



METECH INTERNATIONAL LIMITED

(Company Registration No. 199206445M)

(Incorporated in the Republic of Singapore)

**FIFTH UPDATE: THE PROPOSED DISPOSAL OF THE COMPANY'S
ELECTRONIC WASTE MANAGEMENT BUSINESS IN MALAYSIA**

*Unless otherwise defined, all capitalized terms used in this announcement shall be the same meaning as ascribed to them in the Company's announcements dated 18 September 2018, 31 October 2018, 5 November 2018, 9 November 2018, 14 November 2018 and 31 December 2018 (the "**Announcements**") and the circular to Shareholders dated 8 October 2018 (the "**Circular**").*

1. INTRODUCTION

The Board of Directors (the "**Board**") of Metech International Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the Announcements and Circular in relation to the proposed disposal of the Company's electronic waste management (the "**EWM**") business.

Further to the Company's announcement dated 31 December 2018, where it was made known that while the Company continues to review the stock purchase agreement from First America Metal Corporation of the United States ("**FAMC**"), the Board wishes to announce that the Company has today, signed a Sale and Purchase Agreement (the "**SPA**") with Mr. Lau Chin Guan (the "**Buyer**" and/or "**Mr. Lau**") for the sale of its entire shareholding in Metech Recycling (Malaysia) Pte Ltd ("**MRM**") in Singapore. MRM owns 100% of Metech Recycling (Malaysia) Sdn Bhd ("**MRMSB**"). Together, this represents the Company's entire EWM business in Malaysia (the "**Targets**"). Further details on the principal terms of the SPA are set out in this announcement (the "**Proposed Disposal**").

2. INFORMATION ON THE BUSINESS AND THE PURCHASERS

MRMSB's business has been limited due to its inability to obtain the necessary regulatory permits for electronic waste treatment work. This has led to its under-performance and continued losses over the years. It has only one employee working in Penang who reports to the General Manager ("**GM**").

Mr. Lau is a Malaysian and the GM of MRMSB. He reports directly to Mr. Andrew Eng, the CEO/Director of MRM, and has expressed his interest to take over the Company's EWM business in Malaysia. The Company has been unsuccessful in finding an interested party to acquire its subsidiary in Malaysia; Mr. Lau, being the current GM, has been convinced and is willing to take on the challenges.

As at the date of this announcement, Mr. Lau does not hold any of the issued share capital of the Company.

3. RATIONALE AND USE OF PROCEEDS

3.1 Rationale of the Proposed Disposal

The Proposed Disposal is consistent with the Company's decision to dispose of its entire EWM business and contributes to the Board's effort to avoid depletion working capital and mitigating the risk of further losses.

The proposed sale to Mr Lau is the most expedient way of exiting the EWM business in Malaysia.

3.2 Use of Proceeds

The Company intends to use the entire proceeds from the Proposed Disposal as working capital.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

4.1 Consideration

The Consideration for the Targets is in cash of S\$45,000.00, which shall be payable upon signing of the SPA. It has been arrived at arm's length based on the equivalent to the Net Tangible Assets ("NTA") of the Targets as at 31 December 2018. This represents the best offer, considering that the entities have been incurring losses over the years. There will be neither gain nor loss in this Proposed Disposal. There are no other conditions precedent.

As at this announcement, the Company wishes to inform that it had received the cash Consideration in full.

4.2 Completion

Subject to the terms and conditions of the SPA, the completion shall take place on the completion date ("**Completion**"), which is on or before 9th February 2019 (or such other date as the Parties may agree), being a date not later than thirty (30) days from the date of this Agreement (or such other date as the Parties may agree in writing) whichever is the later, at such time and place as the Parties may agree.

4.3 Conditions Precedent to the Completion of the Proposed Disposal

Completion of the sale and purchase of the Sale Shares is conditional upon the following action or document to be carried out or executed on or before the completion date:

- (i) all necessary regulatory and other approvals being obtained by the Company, including, if necessary, an independent valuation or shareholders' approval an extraordinary general meeting for the sale contemplated herein; and
- (ii) such other consents or approvals as may be required of the Singapore Exchange Limited ("**SGX-ST**"), any third party or government authority, regulatory body or competent authority.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

(a) Assumption

FOR ILLUSTRATIVE PURPOSES ONLY, the *pro forma* financial effects of the Proposed Disposal on the Group are set forth below and were prepared based on the unaudited financial statements for the financial year ended 30 June 2018, being the most recently completed financial year of the Group, subject to the following assumptions:

- (i) the expenses incurred by the Company in connection with the Proposed Disposal are disregarded for the purposes of calculating the financial effects;
- (ii) for the purpose of computing the NTA per Share, it is assumed that the Proposed Disposal was completed on 30 June 2018; and
- (iii) for the purpose of computing the EPS of the Group, it is assumed that the Proposed Disposal was completed on 1 July 2017.

(b) Share Capital

The Proposed Disposal will not have any effect on the share capital and shareholding structure of the Company as the Proposed Disposal does not involve the allotment and issuance of any new Shares in the Company and the Consideration is wholly satisfied in cash.

(c) NTA per Share

	Before the Proposed Disposal	After the Proposed Disposal
NTA of the Group attributable to Shareholders (S\$)	3,907,000	3,878,000
Number of Shares	4,501,984,229	4,501,984,229
NTA per Share (cents)	0.09	0.09

(d) EPS

	Before completion of the Disposal	After completion of the Disposal
Net (losses) of the Group attributable to Shareholders (S\$)	(7,682,000)	(7,671,000)
Weighted average number of Shares	4,434,054,051	4,434,054,051
EPS (cents)	(0.17)	(0.17)

(e) Rule 1006 testing

Relative figures under Rule 1006 of the Catalist Rules

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules, based on the latest announced unaudited financial statements for the financial year ended 30 June 2018 are as follows:

Rule 1006	Bases	Relative figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	1.98% ¹
(b)	The net loss attributable to the assets acquired or disposed of, compared with the group's net profits	Not meaningful ²
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares	0.60% ³
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁴
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable ⁵

¹ 1.98 % computed based on the net asset value of the Company's business of S\$ 46,000 as at 30 September 2018 compared with the Group's net asset value of S\$2.325 million as at 30 September 2018.

² 1.46% computed based on the net loss after tax attributed to the Company's business of S\$26,000 for the first quarter ended 30 September 2018 compared with the Group's net losses for the first quarter ended 30 September 2018 of S\$1.784 million. Both the Company and Group are in loss position; therefore, the computation is not meaningful.

³ As at the date of this announcement, the market capitalization of the Group is approximately S\$7.47 million based on 90,039,655 Shares in issue at a volume weighted average price of \$0.083 for each share on 9 January 2019, being the last full market day preceding the date of this Paper.

⁴ This is not an acquisition.

⁵ This is not a disposal of mineral, oil or gas assets by a mineral, oil or gas company.

In accordance with Rule 1007(1), if any of the relative figures computed pursuant to Rule 1006 is a negative figure, the Company is required to consult the Exchange through its sponsor on the applicability of Chapter 10 of the Catalist Rules. However, since the Proposed Disposal would not amount to a disposal of the Company's substantial part of its core business which would not result in any material change to the nature of the Company's business pursuant to paragraph 8(a) of Practice Note 10A of the Catalist Rules, the Company, as such, the Company would not be seeking the approval of the shareholders as a major transaction under Chapter 10 of the Catalist Rules.

However, as mentioned above under paragraph 4.3 (i) and (ii) and as highlighted in the prior Announcements, the Company shall consult SGX-ST through its Sponsors on the need for an independent valuer and shareholders' approval for the purpose of the Proposed Disposal. The Company shall update the shareholders' accordingly.

6. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and, as far as the Directors are aware, none of the Substantial Shareholders have any interest, direct or indirect, in the Proposed Disposal.

7. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at 65 Tech Park Crescent, Singapore 637787, for a period commencing three (3) months from the date of this announcement.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and the directors of the Company jointly and severally accept full responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

9. CAUTION IN TRADING

Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, Shareholders and potential investors are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.

In the meantime, the Board and Management will continue to work on a viable solution for the Singapore entity conducting the EWM business. The Company will provide further details in subsequent announcements in relation to the progress of the Proposed Disposal.

For and on behalf of the Board of Directors of
METECH INTERNATIONAL LIMITED

Simon Eng
Chief Executive Officer

Date: 18 January 2019

*The announcement had 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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinion made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Shervyn Essex, Registered Professional, Registered Professional, RHT Capital Pte. Ltd., 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, tel: 6381 6757.