the Company's Constitution. Regulation 88 also states that a person so appointed shall also hold office until the next annual general meeting of the Company (i.e., for FY2023), whereupon he is eligible for re-election subject to Shareholders' approval at the upcoming AGM for the Company for FY2023 ("**FY2023 AGM**"). As such, the Board had highlighted in the Previous Announcements that Mr Chng's appointment remains subject to Shareholders' approval at the upcoming FY2023 AGM;

- (b) Mr Chng's appointment to the Board and the Committees was approved by the then Board, following the assessment of the then NC, which, in particular, took into consideration (i.) Mr Chng's wealth of experience in corporate governance matters, given his experience as an independent director on other Singapore public-listed companies, (ii.) his familiarity with the Company and (iii.) his insights into the current state of the Company; and
 - (c) As the Independent Non-Executive Chairman and a member of the Audit Committee ("AC"), NC and RC, Mr Chng will be participating in the upcoming meetings of the Board and the Committees, which, *inter alia*, involves discussions on the audited financial statements of the Group and the Company for FY2023. The NC is of the opinion that Mr Chng will be able to provide valuable insights and contribute positively to the discussions of the Board and the Committees.
2. Taking into consideration the reasons and the NC's recommendation as abovementioned, the Board concluded that there is no need for Mr Chng's re-appointment to be considered at the EGM when Shareholders' approval for Mr Chng's re-appointment will be sought at the upcoming FY2023 AGM.

By Order of the Board of Directors of
Metech International Limited

Wang Zhuo
Executive Director and CEO
4 March 2024

This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

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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