



(Company Registration No. 199206445M)

Metech International Limited

(Incorporated in the Republic of Singapore)

Condensed interim financial statements
For the six months ended 31 December 2021



(Company Registration No. 199206445M)

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UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021.

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group		Inc/(Dec) %
		6 months ended 31/12/2021	6 months ended 31/12/2020	
		S\$'000	S\$'000	
Revenue	4	3,598	2,450	46.9
Cost of sales		<u>(3,490)</u>	<u>(2,415)</u>	44.5
Gross profit		108	35	208.6
Gross profit margin		3.0 %	1.4 %	
Other income:				
Others	6	38	181	(79.0)
Interest income		1	2	(50.0)
Administrative expenses		(945)	(741)	27.5
Impairment losses on trade and other receivables		-	(101)	(100.0)
Other expenses	7	(238)	(352)	(32.4)
Finance costs		(11)	(10)	10.0
Loss before income tax	8	(1,047)	(986)	6.2
Income tax expense	9	-	-	nm
Loss after income tax		(1,047)	(986)	6.2
Other comprehensive (loss)/income, net of income tax:				
Foreign currency translation difference		(21)	142	nm
Total comprehensive loss, for the financial period		(1,068)	(844)	26.5
Loss attributable to:				
Equity holders of the Company		(972)	(946)	2.8
Non-controlling interest		(75)	(40)	87.5
		(1,047)	(986)	
Total comprehensive loss attributable to:				
Equity holders of the Company		(995)	(804)	23.8
Non-controlling interest		(73)	(40)	82.5
		(1,068)	(844)	
Total loss per share, for the period attributable to the owners of the company				
Basic (in cents)		(0.832)	(0.946)	
Diluted (in cents)		(0.832)	(0.946)	

nm = not meaningful

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		As at	As at	As at	As at
		31/12/2021	30/06/2021	31/12/2021	30/06/2021
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	1,127	150	-	-
Investment in Subsidiaries	13	-	-	-	-
Goodwill	14	456	-	-	-
		<u>1,583</u>	<u>150</u>	<u>-</u>	<u>-</u>
Current Assets					
Inventories	15	1,022	-	-	-
Trade receivables	16	741	-	-	-
Other receivables	17	3,173	59	9,815	2,437
Cash and bank balances	18	6,332	2,138	1,882	46
		<u>11,268</u>	<u>2,197</u>	<u>11,697</u>	<u>2,483</u>
Total Assets		<u>12,851</u>	<u>2,347</u>	<u>11,697</u>	<u>2,483</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share Capital	19	189,135	179,010	189,135	179,010
Other reserves		3	26	-	-
Accumulated losses		(178,098)	(177,126)	(177,735)	(177,051)
		<u>11,040</u>	<u>1,910</u>	<u>11,400</u>	<u>1,959</u>
Non-controlling interest		212	-	-	-
Total Equity		<u>11,252</u>	<u>1,910</u>	<u>11,400</u>	<u>1,959</u>
LIABILITIES					
Non-Current Liabilities					
Lease liabilities	20	161	100	-	-
Provision	21	75	-	-	-
		<u>236</u>	<u>100</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Trade payables	22	97	-	-	-
Other payables	23	867	285	297	524
Lease liabilities	20	399	52	-	-
		<u>1,363</u>	<u>337</u>	<u>297</u>	<u>524</u>
Total Liabilities		<u>1,599</u>	<u>437</u>	<u>297</u>	<u>524</u>
Total Equity and Liabilities		<u>12,851</u>	<u>2,347</u>	<u>11,697</u>	<u>2,483</u>

C. Condensed interim statements of changes in equity

The Group	Currency Translation Accumulated			Total	Non-Controlling	
	Share	Reserve	Losses		Interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2021						
Balance at 1 July 2021	179,010	26	(177,126)	1,910	-	1,910
Loss for the year	-	-	(972)	(972)	(75)	(1,047)
Other comprehensive loss -						
Foreign currency translation	-	(23)	-	(23)	2	(21)
Total comprehensive loss for the financial period	-	(23)	(972)	(995)	(73)	(1,068)
Issuance of ordinary shares	10,248	-	-	10,248	-	10,248
Share issuance expenses	(123)	-	-	(123)	-	(123)
Subscription of interests in a subsidiary	-	-	-	-	285	285
Balance at 31 December 2021	189,135	3	(178,098)	11,040	212	11,252
2020						
Balance at 1 July 2020	179,010	(68)	(175,959)	2,983	40	3,023
Loss for the year	-	-	(946)	(946)	(40)	(986)
Other comprehensive income -						
Foreign currency translation	-	142	-	142	-	142
Total comprehensive income/(loss) for the financial period	-	142	(946)	(804)	(40)	(844)
Balance at 31 December 2020	179,010	74	(176,905)	2,179	-	2,179
The Company						
	Share	Accumulated		Total		
	S\$'000	Losses	Total	S\$'000		
2021						
Balance at 1 July 2021	179,010	(177,051)		1,959		
Loss for the financial period	-	(684)		(684)		
Total comprehensive loss for the financial period	-	(684)		(684)		
Issuance of ordinary shares	10,248	-		10,248		
Share issuance expenses	(123)	-		(123)		
Balance at 31 December 2021	189,135	(177,735)		11,400		
2020						
Balance at 1 July 2020	179,010	(174,878)		4,132		
Loss for the financial period	-	(522)		(522)		
Total comprehensive loss for the financial period	-	(522)		(522)		
Balance at 31 December 2020	179,010	(175,400)		3,610		

D. Condensed interim consolidated statement of cash flows

	Note	Group	
		6 months ended	6 months ended
		31/12/2021	31/12/2020
		S\$'000	S\$'000
Cash flow from operating activities			
Loss before income tax		(1,047)	(986)
Adjustments for:			
Depreciation of property, plant and equipment		50	178
Gain on disposal of property, plant and equipment		-	(55)
Impairment losses on trade and other receivables		-	101
Unrealised loss on futures contracts		-	(13)
Loss on foreign currency exchange - unrealised		16	165
Loss on termination of right-of-use assets		-	4
Interest income		(1)	(2)
Interest expense		11	10
Operating loss before working capital changes		(971)	(598)
Changes in operating assets and liabilities			
Inventories		(1,022)	-
Trade and other receivables		(3,250)	80
Trade and other payables		107	(331)
Cash used in operations		(5,136)	(849)
Interest received		1	2
Interest paid		(11)	(10)
Net cash used in operating activities		(5,146)	(857)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(511)	-
Acquisition of a subsidiary	24	(507)	55
Net cash (used in)/generated from investing activities		(1,018)	55
Cash flows from financing activities			
Proceeds from issuance of ordinary shares, net of expenses		6,879	-
Proceeds from issuance of warrant shares		3,246	-
Repayment of lease liabilities		(29)	(45)
Subscription of interest in subsidiaries		245	-
Net cash generated from/(used in) financing activities		10,341	(45)
Net increase/(decrease) in cash and cash equivalents		4,177	(847)
Cash and cash equivalents at beginning of financial period		2,138	3,116
Effect of currency translation on cash and cash equivalents		17	-
Cash and cash equivalents at end of the period	18	6,332	2,269

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Metech International Limited (the “Company”) is incorporated and domiciled in Singapore and whose shares are listed and publicly traded on the Catalist of the Singapore Exchange. The registered office and principal place of business at 100G Pasir Panjang Road, #04-07 Interlocal Centre, Singapore 118523.

These condensed interim consolidated financial statements as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

The primary activity of the Company is that of investment holding. The principal activities of the subsidiaries are as follows:

- (a) Manufacturing and distribution of lab-grown diamonds
- (b) Provision of wastewater treatment services
- (c) General wholesale trading of metals products
- (d) Provision of management and advisory of recycling and supply chain services.

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Other than as disclosed in the condensed interim consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group has four reportable segments as follows:

- Manufacturing and distribution of lab-grown diamonds*;
- Provision of wastewater treatment services*;
- Supply-Chain Management and Service segment provides general wholesale trading of metal products, provides management and advisory of recycling and supply chain services; and
- Corporate/segment consists of investment holding company which does not meet any of its quantitative thresholds for determining a reporting segment.

*New business segment during the financial period.

These operating segments are reported in a manner consistent with internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable segments

	Lab-grown Diamond		Wastewater Treatment		Supply-Chain Management		Corporate/other		Per consolidated financial statements	
	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	1,060	-	307	-	2,231	2,450	-	-	3,598	2,450
Depreciation and amortisation	-	-	(1)	-	(32)	(11)	(17)	(167)	(50)	(178)
Gain on disposal of plant and equipment	-	-	-	-	-	-	-	55	-	55
Unrealised gain on future contracts	-	-	-	-	-	13	-	-	-	13
Impairment losses on trade and other receivables	-	-	-	-	-	(101)	-	-	-	(101)
Finance cost	-	-	(1)	-	(10)	(10)	-	-	(11)	(10)
Segment profit/(loss)	18	-	128	-	(134)	(251)	(1,059)	(735)	(1,047)	(986)
Segment assets	6,027	-	757	-	3,418	2,081	2,649	345	12,851	2,426
Segment liabilities	622	-	524	-	323	32	130	215	1,599	247
Capital expenditure										
- Addition to property, plant and equipment	1,022	-	5	-	-	-	-	-	1,027	-

4.2 Disaggregation of revenue

	Group	
	6 months ended 31/12/2021	6 months ended 31/12/2020
	S\$'000	S\$'000
<i>Principal geographical market</i>		
People's Republic of China	307	-
Singapore	3,291	2,450
Total	<u>3,598</u>	<u>2,450</u>
<i>Major product or service line and time of recognition</i>		
<u>Performance obligations satisfied at a point in time</u>		
Sale of goods - Nickel and Gold Ingot	2,231	2,450
Sale of goods - Lab-grown diamonds	1,060	-
<u>Performance obligations satisfied over time</u>		
Provision of services	307	-
Total	<u>3,598</u>	<u>2,450</u>

A breakdown of sales:

	Group	
	Financial 31/12/2021	Financial 31/12/2020
	\$'000	\$'000
Sales reported for the first half year	<u>3,598</u>	<u>2,450</u>
controlling interests reported for first half year	<u>(995)</u>	<u>(804)</u>

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 30 June 2021:

	Group		Company	
	As at	As at	As at	As at
	31/12/2021	30/06/2021	31/12/2021	30/06/2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets measured at amortised cost				
Trade and other receivables #	3,890	45	57	8
Cash and cash equivalents	6,332	2,138	1,882	46
Amount due from subsidiaries	-	-	9,745	2,415
	<u>10,222</u>	<u>2,183</u>	<u>11,684</u>	<u>2,469</u>
Financial liabilities measured at amortised cost				
Trade and other payables *	(964)	(285)	(89)	(221)
Amount due to subsidiaries	-	-	(208)	(303)
Lease liabilities	(560)	(152)	-	-
	<u>(1,524)</u>	<u>(437)</u>	<u>(297)</u>	<u>(524)</u>

Excludes prepayments

* Excludes deferred income

6. Other income

	Group	
	6 months ended	6 months ended
	31/12/2021	31/12/2020
	S\$'000	S\$'000
Other income:		
Others		
- Government grant	5	-
- Foreign exchange gain	33	-
- Rental income	-	109
- Gain on disposal of property, plant and equipment	-	55
- Reversal of provision	-	17
	<u>38</u>	<u>181</u>

7. Other expenses

	Group	
	6 months ended	6 months ended
	31/12/2021	31/12/2020
	S\$'000	S\$'000
Other expenses		
- Foreign exchange loss	(40)	(181)
- Professional expenses	(198)	-
- Depreciation of property, plant and equipment	-	(167)
- Loss on termination of right-of-use assets	-	(4)
	<u>(238)</u>	<u>(352)</u>

8. Loss before taxation

8.1 Significant items

	Group	
	6 months ended 31/12/2021	6 months ended 31/12/2020
	S\$'000	S\$'000
Depreciation of property, plant and equipment		
- included in administrative expenses	50	11
- included in other expenses	-	167
Impairment on property, plant and equipment	-	101
Interest expenses on lease liabilities	6	5
Interest expenses on loan from third party	5	5

8.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

9. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 31/12/2021	6 months ended 31/12/2020
	S\$'000	S\$'000
Current income tax expense		
Current year		
Reversal of prior year provision	-	-
	-	-
	-	-

10. Dividends

No interim dividend for the period ended 31 December 2021 (30 June 2021: Nil) is recommended.

11. Net asset value

	Group		Company	
	As at 31/12/2021	As at 30/06/2021	As at 31/12/2021	As at 30/06/2021
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	7.2845	1.9092	7.5220	1.9582

The calculation of net asset value per ordinary share was based on 151,555,655 shares as at 31 December 2021 (30 June 2021: 100,039,655).

12. Property, plant and equipment

	Group				
	Office and factory premises	Plant and equipment	Motor Vehicle	Renovation	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Cost</u>					
Balance at 1 July 2020	112	1,706	-	-	1,818
Additions	163	-	-	-	163
Disposals/Written off	(112)	(1,706)	-	-	(1,818)
Balance at 30 June 2021	163	-	-	-	163
Additions	332	-	300	390	1,022
Additions through business combination	-	-	5	-	5
Balance at 31 December 2021	495	-	305	390	1,190
<u>Accumulated depreciation and impairment</u>					
Balance at 1 July 2020	33	1,539	-	-	1,572
Depreciation for the year	24	167	-	-	191
Disposals/Written off	(44)	(1,706)	-	-	(1,750)
Balance at 30 June 2021	13	-	-	-	13
Depreciation for the period	44	-	6	-	50
Balance at 31 December 2021	57	-	6	-	63
<u>Carrying amount</u>					
Balance at 31 December 2021	438	-	299	390	1,127
Balance at 30 June 2021	150	-	-	-	150

Right-of-use assets acquired under leasing arrangement are presented together with the owned assets of the same class. During the current financial period, the property, plant and equipment included S\$332,000 additions of right-of-use assets under leasing arrangements.

As at 31 December 2021, the Group has certain plant and equipment acquired by finance lease with a net book value of S\$294,000.

13. Investment in Subsidiaries

	Company	
	As At 31/12/2021	As At 30/06/2021
	S\$'000	S\$'000
Equity investments, at cost	22,600	22,600
Less: Impairment losses	(22,600)	(22,600)
	*	*
Impairment losses on equity investments	(22,600)	(22,600)

* Less than S\$1,000

(a) The details of the subsidiaries held by the Group and the Company are as follows:

Name of Company/ country of incorporation	Principal activities	Percentage of effective equity interest held by the Group	
		31/12/2021 %	30/06/2021 %
<i>Held by the Company</i>			
<u>Metech Recycling (Singapore) Pte. Ltd.</u> Singapore	Provision of a one-stop recycling and processing service centre for the electronics industry and the trading of plastics and non-precious metal materials	100	100
<u>Nolash Tech Pte. Ltd.</u> Singapore	Provision of a one-stop recycling and processing service centre for the electronics industry and the trading of plastics and non-precious metal materials	100	100
<u>Asian Agritech Pte. Ltd.</u> Singapore	Carry out circular economy marketing, advisory and management services in relation to recycling and trading in Singapore and PRC	51	51
<u>Asian Green Tech Pte. Ltd.</u> Singapore	Engineering design and consultancy services in energy management and clean energy system	100	100
<i>Held by Metech Recycling (Singapore) Pte. Ltd.</i>			
<u>Blufu Water (Xinmin) Co., Ltd.</u> People's Republic of China	Provision of wastewater treatment services	60	-
<i>Held by Nolash Tech Pte. Ltd.</i>			
<u>Nolash Tech (Shanghai) Co., Ltd.</u> People's Republic of China	General wholesale trade	100	100
<i>Held by Asian Green Tech Pte. Ltd.</i>			
<u>Asian Eco Technology Pte. Ltd.</u> Singapore	Manufacturing and distribution of lab-grown diamonds	51	-

(b) On 21 September 2021, the Company's wholly-owned subsidiary, Metech Recycling (Singapore) Pte. Ltd. acquired 60% of Blufu Water (Xinmin) Co., Ltd., a company incorporated in People's Republic of China for a consideration of S\$516,000, paid in cash.

(c) On 27 September 2021, the Company's wholly owned subsidiary, Asian Green Tech Pte. Ltd. incorporated a 51.0% owned subsidiary, Asian Eco Technology Pte. Ltd. in Singapore. Asian Eco Technology Pte. Ltd. has an issued and paid up capital of S\$500,000 divided into 500,000 shares.

14. Goodwill

	Group	
	As At 31/12/2021	As At 30/06/2021
	S\$'000	S\$'000
At 1 July 2021	-	-
Acquisition of a subsidiary (Note 24)	456	-
	<u>456</u>	<u>-</u>

Goodwill is tested annually for impairment, and whenever there is any indicator that the goodwill may be impaired. For the purpose of impairment testing of goodwill, goodwill is allocated for the acquisition date, to each of the Group's cash-generating units (CGU) expected to benefit from synergies arising from the business combination. The recoverable amounts of the CGU have been determined based on value-in-use calculations.

15. Inventories

	Group	
	As At	As At
	31/12/2021	30/06/2021
	S\$'000	S\$'000
Finished goods	1,022	-

During the financial period, finished goods recognised in cost of sales amounted to S\$974,000.

16. Trade receivables

	Group		Company	
	As At	As At	As at	As at
	31/12/2021	30/06/2021	31/12/2021	30/06/2021
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables	741	-	-	-

Trade receivables are non-interest bearing and generally has credit of 30 to 120 (2021: 30 to 90) day terms. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses.

The Group's credit risk exposure in relation to trade receivables are set out in the provision matrix as presented below. The Group's provision for loss allowance is based on past due as the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments.

	Lifetime expected loss rate	Gross carrying amounts	Lifetime expected credit losses	Net carrying amounts
	%	S\$'000	S\$'000	S\$'000
Group				
<u>As at 31/12/2021</u>				
< 30 days	*	601	*	601
30 to 60 days	*	3	*	3
60 to 90 days	*	45	*	45
90 to 120 days	*	92	*	92
	*	741	*	741
<u>As at 30/06/2021</u>				
Current	*	101	(101)	-

* insignificant expected credit loss rate

17. Other receivables

		Group		Company	
		As At	As At	As at	As at
		31/12/2021	30/06/2021	31/12/2021	30/06/2021
		S\$'000	S\$'000	S\$'000	S\$'000
Amount due from subsidiaries (non-trade)	(a)	-	-	14,041	6,711
Other receivables - third parties	(b)	1,226	1,226	-	-
Margin trading account:					
- Margin deposit		-	57	-	-
- Unrealised loss on derivative contracts		-	(44)	-	-
		-	13	-	-
Government grants receivable		-	3	-	3
Deposit		3,104	25	30	4
		4,330	1,267	14,071	6,718
Less: Allowance for impairment losses		(1,226)	(1,226)	(4,296)	(4,296)
Financial assets		3,104	41	9,775	2,422
Prepayments		24	14	13	14
GST receivable		45	4	27	1
		3,173	59	9,815	2,437

(a) Amounts due from subsidiaries (non-trade)

The non-trade balances due from subsidiaries are unsecured, interest-free and repayable on demand.

(b) Other receivables – third parties

As at 31 December 2021 and 30 June 2021, included in other receivables were amounts totalling S\$1,162,000 due from a former subsidiary that was disposed of in the financial year ended 30 June 2019. The gross amounts of S\$1,162,000 has been fully impaired in previous financial year ended 30 June 2019.

(c) Deposit

As at 31 December 2021, included in deposit was amount totalling S\$2,363,000 for new plant and equipment.

18. Cash and cash equivalents

	Group		Company	
	As At	As At	As at	As at
	31/12/2021	30/06/2021	31/12/2021	30/06/2021
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances	6,332	2,138	1,882	46

Bank balances are interest-bearing. Interest earned during the current and previous financial years are considered insignificant.

19. Share capital

	31/12/2021		30/06/2021	
	Number of shares	Amount S\$'000	Number of shares	Amount S\$'000
Beginning of interim period	100,039,655	179,010	100,039,655	179,010
Issuance of ordinary shares	51,516,000	10,248	-	-
Share issuance expenses	-	(123)	-	-
End of interim period	<u>151,555,655</u>	<u>189,135</u>	<u>100,039,655</u>	<u>179,010</u>

In October 2021, the Company issued 33,346,500 shares and 16,673,250 warrants (the "2021 Warrants") pursuant to the placement for an aggregate consideration of S\$7.00 million. In November and December 2021, the Company issued 8,169,500 shares pursuant to the exercise of 2021 Warrants for an aggregate consideration of S\$1.72 million.

In October and December 2021, the Company issued 10,000,000 shares pursuant to the exercise of 2019 Warrants for an aggregate consideration of S\$1.53 million. 2019 Warrants have been fully exercised.

As at 31 December 2021, the Company has outstanding 8,503,750 2021 Warrants that are convertible into 8,503,750 ordinary shares, at the exercise price of S\$0.21 per share. As at 30 June 2021, the Company has outstanding 10,000,000 2019 warrants that are convertible into 10,000,000 ordinary shares, at the exercise price of S\$0.153 per share.

The total number of ordinary shares issued, excluding treasury shares and subsidiary holdings as at 31 December 2021 and 30 June 2021 were 151,555,655 and 100,039,655 respectively.

There were no treasury shares held during the six months ended and as at 31 December 2021 and 30 June 2021.

There were no subsidiary holdings during the six months ended and as at 31 December 2021 and 30 June 2021.

20. Lease liabilities

The Group have made period lease payments for buildings for the purpose of office and factory premises usage. These are recognised within property, plant and equipment (Note 12).

The carrying amounts of right-of-use assets classified within property, plant and equipment are as follows:

	Group	
	As At 31/12/2021	As At 30/06/2021
	S\$'000	S\$'000
Office and factory premises	<u>438</u>	<u>150</u>

Additions of right-of-use assets classified within property, plant and equipment during the financial period are S\$332,000.

Depreciation charges on right-of-use assets classified within property, plant and equipment during the financial year are as follows:

	Group	
	6 months ended 31/12/2021	6 months ended 31/12/2020
	S\$'000	S\$'000
Office and factory premises	<u>44</u>	<u>11</u>

Amounts recognised in the consolidated statement of comprehensive income and consolidated statements of cash flows are as follows:

	Group	
	6 months ended 31/12/2021	6 months ended 31/12/2020
	S\$'000	S\$'000
Interest expenses on lease liabilities	6	5
Expenses relating to short-term leases	-	18
Total cash outflows for leases (excluding short-term leases)	<u>29</u>	<u>45</u>

The Group recognised lease liabilities as follows:

	Group	
	As At 31/12/2021	As At 30/06/2021
	S\$'000	S\$'000
Lease liabilities:		
Current	399	100
Non-current	161	52
	<u>560</u>	<u>152</u>

Other than as disclosed, the Group has no other third party borrowings.

21. Provision

The provision relates to the future cost of dismantling and removing the items and restoring the site of the Group's leased premises in Singapore. The provision is assessed by management with reference to quotation obtained from third party contractor.

22. Trade payables

Trade payables are non-interest bearing and are generally settled on 60 to 120 days terms.

23. Other payables

	Group		Company	
	As At	As At	As at	As at
	31/12/2021	30/06/2021	31/12/2021	30/06/2021
	S\$'000	S\$'000	S\$'000	S\$'000
Sundry creditors	297	33	-	7
Accruals for:				
- professional fees	84	207	67	62
- staff costs	90	35	22	107
- other costs	-	5	-	45
Deposits	20	5	-	-
Amount due to a third party (a)	376	-	-	-
Amount due to subsidiaries (non-trade) (b)	-	-	208	303
	<u>867</u>	<u>285</u>	<u>297</u>	<u>524</u>

(a) As at 31 December 2021, there is an amount due to a third party which is unsecured, interest-free and repayable on demand.

(b) The non-trade balances due to subsidiaries are unsecured, interest-free and repayable on demand.

24. Acquisition of a subsidiary

On 21 September 2021, the Group acquired 60% of the issued share capital in Blufu Water (Xinmin) Co., Ltd., for a consideration of S\$516,000, paid in cash.

Assets and liabilities recognised as a result of the acquisition

	S\$'000
Cash and bank balances	9
Property, plant and equipment	5
Trade receivables	268
Contract asset*	336
Trade payables	(108)
Other payables	(410)
Total identifiable net assets at fair value	<u>100</u>

*Contract asset relate to services provided but the sales has not been billed.

	S\$'000
Purchase consideration	516
Plus: non-controlling interests	40
Less: fair value of identifiable net assets acquired	(100)
Goodwill arising on acquisition (Note 14)	<u>456</u>

25. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES

1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The condensed interim consolidated statement of profit or loss and other comprehensive income of Metech International Limited and its subsidiaries as at 31 December 2021 and the related condensed interim consolidated statements of financial position, condensed interim consolidated statement of changes in equity and condensed profit or loss and other comprehensive income consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

2A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

3. A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(i) Revenue

The Group's revenue for 1H2022 increased by \$1.15 million from \$2.45 million in 1H2021 to \$3.60 million in 1H2022. The increase of revenue was mainly contributed from the trading sale of S\$1.06 million from its lab-grown diamond segment in December 2021 and the revenue of S\$0.31 million generated from wastewater treatment services segment commenced since September 2021. These are offset by the decrease of S\$0.22 million revenue from its supply chain management segment.

(ii) Gross profit

The Group earned a gross profit of S\$108,000 in 1H2022, as compared to S\$35,000 in 1H2021. The increase in gross profit earned was due to the higher revenue earned and better gross profit margin contributed by segment of lab-grown diamonds and wastewater treatment services. Segment of lab-grown diamonds and wastewater treatment services contributed gross profit of S\$18,000 and S\$151,000 respectively, offset by gross loss of S\$59,000 from Supply-Chain Management segment.

(iii) Other income

Other income decreased by S\$143,000 (79.0%) from S\$181,000 in 1H2021 to S\$38,000 in 1H2022. In 1H2021, there were rental income and gain on disposal of property, plant and equipment. There were no similar transaction in 1H2022.

(iv) Administrative expenses

Administrative expenses increased by S\$204,000 (27.5%) from S\$741,000 in 1H2021 to S\$945,000 in 1H2022 mainly due to increase in expenses pertaining to business development.

(v) Other expenses

Other expenses decreased by S\$114,000 (32.4%) from S\$352,000 in 1H2021 to S\$238,000 in 1H2022. The decrease in other expenses was mainly due to lower foreign exchange losses incurred in current period as compared to previous corresponding period and no similar depreciation of property, plant and equipment recognised in 1H2021. These are offset by professional expenses incurred related to the Group's corporate actions in 1H2022.

(vi) Finance costs

Finance cost slightly increased by S\$1,000 (10.0%) from S\$10,000 in 1H2021 to S\$11,000 in 1H2022, due to increase in interest expenses on lease liabilities.

(vii) Loss after income tax

The Group reported a net loss after income tax of S\$1,047,000 in 1H2022 as compared to S\$986,000 in 1H2021. The lab-grown diamond segment and wastewater treatment segment only commenced operation since December 2021 and September 2021 respectively. However, setup costs were already incurred for both segments during the financial period.

(viii) Foreign currency translation difference

Foreign currency translation difference was negative S\$21,000 in 1H2022 as compared to a positive of S\$142,000 in 1H2021 mainly due to the strengthening of US Dollars against Singapore Dollars in 1H2022 as compared to 1H2021.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on

Statement of financial position

- (i)** Property, plant and equipment increased by S\$980,000 resulting from the addition of assets S\$1.03 million, offset by depreciation charge of S\$50,000.
- (ii)** Goodwill arises from acquisition of Blufu Water (Xinmin) Co., Ltd. It represents the excess of the sum of the fair value of the consideration transferred in the business combinations, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities.
- (iii)** There is inventories of S\$1.02 million as at 31 December 2021 related to lab-grown diamonds which were bought for trading purpose and currently under assessment of International Gemological Institute ("IGI") for grading purposes.
- (iv)** The outstanding trade receivables of S\$741,000 is solely due from wastewater treatment plants owner, which is the government of the People's Republic of China. This included previously unbilled trade receivables, where sales were only billed after the subsidiary was acquired by the Group. As it is common that government bodies require longer than the average processing time of 30 to 90 days to make payment, the Group does not expect any potential credit losses.
- (v)** Other receivables increased by S\$3.11 million to S\$3.17 million as at 31 December 2021 compared to S\$59,000 as at 30 June 2021 mainly due to deposit paid (1) to secure goods for trading purposes, (2) for exhibition event and (3) to acquire plant and equipments. The goods were well received as of the date of this announcement and exhibition has successfully been setup in January 2022 at the East Atrium of Suntec City, which is open to the public until 28 February 2022. As of the date of this announcement, shipment of the equipments were approved by China customs and currently under shipping arrangement by the forwarder.
- (vi)** Other reserves comprised of S\$3,000 in foreign exchange translation reserve. The change was mainly due to the strengthening of US Dollar against Singapore Dollar during the financial period.
- (vii)** Lease liabilities increased by S\$408,000 with addition of right-of-use assets of S\$259,000 acquired under leasing arrangement and addition of motor vehicle of S\$179,000 under finance lease, netted off with repayment of S\$30,000.

- (viii) The provision of S\$75,000 was related to future reinstatement of factory premises at Kallang, which was leased for lab-grown diamond segment.
- (ix) The outstanding trade payables of S\$97,000 is related to wastewater treatment service segment.
- (x) Other payables increased by S\$582,000 to S\$867,000 as at 31 December 2021 compared to S\$285,000 as at 30 June 2021. The increase was due to lower settlement of balances before 31 December 2021. The remaining balance as at 31 December 2021 consisted of payable to a renovation contractor, accruals on professional fees and payroll expenses and amount due to a third party.

Cash flow statement

Net cash used in operating activities of the Group in 1H2022 was S\$5.1 million as compared to 1H2021 of S\$857,000. The higher net cash used in operating activities was due to higher negative operating cash flow before working capital changes, and higher negative net changes in inventories and receivables.

Net cash used in investing activities of the Group in 1H2022 was S\$1.02 million, due to acquisition of property, plant and equipment and new subsidiary.

Net cash generated from financing activities of the Group in 1H2022 was S\$10.34 million, mainly due to proceeds from issuance of ordinary shares.

As a result of the above, the Group's cash and cash equivalents as of 31 December 2021 increased by S\$4.18 million from S\$2.14 million as at 30 June 2021 to S\$6.33 million as at 31 December 2021.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The lab-grown diamonds segment commenced since December 2021 with trading activities. The Group continues to carry out its business diversification plans upon obtaining shareholder approval at the extraordinary general meeting ("EGM") held on 12 January 2022. As of the date of this announcement, shipment of the equipments for lab-grown diamonds were approved by China customs and currently under shipping arrangement by the forwarder.

As explained in the Circular dated 24 December 2021, the Group had entered into various strategic collaboration agreements with the relevant parties to pave way for the business diversification. It continues to assess the viability and strategic value of each proposed collaboration and will enter into legally binding agreements with the relevant parties to carry out the sale of its products and other related activities, where commercially appropriate, after taking into account all the relevant circumstances.

Referring to announcement dated 27 January 2022 on Patent Licensing Agreement ("**Agreement**"), the Company received notarised documents of the said Agreement on the same day.

Wastewater treatment services segment started to contribute revenue and gross profit since September 2021, and managed to achieve its profitability as expected. The Company expects this segment to continue contributing a good profit margin in the coming periods.

On 30 May 2021, the Company announced that it had entered into a joint venture agreement with Jurong Barrels & Drums Industries Pte Ltd on 28 May 2021, to incorporate a joint venture company ("**JVC**") in Singapore to explore the provision of environmental services globally, with the immediate focus on water treatment in People's Republic of China ("**PRC**"). As of the date of this announcement, the JVC has yet been

incorporated. To minimise the operating costs, the JVC would be incorporated once definitive service agreement with any third party has been secured.

Impact of COVID-19 on the Company's operations:

The renovation for the industrial property located at Kallang is experiencing slight delays due to the COVID-19 pandemic. Other than this, the Company expects the COVID-19 pandemic to have no material impact on the Company's existing operations as of date.

6. Dividend Information

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediate preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books Closure Date

Not applicable.

7. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or is recommended as the Group currently does not have accumulated profits available for the declaration of dividend.

8. Interested person transactions ("IPTs")

There was no interested party transaction amounting to S\$100,000 and above during the financial period under review. The Group has not obtained a general mandate from its shareholders for IPTs.

9. Statement by Directors

Negative confirmation pursuant to SGX Listing Rule 705(5)

On behalf of the Board of Directors of the Company, we, Chay Yiowmin (Independent Non-Executive Chairman), and Hua Lei (Executive Director & Deputy Chief Executive Officer) do hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the six-month period ended 31 December 2021 to be false or misleading in any material aspect.

10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Listing Manual

The Company hereby confirms that it has procured signed undertakings from all its directors and executive officers in the format set out in Appendix 7H of the Listing Manual in accordance with Rule 720(1) of the Listing Manual.



(Company Registration No. 199206445M)

On behalf of the Board of Directors

Mr. Chay Yiowmin
Independent Non-Executive Chairman

Ms. Samantha Hua Lei
Executive Director & Deputy Chief Executive Officer

4 February 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 Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

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., 6 Raffles Quay, #24-02, Singapore 048580, sponsor@rhtgoc.com.