



Metech International Limited

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

CHANGE OF SHAREHOLDING IN JOINT VENTURE COMPANY

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 17 January 2023 (the “**Previous Announcement**”) in relation to the termination of the joint venture agreement, resignation and removal of directors in Asian Eco Technology Pte. Ltd. (“**AET**”).

Unless otherwise defined, all capitalised items used herein shall bear the meanings as ascribed to them in the Previous Announcement.

1. INTRODUCTION

AET was a joint venture company, established by Asian Green Tech Pte. Ltd. (“**AGT**”), a wholly-owned subsidiary of the Company, with X Diamond Capital Pte. Ltd. (“**XDC**”), to carry on the business of manufacturing and distribution of lab-grown diamonds. As set out in the Previous Announcement, AGT was entitled to acquire all of the shares of AET, which are held by XDC, based on a pre-agreed valuation mechanism, following the issue of the Notice of Default and Termination by AGT.

The Company wishes to update shareholders that on 3 March 2023, AGT completed the acquisition of 1,488,468 shares in AET (the “**29% Shares of AET**”), being all of the shares of AET held by XDC (the “**Acquisition**”). Following the said completion, AGT holds an aggregate of 4,106,120 issued shares representing approximately 80.00% of the total issued share capital of AET.

The Company is of the view that the Acquisition will allow them to consolidate its control over AET, following the termination of the JVA, which would allow the Group to continue its operations seamlessly. Furthermore, with consolidated control, the Company is better able to manage and mitigate against any potential further loss or damage caused by the previous actions of XDC and its representatives to the business and operation of AET and protect AGT’s interest in AET, and, in turn, the interests of the Company and its shareholders in AET.

2. CONSIDERATION

Based on the terms of the JVA, AGT was entitled to acquire the shares at the default price of 80% of the net tangible assets per share of AET. AET has confirmed that based on management account figures, its net tangible asset value was negative S\$1.10 million, and net tangible assets per share was negative S\$0.2144 as of 17 January 2023. Accordingly, AGT acquired the shares for a nominal value of S\$1.00, in view of AET’s net tangible liabilities position. The consideration was paid in cash from the Group’s internal resources.

3. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

Based on the latest announced unaudited consolidated accounts of the Company for the six-month period ended 31 December 2022, the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules 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. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	The net profits ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits ⁽¹⁾ .	(9.46)
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	5.45 ⁽²⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(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. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable

Notes:

- (1) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests and extraordinary items. The extraordinary items excluded by the Company include certain impairments and provisions ("**One-Off Items**") as determined by the management of the Company which amounted to approximately S\$4.35 million. Rule 1006(b) is calculated based on the estimated net loss attributable to the 29% AET Shares of approximately S\$649,000 for the six-month period ended 31 December 2022, compared with the Group's latest announced unaudited net losses before income tax of approximately S\$1.99 million for the six-month period ended 31 December 2022. Should the One-Off Items be included, the relative figures computed for Rule 1006(b) will be 22.9%. The Company is of the view that it is meaningful to exclude the One-Off Items in view that these are atypical losses that are not generated from the ordinary business operations of AET, is infrequent in nature, and is unlikely to recur in the foreseeable future as they arose from the numerous issues and irregularities responsible by XDC and its representatives as announced on 17 January 2023.

- (2) As the consideration is a nominal value, the Company has, pursuant to paragraph 3.2(b) of Practice Note 10A of the Catalist Rules, taken into account the absolute value of the negative net asset value of the 29% AET Shares, being approximately S\$405,000, in calculating the consideration. The market capitalisation of the Company has been calculated based on 151,555,655 issued shares in the capital of the Company, multiplied by the volume weighted average price of S\$0.049 on the market day preceding the date of transfer of the 29% AET Shares.

Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 involves a negative number, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances. Pursuant to paragraph 4.4(a) of Practice Note 10A of the Catalist Rules, the relative figures computed on the basis of each of Rule 1006(c) and 1006(d) do not exceed 75%, and the net loss attributable to the 29% AET Shares, after excluding the One-Off Items, exceeds 5% but does not exceed 10%. Nonetheless, in the situation where the One-Off Items are not excluded, the net loss attributable to the 29% AET Shares is 22.9% and does not fall within 4.4(a) of Practice Note 10A. The Company's continuing sponsor has advised the Company that it should consult the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on this matter, and the Company will submit such consultation subsequent to this announcement.

AGT was entitled to exercise rights under the JVA to compulsorily acquire all of the shares of AET held by XDC at the default price of 80% of the net tangible assets (the "**NTA**") per share of AET (the "**Purchase Price**") within thirty (30) business days (excluding Saturdays and Sundays) of the Notice of Default and Termination, by 2 March 2023. On 1 March 2023, AET issued a letter to inform XDC of its NTA value together with relevant documents to complete the share transfer. However, XDC failed and/or refused to complete the sale of shares to AGT on 2 March 2023, in breach of clause 7.3(d) of the JVA. XDC was notified of AGT's exercise of its right to acquire the shares. In view of the rationale of the Acquisition as explained above, and in the interest of protecting AGT's interest in AET, AGT completed the Acquisition on 3 March 2023.

The Company wishes to reiterate the urgency for the Group to enforce their rights under the JVA and acquire the 29% AET Shares, to avoid potential adverse implications should AET's shares remain with XDC. In addition, the Board has taken the view that there is no change in the risk profile of the Company as a result of the Acquisition for the following reasons: (a) the Group's principal operations are under AET; (b) AET is, prior to the Acquisition, a 51% subsidiary of the Group; (c) the Company has been providing funding to AET since its incorporation even when XDC had failed to satisfactorily address numerous issues and irregularities relating to AET.

4. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS

For illustrative purposes only, the pro forma financial effects of the Acquisition on the NTA per share and loss per share ("**LPS**") of the Company based on the latest announced unaudited financial statements of the Group for the six-month period ended 31 December 2022 are as follows:

Effect on NTA per Share

- (i) For illustrative purposes only, had the Acquisition been effected at the end of the most recently completed financial year ended 30 June 2022 ("**FY2022**") and One-Off Items were excluded (for the figures to be meaningful), the financial effect on the NTA per share of the Company for FY2022:

	Before the Acquisition	After the Acquisition
NTA attributable to the shareholders of the Company (S\$)	9,941,000	10,796,223
Number of issued shares (excluding treasury shares)	151,555,655	151,555,655
NTA per share (Singapore cents)	6.56	7.12

- (ii) For illustrative purposes only, had the Acquisition been effected at the end of the most recently completed financial year ended 30 June 2022 (“FY2022”) and One-Off Items were included, the financial effect on the NTA per share of the Company for FY2022:

	Before the Acquisition	After the Acquisition
NTA attributable to the shareholders of the Company (S\$)	9,941,000	9,535,675
Number of issued shares (excluding treasury shares)	151,555,655	151,555,655
NTA per share (Singapore cents)	6.56	6.29

Effect on EPS

- (i) For illustrative purposes only, had the Acquisition been effected at the beginning of FY2022, and One-Off Items were excluded (for the figures to be meaningful), the financial effect on the EPS for FY2022 is:

	Before the Acquisition	After the Acquisition
Net loss attributable to the shareholders of the Company – continuing operations (S\$)	(2,011,000)	(2,199,186)
Weighted average number of issued shares (excluding treasury shares)	134,076,962	134,076,962
LPS (Singapore cents)	(1.50)	(1.64)

- (ii) For illustrative purposes only, had the Acquisition been effected at the beginning of FY2022, and One-Off Items were included, the financial effect on the EPS for FY2022 is:

	Before the Acquisition	After the Acquisition
Net loss attributable to the shareholders of the Company – continuing operations (S\$)	(2,011,000)	(3,459,733)
Weighted average number of issued shares (excluding treasury shares)	134,076,962	134,076,962
LPS (Singapore cents)	(1.50)	(2.58)

5. SERVICE AGREEMENT

No person is proposed to be appointed as a director of the Company in connection with the Acquisition.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition, other than through their respective shareholding interests in the Company, if any.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the JVA is available for inspection by shareholders of the Company during normal business hours at the Company's registered office for a period of three months commencing from the date of this announcement.

Shareholders who wish to inspect the JVA 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.

8. 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

5 March 2023

*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 Catalist.*

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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