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

PROPOSED DISPOSAL OF INTEREST IN ASSOCIATE COMPANY, TONGJI ENVIRONMENTAL (ASIA) PTE LTD (FORMERLY KNOWN AS TONKIN RECYCLING PTE. LTD.)

(1) Introduction

The Board of Directors of the Company (the "**Board**") and its subsidiaries (collectively "**the Group**") wishes to announce that the Company has on 30th September 2014 entered into a sale and purchase agreement (the "**Agreement**") with College Hill Holdings (the "**Purchaser**") wherein the Company has agreed to sell and the Purchaser has agreed to purchase 2,184,583 ordinary shares in Tongji Environment (Asia) Pte. Ltd, formerly known as Tonkin Recycling Pte. Ltd ("**Tongji**") constituting 49% of the issued shares of Tongji, (the "**Sale Shares**"). Tongji is also a party to the Agreement.

(2) Description of the assets being sold

The assets being disposed of are the Sale Shares, being 2,184,583 ordinary shares in Tongji, constituting 49% of all the issued shares of Tongji.

(3) Description of the trade carried on

Tongji is a company that was incorporated in Singapore on 23 October 2007. Tongji is the holding company of, and owns a 100% shareholding interest in Aton Sludge Treatment (Jiangyin) Co., Ltd.(the "**WOFE**"), a wholly-owned foreign enterprise incorporated in The People's Republic of China (the "PRC"). The WOFE holds a Build, Operate and Transfer concession (the "**BOT**") granted by the Jiangyin government in Jiangsu province, China, to own and operate a sludge treatment plant (the "**Plant**") for 30 years from July 2009 when the Plant was commissioned.

(4) The aggregate value of the consideration

The consideration for the Sale Shares is a sum of S$2,224,000 ("**Consideration**") which was derived from arm's length negotiations between the Company and the Purchaser, and on a 'willing-buyer, willing-seller' basis. The consideration will be satisfied in cash by in 10 equal instalments of S$200,000 and an 11th instalment of S$224,000. The first instalment is payable by 2 October 2014; the second instalment is payable within 30 days of the date of the Agreement, and each subsequent instalment within succeeding periods of 30 days each. Accordingly, the last instalment is due on 27 July 2015.

(5) Whether there are any material conditions attaching to the proposed disposal including a put, call or other option and details thereof

The Purchaser is required to procure the payment of the outstanding debt of S$177,000 due from Apzenith Capital Pte. Ltd. to the Company (the "**Debt**") on or before 27 July 2015, failing which it will pay such sum itself on behalf of Apzenith Capital Pte. Ltd.

Each of the Purchaser and Tongji undertake that from the date of this Agreement till the date the Consideration is satisfied in full and the Debt is paid in full that:

(i) each of Tongji and the WOFE shall not dispose or encumber any of its assets or undertaking including but not limited to any interest in the WOFE and the Plant; and

(ii) each of Tongji and the WOFE shall not provide any financial accommodation or loans or take up any borrowings without the express prior written consent of the Seller.

(6) The value of the assets being disposed of

The book value on the cost of investment of the Sale Shares as at 30 June 2014 is S$2,224,000. The net tangible asset value of the Sale Shares as at 30 June 2014 is S$2,224,000. The Sale Shares do not have an open market value as they are not traded on any exchange. No person has been commissioned to value the Sale Shares.

(7) Excess or deficit of the proceeds over the book value, and the intended use of the sale proceeds

The book value of the Sale Shares amounted to S$2,224,000. The consideration of S$2,224,000 equates the cost of investment at book. Accordingly, there is no deficit or excess of proceeds over the book value. The proceeds will be used for the expansion of business.

(8) The net profits attributable to the assets being disposed of and the amount of any gain on disposal

The net profits attributable to the Sale Shares is S$19,000 for the financial year ended 30 June 2014. There is no gain or loss on the disposal, as the consideration equates net book value.

(9) The effect of the proposed disposal on the net tangible assets per share and earnings per share of the issuer for the most recently completed financial year

The Board is generally of the view that the proposed disposal will not affect the operations of the Company or the nature of the Company's main business. However, the proposed disposal will still have some financial effects.

The pro forma financial effects of the Agreement as set out below are for illustration purposes only and do not reflect the future financial results or position of the Group after the completion of the Agreement.

(9) The effect of the proposed disposal on the net tangible assets per share and earnings per share of the issuer for the most recently completed financial year (Cont'd)

*(i) Effect on net tangible asset per share ("**NTA**") on 30 June 2014*

For illustrative purposes only, assuming that the Agreement had been effected at on **30 June 2014**, the effects of the disposal on the Group are as follows:

	As at 30 June 2014 Before Disposal	After Disposal
NTA (S$'000)	22,718,000	22,718,000
Number of Shares	2,343,398,871	2,343,398,871
NTA per Share (cents)	0.9694	0.9694

*(ii) Effect on earnings per share ("**EPS**") on 30 June 2014*

For illustrative purposes only, assuming that the Agreement had been effected at the beginning of the financial year ended 30 June 2014, the effects of the Disposal on the Group as at 30 June 2014 are as follows:

	As at 30 June 2014 before Disposal	After Disposal
Gain attributable to shareholders (S$)	102,000	83,000
Weighted average Number of Shares	2,343,398,871	2,343,398,871
(Loss)/Profit per Share (Cents)	0.0044	0.0035

(10) The rationale for the proposed disposal including the expected accrued benefits

The Company is of the view that the proposed disposal is in the best interests of the Company and its Shareholders in consideration that the business of Tongji (the "**Waste Treatment Business**") may require significant capital injection to grow and divesting it to Tongji will allow the Company to focus on its other business ventures. The proposed disposal will enable the Company to realise its investment and release the capital for other strategic investments.

(11) The relative figures that were computed on the bases set out in Rule 1006

The relative figures computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual are as follows:

Rule1006 (a)	The net asset value ("**NAV**") of the Group based on the latest announced financial statements of the Group as at 30 June 2014 is S$22,718,000. The NAV attributed to the Sale Shares as at 30 June 2014 is S$2,224,000. The NAV attributed to the Sale Shares is therefore **9.8%** of the Group's NAV based on the latest announced financial statements of the Group as at 30 June 2014.
Rule 1006 (b)	The net profit after tax of the Group's continuing operations based on the latest announced financial statements of the Group for financial year ended 30 June 2014 is S$102,000. The net profit attributable to the Sale Shares in FY2014 is S$19,000. The net profit attributable to the Sale Shares is therefore **18.6%** of the Group's net profit based on the latest announced financial statements of the Group as at 30 June 2014.
Rule 1006 (c)	The Consideration compared to the Company's market capitalization is approximately less than **8.6%** based on the Company's market capitalization of approximately S$25.8 million as at 30 September 2014 (Based on the closing price of S$0.011 on 30 September 2014). (**as at market day on the date of the agreement**)
Rule 1006 (d)	This is **not applicable** as the Company will not be issuing shares at all.
Rule 1006(e)	This is not applicable as the Company is not a mineral, oil, or gas company.

The relative figures are computed on the bases set out in Rule 1006 exceed 5% but not 20%, and the disposal is thus classified as a discloseable transaction.

None of the directors or substantial shareholders of the Company has any interest, directly or indirectly, in the above transaction. No director has been proposed to be appointed to the issuer in connection with the transaction.

A copy of the relevant agreement is available for inspection during normal business hours at the issuer's registered office for 3 months from the date of this announcement.

BY ORDER OF THE BOARD
METECH INTERNATION LIMITED

Andrew Eng
Chief Executive Officer and Executive Director
30 September 2014