METECH INTERNATIONAL LIMITED

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

ENTRY INTO LOAN EXTENSION AGREEMENT AND DEBT CAPITALISATION AGREEMENT

1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of Metech International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement dated 25 March 2024 in relation to the entry into the S$1.0 million interest-free loan agreement (the "**Loan Agreement**") with Mr. Cao Shixuan (the "**Lender**") (the "**Previous Announcement**").

Pursuant to the Loan Agreement, the Lender had extended an interest-free loan of S$1.0 million (the "**Loan**") to the Company, with the date of repayment due twelve months from the date of the Loan Agreement (the "**Maturity Date**"). As at the date of this announcement, the Loan of S$1.0 million has been fully drawn down and utilised.

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

Further to the Previous Announcement, the Company wishes to inform shareholders of the Company ("**Shareholders**") that the Company had, on 14 March 2025, entered into a (i) loan extension agreement (the "**Loan Extension Agreement**") and (ii) loan conversion agreement (the "**Debt Capitalisation Agreement**") with the Lender.

2. LOAN EXTENSION AGREEMENT

Pursuant to the terms of the Loan Extension Agreement, among others, the Company and the Lender have agreed to extend the Maturity Date for the partial Loan amount of S$496,000 (the "**Extended Loan**"), which is due to be repaid on 24 March 2025 (the "**Extension**"). Pursuant to the Extension, the Maturity Date shall be extended by a period of three (3) months from the Maturity Date up to 24 June 2025 (the "**Extended Maturity Date**"). The Company shall repay the Extended Loan in full by the Extended Maturity Date, save for any events of default (as defined in the Loan Agreement) whereby such moneys shall become immediately due. Except for terms that were specifically set forth in the Loan Extension Agreement, all other terms and conditions of the Loan Agreement shall remain unchanged and in full force and effect.

3. DEBT CAPITALISATION AGREEMENT

Pursuant to the terms of the Debt Capitalisation Agreement, the Company and the Lender have agreed to convert remaining portion of the Loan amounting to S$504,000 ("**Capitalised Loan**"), which will be due on the Maturity Date, to be repaid through the allotment and issuance of 18,000,000 new shares in the capital of the Company (the "**Conversion Shares**") at a conversion price of S$0.028 per Conversion Share (the "**Conversion Price**") (the "**Proposed Debt Capitalisation**"). The Conversion Shares will be allotted and issued in full repayment of the Capitalised Loan.

As at the date of this announcement, the Company's share capital comprises 169,555,655 shares of the Company ("**Shares**") and will increase to 187,555,655 Shares upon completion of the Proposed Debt Capitalisation. Accordingly, upon completion of the Proposed Debt Capitalisation, the Lender shall hold approximately 9.60% of the enlarged issued and paid-up share capital of the Company.

The details of the allotment and issuance of the Conversion Shares to the Lender is set out below:

Name	Number of Conversion Shares to be issued	As a percentage of the Company's issued share capital as at the date of this announcement (%)(1)	As a percentage of the Company's issued share capital after the Proposed Debt Capitalisation (%)(2)
Mr. Cao Shixuan	18,000,000	10.62	9.60

Notes:

(1) Based on the existing and paid-up share capital of 169,555,655 Shares as at the date of this announcement.

(2) Based on the enlarged and paid-up share capital of 187,555,655 Shares immediately following the allotment and issuance of the Conversion Shares.

There are no share borrowing arrangements entered into to facilitate the Proposed Debt Capitalisation.

No placement agent was appointed or is to be appointed for the Proposed Debt Capitalisation and for the allotment and issuance of the Conversion Shares

3.1 Information on the Lender

The Lender is currently employed as a manager of Zhongxin Minghua (Shanghai) International Trade Co., Ltd., a wholly-owned indirect subsidiary of the Company. The Lender has more than 20 years of extensive experience in large-scale real estate projects, financial investment, crisis management, IT, mass media and the energy industry and had held notable senior positions in sizeable private and stateowned companies in Taiwan and China. The Lender's areas of expertise include strategic planning and implementation of sophisticated plans, as well as possessing a broad experience working with government bodies.

The Lender and the Company confirm that he does not fall within the persons described under Rule 812 of the Catalist Rules. As at the date of this announcement, the Lender does not have any direct or indirect shareholding interest in the Company.

3.2 Salient terms of the Debt Capitalisation Agreement

(a) Conversion Price

The Capitalised Loan owing to the Lender will be converted at the Conversion Price of S$0.028 per Conversion Share. The Conversion Price represents no discount or premium to the prevailing volume weighted average price of S$0.028 per Share for trades done in respect of the Shares on the sponsor-supervised board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist**") on 14 March 2025, being the full market day on which the Debt Capitalisation Agreement was signed.

The Conversion Price of S$0.028 per Conversion Share was arrived at after taking into consideration, *inter alia*, the recent share price of the Company, the prevailing market conditions and financial performance of the Group, the rationale for the Proposed Debt Capitalisation as set out in paragraph 4 below, and following arm's length negotiations between the Company and the Lender.

(b) Conversion Shares

Subject to paragraph 3.2(c) below, the Conversion Shares shall, when allotted and issued, be authorised, allotted, validly issued and credited as fully paid-up, be free from claims, pledges, mortgages, charges, liens and encumbrances, and shall be fully transferable and shall rank *pari passu* in all respects with and carry all rights similar to the existing Shares including the right to receive dividends declared, made or paid, the books closure date of entitlement of which is on or after the date of issue of the Conversion Shares, and shall not be subject to any pre-emptive right, rights of first refusal or other rights in favour of any other party to purchase or receive the same.

The Company does not have any existing warrants or other convertibles. The proposed allotment and issuance of the Conversion Shares will not result in a transfer of a controlling interest in the Company.

(c) Conditions Precedent

The Proposed Debt Capitalisation is conditional upon the following conditions being fulfilled (or waived as the case may be) on or prior to the completion date:

(i) the approval of the Board having been obtained in respect of the Proposed Debt Capitalisation, including but not limited to the allotment and issue of the Conversion Shares, and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions, such conditions being acceptable to the Company and the Lender;

(ii) the receipt of the approval in-principle from the SGX-ST for the listing of and quotation for the Conversion Shares on the Catalist and not revoked or amended as at the date of completion of the Proposed Debt Capitalisation ("**Completion Date**") and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Lender;

(iii) the Company having obtained all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Debt Capitalisation and to give effect to the Proposed Debt Capitalisation being obtained and not having been withdrawn or revoked as at the Completion Date;

(iv) the approval obtained from the Shareholders at the Company's annual general meeting held on 29 June 2024, authorising the directors of the Company to, *inter alia*, allot and issue new Shares (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the directors of the Company may in their absolute discretion deem fit, provided that, *inter alia*, the aggregate number of Shares to be issued shall not exceed 100% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) at the time of passing of the resolution, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to the existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) remaining in full force and effect and not having been revoked prior to the Completion Date;

(v) the allotment and issuance of the Conversion Shares by the Company to the Lender and the Proposed Debt Capitalisation not being prohibited by any statute, order, rule or regulation promulgated after the date of the Debt Capitalisation Agreement by any applicable legislative, executive or regulatory body or authority;

(vi) there having been no occurrence of any event or discovery of any fact rendering any of the warranties set out in the Debt Capitalisation Agreement untrue or incorrect in any material respect as at the Completion Date as if they had been given again on the Completion Date; and

(vii) the Company and the Lender not being in breach of any of the undertakings and the covenants in the Debt Capitalisation Agreement as at the Completion Date,

(each, a "**Condition Precedent**" and collectively, the "**Conditions Precedent**").

(d) Completion

The completion of the Proposed Debt Capitalisation will occur on the date falling seven (7) business days after all of the Conditions Precedent have been satisfied and/or waived, or such other date as may be mutually agreed between the Company and the Lender (the "**Completion**").

If any of the Conditions Precedent is not satisfied within two (2) months from the date of the Debt Capitalisation Agreement, the Debt Capitalisation Agreement shall lapse and cease to have effect as between the Company and the Lender. Accordingly, the Company and the Lender shall negotiate on the repayment of the Capitalised Loan.

(e) Repayment of the Converted Loan

Upon Completion of the Proposed Debt Capitalisation, the Capitalised Loan shall be deemed to be fully repaid, and the Company shall have no further obligation to repay the Capitalised Loan.

4. RATIONALE FOR THE PROPOSED DEBT CAPITALISATION

Based on the latest unaudited consolidated financial statements of the Group for the financial year ended 31 December 2024 ("**FY2024**"), the Group recorded a loss after tax amounting approximately to S$1.74 million, net cash used in operating activities of approximately S$0.25 million, negative working capital of S$1.94 million and net liabilities of approximately S$0.81 million.

In view of the financial performance of the Group for FY2024, and the uncertainties brought about by the global economic situation, along with geopolitical tensions, which may have an adverse impact on the Group's operations and performance, the Board has decided to undertake the Proposed Debt Capitalisation to strengthen its capital base by converting the Capitalised Loan into the equity of the Company. The Proposed Debt Capitalisation would be in the best interest of the Group and will enable the Group to (i) improve its working capital and overall financial position of the Group; (ii) reduce its indebtedness, gearing loss per share and net liabilities position; (iii) eliminate the need for any cash repayment for the Capitalised Loan in view of the current financial and cash position of the Group; and (iv) allow the Group to focus its resources on stabilising its business activities.

The Board is of the opinion that the successful completion of the Proposed Debt Capitalisation would allow the Group to apply more of its cash flow towards its ongoing and diversified business operations instead of being committed towards debt servicing and repayment. The Proposed Debt Capitalisation is also a show of confidence by the Lender in the viability and anticipated performance of the Group.

5. AUTHORITY TO ISSUE SHARES

The Conversion Shares will be allotted and issued pursuant to the general mandate granted by Shareholders ("**General Mandate**") at the annual general meeting of the Company held on 29 June 2024 (the "**2024 AGM**"). Pursuant to the General Mandate, the Directors are authorised to, *inter alia*, allot and issue new shares not exceeding 50% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) as at the date of the 2024 AGM, in the case where new Shares are issued other than on a *pro rata* basis to existing Shareholders. The total number of issued ordinary Shares of the Company (excluding treasury Shares and subsidiary holdings) was 169,555,655 as at the date of the 2024 AGM and as at the date of this announcement. Accordingly, the total number of new shares that may be issued pursuant to the General Mandate on a non-pro rata basis will be 84,777,827 Shares. No Shares have been issued under the General Mandate to date and no adjustments as set out above are required to be made. The proposed allotment and issuance of the 18,000,000 Conversion Shares will fall within the maximum limit of 84,777,827 Shares that may be issued pursuant to the General Mandate other than on a pro-rata basis, and as such, the prior approval of Shareholders is not required for the allotment and issuance of the Conversion Shares under the Proposed Debt Capitalisation.

6. ADDITIONAL LISTING APPLICATION

The Company will be making an application through its sponsor to the SGX-ST for the listing of, and quotation for, the Conversion Shares on the Catalist. The Company will make the necessary announcements in due course when the listing and quotation notice has been obtained from the SGX-ST.

7. FINANCIAL EFFECTS OF THE PROPOSED DEBT CONVERSION

The proforma financial effects of the Proposed Debt Capitalisation on the Group set out below are purely for illustrative purposes only, and are not intended to reflect the future financial performance or position of the Group immediately after the Completion of the Proposed Debt Capitalisation.

The proforma financial effects of the Proposed Debt Capitalisation set out below have been prepared based on the Group's audited financial results for the 18-month financial period ended 31 December 2023 ("**Audited FP2023**"), on the following bases and assumptions:

(a) the proforma Audited FP2023 assumes that the Loan was received during the 18-month financial period ended 31 December 2023;

(b) the proforma financial effects of the Proposed Debt Capitalisation on the net tangible assets ("**NTA**") per Share is computed based on the assumption that the Proposed Debt Capitalisation was completed on 31 December 2023;

(c) the proforma financial effects on the Proposed Debt Capitalisation on the loss per Share ("**LPS**") is computed based on the assumption that the Proposed Debt Capitalisation was completed on 1 January 2023; and

(d) the expenses in connection with the Proposed Debt Capitalisation have been disregarded.

Share Capital

	Number of Shares	S$'000
Issued share capital as at the date of this announcement	169,555,655	189,710
Add: Conversion Shares to be allotted and issued	18,000,000	504
Enlarged share capital after Completion of the Proposed Debt Conversion	187,555,655	190,214

NTA

	Before the Proposed Debt Capitalisation (S$'000)	After the Proposed Debt Capitalisation (S$'000)
NTA	360	864
Number of Shares(1)	151,555,655	169,555,655
NTA per Share (cents)	0.24	0.51
Number of Shares(2)	169,555,655	187,555,655
NTA per Share (cents)	0.21	0.46

LPS

	Before the Proposed Debt Capitalisation (S$'000)	After the Proposed Debt Capitalisation (S$)
Loss attributable to Shareholders	(8,583)	(8,583)
Weighted average number of Shares ('000) (1)	151,555,655	169,555,655
Loss per Share (cents)	(5.66)	(5.06)
Weighted average number of Shares ('000) (2)	169,555,655	187,555,655
Loss per Share (cents)	(5.06)	(4.58)

Notes:

(1) Based on the issued Shares as at 31 December 2023.

(2) The Company had, on 24 May 2024, issued and allotted 18,000,000 Shares for an aggregate placement consideration of S$612,000. Accordingly, the number of Shares has increased from 151,555,655 Shares as at 31 December 2023 to 169,555,655 Shares as at 31 December 2024 and as at the date of this announcement. Purely for illustrative purposes, the NTA per Share and LPS have been computed taking into account the abovementioned issuance and allotment.

8. CONFIRMATION BY DIRECTORS

The Proposed Debt Capitalisation will not result in any new cash proceeds for the Company. The Directors are of the opinion that after taking into consideration (i) the second S$3.0 million interest-free loan extended by the Lender, of which approximately S$2.75 million remains available as at the date of this announcement for disbursement at the request of the Company, (ii) the operations of new health supplements business of the Group, and (iii) the implementation of the Proposed Debt Capitalisation and the entry into the Loan Extension Agreement, the working capital available to the Group is sufficient to meet its present requirements.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Debt Capitalisation.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Debt Capitalisation and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Loan Extension Agreement and Debt Capitalisation Agreement are available for inspection at the registered office of the Company at 2 Venture Drive, #08-10 Vision Exchange Singapore 608526 during normal business hours for a period of three (3) months from the date of this announcement.

12. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares in the Company. The Proposed Debt Capitalisation is subject to certain conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Debt Capitalisation will be completed or that no changes will be made to the terms thereof.

The Company will make the necessary announcements as and when there are further developments. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt as to the actions they should take.

By Order of the Board of Directors of
Metech International Limited

Pang Wei Hao
Executive Director and Chief Executive Officer

14 March 2025

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*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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