



METECH INTERNATIONAL LIMITED

(Company Registration No. 199206445M)

(Incorporated in the Republic of Singapore)

CHANGE OF SHAREHOLDING IN JOINT VENTURE COMPANY AND ENTRY INTO INTERESTED PERSON TRANSACTION

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Metech International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement released by the Company on 24 September 2021 (the “**Announcement**”) regarding the entry into a joint venture agreement (the “**JVA**”) between Asian Green Tech Pte. Ltd. (“**AGT**”), a wholly-owned subsidiary of the Company, and X Diamond Capital Pte. Ltd. (“**XDC**”) on 24 September 2021, pursuant to which AGT and XDC (collectively, the “**Parties**”) would incorporate a joint venture company (the “**JV Company**”) in Singapore to carry out the business of manufacturing and distribution of lab-grown diamonds (the “**Joint Venture**”).

Pursuant to the JVA, AGT and XDC had incorporated Asian Eco Technology Pte. Ltd. (the “**JV Company**”) on 27 September 2021, with AGT holding 51% of the share capital of the JV Company and XDC holding 49% of the share capital of the JV Company. The Company had also provided further details and updates on the Joint Venture in its circular dated 24 December 2021 in relation to, among others, the proposed diversification of the core business of the Group to include manufacturing and distribution of lab-grown diamonds (also known as super-hard material) and such other related activities that are necessary, related or incidental thereto (the “**Circular**”).

2. DISPOSAL OF XDC’S SHARES IN THE JV COMPANY

The Company wishes to update that on 17 April 2022, XDC and Mr. Wu Yongqiang, a controlling shareholder of the Company, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) for the sale of 100,000 ordinary shares in the JV Company (the “**Sale Shares**”) by XDC to Mr. Wu Yongqiang (the “**Disposal**”), for an aggregate consideration of S\$4,000,000. The Sale Shares represent 20% of the paid up and issued share capital of the JV Company. Following the Disposal, AGT, XDC and Mr. Wu Yongqiang respectively hold 51%, 29% and 20% of the issued and paid-up share capital of the JV Company.

As at the date of this announcement, Mr. Wu Yongqiang has a direct interest in an aggregate of 23,764,400 ordinary shares in the Company representing 15.68% of the total voting shares of the Company. He is a seasoned businessman and over the years, he has accumulated business management experience and undertaken business development activities in various industries.

Pursuant to the terms of the Sale and Purchase Agreement and the JVA, Mr. Wu Yongqiang will execute a deed of ratification and accession (the “**Deed of Ratification and Accession**”) in favour of and for the benefit of AGT and XDC, agreeing to be bound by and entitled to the benefit of all the terms and conditions of the JVA which are applicable to it as a shareholder of the JV Company. Details of the terms of the JVA are set out in the Announcement and the Circular.

Mr Wu Yongqiang is now a party to the Joint Venture via the execution of the Deed of Ratification and Accession by him. There are no other changes to the JVA since the execution of the JVA.

3. EVENT LEADING TO THE DISPOSAL

On 11 April 2022, the Company was informed by XDC of its intention to dispose of part of its shareholding in **JV Company**. A third-party had indicated its willingness to acquire 20% of **JV Company** from XDC for a consideration of S\$4,000,000. As the Company has a pre-emptive right to the Sale Shares, XDC offered the Company the first right of refusal.

On 14 April 2022, the Board decided to forgo the right and sought to get more details of the buyer from XDC. Mr Wu Yongqiang, the advisor to the Board and one of the controlling shareholders, felt that it would be cumbersome to introduce a new party to the JV Company; and after a discussion with the other controlling shareholder on 15 April 2022, decided to make an offer to XDC at the same consideration of S\$4,000,000 to acquire the Sale Shares. With consent of the board of XDC, the Sale and Purchase Agreement was signed on.

4. INTERESTED PERSON TRANSACTION

As Mr. Wu Yongqiang holds 15.68% of the nominal amount of all voting shares in the Company, he is a controlling shareholder of the Company and regarded as an interested person within the definition set out in Chapter 9 of the Catalist Rules. AGT, being a subsidiary of the Company that is not listed on the Singapore Exchange Securities Trading Limited or an approved exchange, is regarded as an entity at risk within the definition set out in Chapter 9 of the Catalist Rules. Accordingly, the Disposal and the execution of the Deed of Ratification and Accession would result in AGT entering into a joint venture with an interested person and is deemed as an interested person transaction pursuant to Chapter 9 of the Catalist Rules (the “**IPT**”).

Under Rule 909(2) of the Catalist Rules, in the case of a joint venture, the value of the transaction includes the equity participation, shareholders’ loans and guarantees given by the entity at risk. The amount of the Group’s equity participation in the JV Company is S\$255,000, and the existing shareholders’ loan which was extended by the Company to the JV Company for purpose of working capital and business expansion (in line with Proposed Placement announced on 30 September 2021), prior to the Disposal, is S\$3,100,000, amounting to an aggregate of S\$3,355,000 for the period from 1 July 2021 to the date of this announcement. The Group’s audited net tangible assets is S\$1,910,000 as at 30 June 2021 and the Group’s unaudited net tangible assets is S\$11,252,000 as at 31 December 2021.

5. RATIONALE FOR THE IPT

Pursuant to the terms of the JVA, prior to any shareholder of the JV Company selling or disposing of any of its shares in the JV Company, it shall give a notice in writing to the other shareholder offering to sell the legal and beneficial ownership of all of its shares (the “**Offer Shares**”) and the price for the Offer Shares before selling the Offer Shares to a third party (who shall be subject to the approval of the other shareholder).

AGT did not accept the offer to purchase the Sale Shares as it is already a majority shareholder of the JV Company and also controls the board and management of the JV Company as disclosed under Section 3

The Group's entry into the Joint Venture is in line with the Group's strategy to expand into the environmental and sustainability business. As lab-grown diamonds are created without the need for mining, they are a more sustainable production of diamonds and aligned with the Group's environmental and sustainability business model. Further details on the rationale for the Group's entry into the Joint Venture are set out in the Announcement and the Circular.

6. TOTAL VALUE OF ALL INTERESTED PERSON TRANSACTIONS

For the current financial year ending 30 June 2022, save for the IPT, there are no other interested person transactions as at the date of this announcement.

7. EXCEPTION TO THE REQUIREMENT FOR SHAREHOLDERS' APPROVAL AND STATEMENT OF THE AUDIT COMMITTEE

Pursuant to Rule 916(2) of the Catalist Rules, shareholders' approval is not required for an investment in a joint venture with an interested person if:

- (a) the risks and rewards are in proportion to the equity of each joint venture partner;
- (b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and
- (c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

The audit committee (the "**Audit Committee**") of the Company has reviewed the terms of the Deed of Ratification and Accession and the JVA and is of the view that the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner and the terms of the Joint Venture are not prejudicial to the interests of the issuer and its minority shareholders. Mr. Wu Yongqiang did not have an existing equity interest in the Joint Venture prior to the participation of AGT in the Joint Venture other than through his shareholdings in the Company.

The Audit Committee is satisfied that the JVA and the Deed of Ratification and Accession are within the scope of Rule 916(2) of the Catalist Rules and therefore, the Company is exempted from the requirement of seeking shareholders' approval in respect of the entry into the Joint Venture with Mr. Wu Yongqiang.

8. FINANCIAL EFFECTS

The entry into the Joint Venture with Mr. Wu Yongqiang is not expected to have a material impact on the net tangible assets per share of the Company and the earnings per share of the Company for the current financial year ending 30 June 2022.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the directors, and substantial shareholders of the Company has any interest, direct or indirect, in the Joint Venture, other than through their respective shareholdings in the Company, if any.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Deed of Ratification and Accession and JVA (the "**Documents**") will be available for inspection during normal business hours at the Company's registered office at 100G Pasir Panjang Road, #04-07 Interlocal Centre, Singapore 118523 for a period of three (3) months commencing from the date of this announcement.

Shareholders who wish to inspect the Documents may email shareholder@metechinternational.com to make an appointment in advance so as to limit the number of people who are present at the registered office at any one time. Such arrangements are subject to prevailing regulations, orders, advisories and guidelines in relation to safe distancing measures implemented by the relevant authorities from time to time.

Cautionary Statement

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board of Directors of
Metech International Limited

Samantha Hua Lei
Executive Director and CEO

18 April 2022

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").*

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.

The contact person for the Sponsor is Mr Khong Choun Mun, Registered Professional, RHT Capital Pte. Ltd. at 6 Raffles Quay, #24-02, Singapore 048580, sponsor@rhtgoc.com.