



(Company Registration No. 199206445M)

Metech International Limited

(Incorporated in the Republic of Singapore)

Condensed interim financial statements For the 6-months and 18-months financial period ended 31 December 2023

Change of Financial Year End

*On 8 December 2023, Metech International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) announced a change of financial year end from 30 June to 31 December. The unaudited financial statements of Group presented in this announcement covers the 6-month financial period from 1 July 2023 to 31 December 2023 (“**3HFP2023**”) and its comparative preceding financial period from 1 July 2022 to 31 December 2022 (“**1HFP2023**”), and the 18-month period from 1 July 2022 to 31 December 2023 (“**FP2023**”) and its comparative preceding financial period from 1 July 2021 to 30 June 2022 (“**FY2022**”).*

*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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UNAUDITED FINANCIAL STATEMENTS FOR THE 6-MONTHS (3HFP2023) AND 18-MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2023 (FP2023)

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

	Note	The Group			The Group		
		6-months period ended 31/12/2023 (3HFP2023) Unaudited S\$'000	6-months period ended 31/12/2022 (1HFP2023) Unaudited S\$'000	Inc/(Dec) %	18-months period ended 31/12/2023 (FP2023) Unaudited S\$'000	12-months period ended 30/06/2022 (FY2022) Audited S\$'000	Inc/(Dec) %
Revenue	4	26	-	n.m	29	5,224	(99.44)
Cost of sales		(35)	-	n.m	(37)	(5,173)	(99.28)
Gross (loss) / profit		(9)	-	n.m	(8)	51	n.m
Gross (loss) / profit margin		-34.6%	-		-27.6%	1.0%	
Other income:							
Others	6	491	29	n.m	583	224	n.m
Interest income		1	18	(94.44)	43	2	n.m
Expenses:							
Administrative expenses		(1,535)	(1,298)	18.26	(4,574)	(2,670)	71.31
Impairment losses on other receivables		-	(14)	n.m	(105)	-	n.m
Other expenses	7	(408)	(5,053)	(91.93)	(5,450)	(338)	n.m
Finance costs		(11)	(18)	(38.89)	(42)	(32)	31.25
Loss before income tax	8	(1,471)	(6,336)		(9,553)	(2,763)	
Income tax expense	9	-	-	n.m	-	-	n.m
Loss from continuing operations		(1,471)	(6,336)		(9,553)	(2,763)	
Profit from discontinued operations	10	-	-	n.m	-	168	n.m
Loss after income tax		(1,471)	(6,336)		(9,553)	(2,595)	
Other comprehensive income / (loss), net of income tax:							
Foreign currency translation difference		*	177	n.m	159	(183)	n.m
Total comprehensive loss for the financial period / year		(1,471)	(6,159)		(9,394)	(2,778)	
Loss attributable to:							
Equity holders of the Company		(1,279)	(3,888)	(67.10)	(6,832)	(1,910)	n.m
Non-controlling interests		(192)	(2,448)	(92.16)	(2,721)	(685)	n.m
		(1,471)	(6,336)		(9,553)	(2,595)	
Total comprehensive loss for the period / year attributable to:							
Equity holders of the Company		(1,279)	(3,711)	(65.53)	(6,673)	(2,093)	n.m
Non-controlling interests		(192)	(2,448)	(92.16)	(2,721)	(685)	n.m
		(1,471)	(6,159)		(9,394)	(2,778)	

*Less than S\$1,000

	The Group			The Group		
	6-months period ended	6-months period ended	Inc/(Dec)	18-months period ended	12-months period ended	Inc/(Dec)
	31/12/2023 (3HFP2023)	31/12/2022 (1HFP2023)		31/12/2023 (FP2023)	30/06/2022 (FY2022)	
	Unaudited	Unaudited		Unaudited	Audited	
Note	S\$'000	S\$'000	%	S\$'000	S\$'000	%

Basic and diluted (loss) / earnings per share (cents per share) attributable to the owners of the company

Loss per share, from continuing operations	(0.84)	(2.56)		(4.51)	(1.50)	
Earnings per share, from discontinued operations	-	-		-	0.08	

n.m = not meaningful

The calculation of (loss)/earnings per share was based on 151,555,655 ordinary shares as at the end of the respective periods.

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		As at	As at	As at	As at
		31/12/2023	30/06/2022	31/12/2023	30/06/2022
		Unaudited	Audited	Unaudited	Audited
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current Assets					
Property, plant and equipment	13	2,702	6,403	8	-
Investments in subsidiaries	14	-	-	20	- *
		<u>2,702</u>	<u>6,403</u>	<u>28</u>	<u>- *</u>
Current Assets					
Inventories	15	253	483	-	-
Trade and other receivables	16 & 17	833	285	1,536	10,560
Cash and bank balances	18	51	6,053	22	629
		<u>1,137</u>	<u>6,821</u>	<u>1,558</u>	<u>11,189</u>
Total Assets		<u>3,839</u>	<u>13,224</u>	<u>1,586</u>	<u>11,189</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	189,134	189,134	189,134	189,134
Translation reserve		2	(157)	-	-
Other reserves	21	(319)	-	-	-
Accumulated losses		(185,868)	(179,036)	(188,311)	(178,388)
		<u>2,949</u>	<u>9,941</u>	<u>823</u>	<u>10,746</u>
Non-controlling interests	22	(639)	1,763	-	-
Total Equity		<u>2,310</u>	<u>11,704</u>	<u>823</u>	<u>10,746</u>
LIABILITIES					
Non-current Liabilities					
Lease liabilities	23	258	600	-	-
Provisions	24	75	75	-	-
		<u>333</u>	<u>675</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Trade and other payables	25	1,088	642	763	443
Contract liabilities	4	14	15	-	-
Lease liabilities	23	94	188	-	-
		<u>1,196</u>	<u>845</u>	<u>763</u>	<u>443</u>
Total Liabilities		<u>1,529</u>	<u>1,520</u>	<u>763</u>	<u>443</u>
Total Equity and Liabilities		<u>3,839</u>	<u>13,224</u>	<u>1,586</u>	<u>11,189</u>

*Less than S\$1,000

C. Condensed interim statements of changes in equity

	Share Capital	Translation Reserve	Accumulated Losses	Other reserves	Total equity attributable to owner of the company	Non- controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group							
2023							
<i>For the 18-months period ended 31 December 2023</i>							
Balance at 1 July 2022	189,134	(157)	(179,036)	-	9,941	1,763	11,704
Loss for the financial period	-	-	(6,832)	-	(6,832)	(2,721)	(9,553)
Other comprehensive income - Foreign currency translation	-	159	-	-	159	-	159
Total comprehensive income / (loss) for the financial period	-	159	(6,832)	-	(6,673)	(2,721)	(9,394)
Acquisition additional interest from non-controlling interests	-	-	-	(319)	(319)	319	-
Balance at 31 December 2023	189,134	2	(185,868)	(319)	2,949	(639)	2,310

	Share Capital	Translation Reserve	Accumulated Losses	Other reserves	Total equity attributable to owner of the company	Non- controlling interests	Total
	S\$000	S\$000	S\$000	S\$'000	S\$000	S\$000	S\$000
The Group							
<u>2022</u>							
<i>For the 12-months period ended 30 June 2022</i>							
Balance at 1 July 2021	179,010	26	(177,126)	-	1,910	-	1,910
Loss for the financial year	-	-	(1,910)	-	(1,910)	(685)	(2,595)
Other comprehensive loss -							
Foreign currency translation	-	(183)	-	-	(183)	-	(183)
Total comprehensive loss for the financial year	-	(183)	(1,910)	-	(2,093)	(685)	(2,778)
Issuance of ordinary shares	10,248	-	-	-	10,248	-	10,248
Less: Share issue expenses	(124)	-	-	-	(124)	-	(124)
Investment in subsidiaries by non-controlling interests	-	-	-	-	-	2,555	2,555
Disposal of subsidiary	-	-	-	-	-	(107)	(107)
Balance at 30 June 2022	189,134	(157)	(179,036)	-	9,941	1,763	11,704

	Share Capital	Accumulated Losses	Total
	S\$000	S\$000	S\$000
The Company			
<u>2023</u>			
<i>For the 18-months period ended 31 December 2023</i>			
Balance at 1 July 2022	189,134	(178,388)	10,746
Loss for the financial period	-	(9,923)	(9,923)
Total comprehensive loss for the financial period	-	(9,923)	(9,923)
Balance at 31 December 2023	189,134	(188,311)	823
<u>2022</u>			
<i>For the 12-months period ended 30 June 2022</i>			
Balance at 1 July 2021	179,010	(177,051)	1,959
Loss for the financial year	-	(1,337)	(1,337)
Total comprehensive loss for the financial year	-	(1,337)	(1,337)
Issuance of ordinary shares	10,248	-	10,248
Less: Share issuance expenses	(124)	-	(124)
Balance at 30 June 2022	189,134	(178,388)	10,746

D. Condensed interim consolidated statement of cash flows

	The Group		The Group	
	6-months period ended 31/12/2023 (3HFP2023) Unaudited	6-months period ended 31/12/2022 (1HFP2023) Unaudited	18-months period ended 31/12/2023 (FP2023) Unaudited	12-months period ended 30/06/2022 (FY2022) Audited
Note	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Loss before income tax from continuing operations	(1,471)	(6,336)	(9,553)	(2,763)
Profit before income tax from discontinued operations	-	-	-	168
Adjustments for:				
Depreciation of property, plant and equipment	258	196	730	190
Gain on disposal of a subsidiary	-	-	-	(1)
Loss on disposal of property, plant and equipment	36	30	66	-
(Gain) / loss on disposal of right-of-use assets	(3)	14	11	-
Impairment on property, plant and equipment	-	3,773	3,383	-
Impairment on other receivables and non-trade advance	-	105	105	-
Provision for inventories loss	-	483	-	-
Written off on property, plant and equipment	1	-	2	-
Written off on inventories	-	-	483	-
Written off on deposits	15	-	15	-
Waiver of debts	-	-	(30)	-
Unrealised foreign exchange loss / (gain)	402	162	485	(97)
Interest income	(1)	(18)	(43)	(2)
Interest expense	11	18	42	32
Operating loss before working capital changes	(752)	(1,573)	(4,304)	(2,473)
Changes in working capital				
Inventories	22	(66)	(253)	(483)
Trade and other receivables	265	(85)	(622)	(268)
Trade and other payables and contract liabilities	(203)	(190)	124	113
Cash used in operating activities	(668)	(1,914)	(5,055)	(3,111)
Interest received	1	18	43	2
Interest paid	(11)	(18)	(42)	(32)
Net cash used in operating activities	(678)	(1,914)	(5,054)	(3,141)
Cash flows from investing activities				
Additions of property, plant and equipment	(511)	(94)	(839)	(3,360)
Proceeds from disposal of property, plant and equipment	120	228	348	-
Acquisition of a subsidiary	10	-	-	(507)
Disposal of a subsidiary	10	-	-	567
Net cash (used in) / generated from investing activities	(391)	134	(491)	(3,300)

	The Group		The Group	
	6-months period ended	6-months period ended	18-months period ended	12-months period ended
	31/12/2023 (3HFP2023)	31/12/2022 (1HFP2023)	31/12/2023 (FP2023)	30/06/2022 ("FY2022)
	Unaudited	Unaudited	Unaudited	Audited
Note	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Proceeds from issuance of ordinary shares, net of expenses	-	-	-	6,879
Proceeds from issuance of warrant shares	-	-	-	3,245
Repayment of lease liabilities	(106)	(245)	(439)	(110)
Subscription of interest in subsidiaries by non-controlling interests	-	-	-	245
Net cash (used in) / generated from financing activities	(106)	(245)	(439)	10,259
Net (decrease) / increase in cash and cash equivalents	(1,175)	(2,025)	(5,984)	3,818
Cash and cash equivalents at beginning of financial period	1,161	6,053	6,053	2,138
Effect of currency translation on cash and cash equivalents	65	135	(18)	97
Cash and cash equivalents at end of the financial period / year	51	4,163	51	6,053
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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 Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). 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 6-months and 18-months period ended 31 December 2023 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) General wholesale trading of metals products
- (c) Provision of management and advisory of recycling and supply chain services.

2. Basis of preparation

The condensed interim financial statements for the 6-months and 18-months period ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**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 interim financial statements for the period ended 30 June 2023.

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 2022.

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following note:

- Note 13 – Impairment for property, plant and equipment

Management reviews the Group’s property, plant and equipment at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the property, plant and equipment is estimated to determine the amount of impairment.

During the current financial year, based on external/and or internal sources of information, there are impairment indicators for the Group's property, plant and equipment. The Group's management determined the recoverable amounts of the individual cash-generating units using value-in-use calculations, which involved significant judgements and estimates in estimating the gross and profit margins, expected growth rate and discount rate.

As at the reporting date, the net carrying amount of the Group's property, plant and equipment is disclosed in Note 13.

- Note 15 – Valuation of inventories

The Group measures the inventories in accordance with the accounting policy as disclosed in Note 2. The Group's management measured the inventories at the lower of cost and net realisable value. In ascertaining net realisable value, significant judgements and estimates are involved in estimating the expected selling prices less the estimated costs of completion and the estimated costs to be incurred in marketing, selling and distribution.

There was a provision made for inventory loss during the financial year which is on the basis of the purchase price of the inventory. The net carrying amount of the Group's inventories is disclosed in Note 15.

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 three reportable segments as follows:

- (a) Manufacturing and distribution of lab-grown diamonds;
- (b) Supply-Chain Management and Service segment which provides general wholesale trading of metal products and the management and advisory of recycling and supply chain services; and
- (c) Corporate segment which consists of an investment holding company which does not meet any of its quantitative thresholds for determining a reporting segment.

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 the performances of each segment.

4.1 Reportable segments

	Lab-grown Diamond		Supply-Chain Management		Corporate / other		Per consolidated financial statements	
	6 months period ended	6 months period ended	6 months period ended	6 months period ended	6 months period ended	6 months period ended	6 months period ended	6 months period ended
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	(3HFP2023)	(1HFP2023)	(3HFP2023)	(1HFP2023)	(3HFP2023)	(1HFP2023)	(3HFP2023)	(1HFP2023)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	26	-	-	-	-	-	26	-
Depreciation and amortisation	(218)	(164)	(26)	(32)	(14)	-	(258)	(196)
Gain / (loss) on disposal of property, plant and equipment	-	-	2	(30)	(38)	-	(36)	(30)
Gain / (loss) on disposal of right-of-use assets	3	-	-	(14)	-	-	3	(14)
Impairment on property, plant and equipment	-	(3,773)	-	-	-	-	-	(3,773)
Impairment on other receivables and non-trade advance	-	(103)	-	(2)	-	-	-	(105)
Finance cost	(10)	(13)	(1)	(5)	-	-	(11)	(18)
Segment loss	(778)	(4,856)	(153)	(535)	(540)	(945)	(1,471)	(6,336)
Segment assets	2,857	2,376	411	3,106	571	1,268	3,839	6,750
Segment liabilities	684	640	79	115	766	450	1,529	1,205
Capital expenditure								
- Addition to property, plant and equipment	511	94	-	-	-	-	511	94

	Lab-grown Diamond		Supply-Chain Management		Corporate/other		Per consolidated financial statements	
	18-months period ended	12-months period ended	18-months period ended	12-months period ended	18-months period ended	12-months period ended	18-months period ended	12-months period ended
	31/12/2023 (FP2023)	30/6/2022 (FY2022)	31/12/2023 (FP2023)	30/6/2022 (FY2022)	31/12/2023 (FP2023)	30/6/2022 (FY2022)	31/12/2023 (FP2023)	30/6/2022 (FY2022)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	29	2,782	-	2,442	-	-	29	5,224
Depreciation and amortisation	(621)	(115)	(86)	(75)	(23)	-	(730)	(190)
Gain on disposal of a subsidiary	-	-	-	-	-	1	-	1
Loss on disposal of property, plant and equipment	-	-	(28)	-	(38)	-	(66)	-
Gain / (loss) on disposal of right-of-use assets	3	-	(14)	-	-	-	(11)	-
Impairment on property, plant and equipment	(3,383)	-	-	-	-	-	(3,383)	-
Impairment on other receivables and non-trade advance	(103)	-	(2)	-	-	-	(105)	-
Finance cost	(35)	(14)	(7)	(18)	-	-	(42)	(32)
Segment loss	(6,003)	(1,672)	(827)	(33)	(2,723)	(1,058)	(9,553)	(2,763)
Segment assets	2,857	8,334	411	3,414	571	1,476	3,839	13,224
Segment liabilities	684	870	79	304	766	346	1,529	1,520
Capital expenditure								
- Addition to property, plant and equipment	676	6,143	-	300	163	-	839	6,443

4.2 Disaggregation of revenue

	Group		Group	
	6-months period ended 31/12/2023 (3HFP2023) S\$'000	6-months period ended 31/12/2022 (1HFP2023) S\$'000	18-months period ended 31/12/2023 (FP2023) S\$'000	12-months period ended 30/06/2022 (FY2022) S\$'000
<i>Principal geographical market</i>				
People's Republic of China	-	-	-	1,916
Singapore	26	-	29	3,291
Others	-	-	-	17
Total	26	-	29	5,224

Major product or service line and time of recognition

Performance obligations satisfied at a point in time

Sale of goods – Nickel, Gold Ingot and Jewellery setting	-	-	-	2,442
Sale of goods – Lab-grown diamonds	26	-	29	2,782
Total	26	-	29	5,224

A breakdown of sales:

	Group		Inc/(Dec) %
	18-month Financial year ended 31/12/2023 S\$'000	12-month Financial year ended 30/6/2022 S\$'000	
Sales reported for the first six-month period	-	3,291	(100.0)
Operating loss after tax before deducting non-controlling interests reported for first six-month period	(6,336)	(1,174)	439.7
Sales reported for the second six-month period	3	1,933	(99.8)
Operating loss after tax before deducting non-controlling interests reported for second six-month period	(1,746)	(1,589)	(9.9)
Sales reported for the third six-month period	26	-	n.m
Operating loss after tax before deducting non-controlling interests reported for third six-month period	(1,471)	-	n.m

Contract balances

	Group		Company	
	As at	As at	As at	As at
	31/12/2023	30/06/2022	31/12/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Contract liabilities				
Advances from customers	14	15	-	-

Advances from customers relate to deposits received from customers. The advances from customers are interest-free and are not secured by any collateral.

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 2023 and 30 June 2022:

	Group		Company	
	As at	As at	As at	As at
	31/12/2023	30/06/2022	31/12/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets measured at amortised cost				
Trade and other receivables #	816	266	530	-
Cash and cash equivalents	51	6,053	22	629
Amount due from subsidiaries	-	-	999	10,546
	867	6,319	1,551	11,175
Financial liabilities measured at amortised cost				
Trade and other payables *	(1,088)	(614)	(754)	(275)
Amount due to subsidiaries	-	-	(9)	(152)
Lease liabilities	(352)	(788)	-	-
	(1,440)	(1,402)	(763)	(427)

Excludes prepayments and GST receivables

* Excludes contract liabilities and GST payables

6. Other income

	Group			
	6-months	6-months	18-months	12-months
	period ended	period ended	period ended	period ended
	31/12/2023	31/12/2022	31/12/2023	30/06/2022
	(3HFP2023)	(1HFP2023)	(FP2023)	(FY2022)
	S\$'000	S\$'000	S\$'000	S\$'000
Other income:				
Others				
- Foreign exchange gain – unrealised / realised	-	-	-	213
- Gain on disposal of a subsidiary	-	-	-	1
- Waiver of debts	-	-	30	-
- Government grant	1	19	53	10
- Miscellaneous	490	10	500	-

7. Other expenses

491	29	583	224
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Group

6-months period ended 31/12/2023 (3HFP2023) S\$'000	6-months period ended 31/12/2022 (1HFP2023) S\$'000	18-months period ended 31/12/2023 (FP2023) S\$'000	12-months period ended 30/06/2022 (FY2022) S\$'000
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Other expenses

- Foreign exchange loss – unrealised / realised	21	304	325	-
- Impairment on property, plant and equipment	-	3,773	3,383	-
- Impairment on non-trade advance	-	91	-	-
- Loss on disposal of property, plant and equipment	36	30	66	-
- (Gain) / loss on disposal of right-of-use assets	(3)	14	11	-
- Professional expenses	282	335	1,073	337
- Provision for inventories loss	-	483	-	-
- Written off on property, plant and equipment	1	-	2	-
- Written off on inventories	-	-	483	-
- Written off on deposits	15	-	15	-
- Miscellaneous	56	23	92	1
	408	5,053	5,450	338

8. Loss before income tax

8.1 Significant items

Group

6-months period ended 31/12/2023 (3HFP2023) S\$'000	6-months period ended 31/12/2022 (1HFP2023) S\$'000	18-months period ended 31/12/2023 (FP2023) S\$'000	12-months period ended 30/06/2022 (FY2022) S\$'000
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Depreciation of property, plant and equipment

- included in administrative expenses	258	196	730	190
Impairment on property, plant and equipment	-	3,773	3,383	-
Impairment on other receivables and non-trade advance	-	105	105	-
- Loss on disposal of property, plant and equipment	36	30	66	-
(Gain) / loss on disposal of right-of-use assets	(3)	14	11	-
Provision for inventory loss	-	483	-	-
Written off on inventory	-	-	483	-
Interest expenses on lease liabilities	9	18	40	27
Interest expenses on loan from third party	2	-	2	5
Professional expenses				
- included in other expenses	282	335	1,073	337
- included in administrative expenses	383	268	1,019	313

8.2 Related party transactions

	Group			
	6-months period ended 31/12/2023	6-months period ended 31/12/2022	18-months period ended 31/12/2023	12-months period ended 30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-controlling interests</u>				
Sale	-	-	-	1,061
Purchase (trade)	-	-	-	(770)
Board Adviser fees*	-	-	-	(36)
Consultant fees*	-	-	-	(49)
Purchase of property, plant and equipment	-	-	-	(4,678)
Purchase of inventories	-	-	-	(314)
Advances	-	-	-	(138)

* Paid for the financial year ended 30 June 2022.

9. Taxation

No provision for income tax expenses as the Group incurred taxable losses for both financial period / year ended 31 December 2023 and 30 June 2022.

10. Profit from discontinued operations

(a) Disposal of a subsidiary

On 21 September 2021, the Company's wholly-owned subsidiary, Metech Recycling (Singapore) Pte. Ltd. acquired 60% of Blufu Water (Xinmin) Co., Ltd., ("**Blufu**") a company incorporated in People's Republic of China for a consideration of S\$516,000 in cash. Blufu was subsequently disposed on 23 May 2022 for a consideration of S\$618,000 in cash.

The above disposal was constituted as a discontinued operation of the Group and has been completed in the financial year ended 30 June 2022. All of the cash considerations for the disposal have also been fully received by the Group.

(b) Results of discontinued operations

	Group			
	6-months period ended 31/12/2023	6-months period ended 31/12/2022	18-months period ended 31/12/2023	12-months period ended 30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	-	-	-	388
Expenses	-	-	-	(221)
Other income	-	-	-	1
Loss before income tax	-	-	-	168
Income tax expense	-	-	-	-
Loss after income tax	-	-	-	168

(c) Movement in goodwill

Movement in goodwill

	Group	
	As at	As at
	31/12/2023	30/06/2022
	S\$'000	S\$'000
At 1 July 2021	-	-
Acquisition of a subsidiary	-	456
Disposal of a subsidiary	-	(456)
Balance at 31 December 2023 / 30 June 2022	-	-

(d) Assets and liabilities recognized as a result of the acquisition / disposal

Assets and liabilities recognised as a result of the acquisition / disposal

	Date of	Date of
	acquisition	disposal
	S\$'000	S\$'000
<u>Carrying amounts of assets and liabilities</u>		
Cash and bank balances	9	51
Intangible assets – goodwill	-	456
Property, plant and equipment (Note 13)	5	5
Trade and other receivables	268	647
Contract asset	336	-
Trade and other payables	(518)	(435)
Total identifiable net assets recognised / de-recognised	100	724
Less: Non-controlling interests		(107)
Total net assets disposed off		617
Purchase consideration	516	
Add: non-controlling interests	40	
Less: net assets acquired / disposed	(100)	
Goodwill arising on acquisition	456	
Net assets disposed off		617
Gain on disposal of subsidiary		1
Cash proceeds on disposal		618
Effect on cash flows of the Group		
Cash (paid) / received	(516)	618
Add / (Less): Cash and cash equivalents	9	(51)
Net cash (outflow) / inflow	(507)	567

11. Dividends

No dividend for the period ended 31 December 2023 (30 June 2022: Nil) is recommended.

12. Net asset value

	Group		Company	
	As at 31/12/2023	As at 30/06/2022	As at 31/12/2023	As at 30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Net asset value per ordinary shares (cents per share)	1.95	6.56	0.54	7.09
No. of ordinary shares	151,555,655	151,555,655	151,555,655	151,555,655

The calculation of net asset value per ordinary share was based on 151,555,655 shares as at 31 December 2023 (30 June 2022: 151,555,655).

13. Property, plant and equipment

Right-of-use assets acquired under leasing arrangement are presented together with the owned assets of the same class. During the current financial year, the Group acquired assets amounting to S\$839,000 (30 June 2022: S\$6,448,000) and disposed the motor vehicle with a carrying amount of S\$405,000 (30 June 2022: Nil).

During the current financial year, the Group disposed S\$20,000 right-of-use assets under lease arrangements and recognised loss on disposal of right-of-use assets amounting to S\$11,000 in profit or loss.

13. Property, plant and equipment

	Group					
	Leasehold buildings	Renovation	Plant and equipment	Motor Vehicle	Furniture and fittings and office equipment	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Cost</u>						
Balance at 1 July 2021	163	-	-	-	-	163
Additions	634	765	4,720	300	24	6,443
Additions through business combination	-	-	-	5	-	5
Disposal of a subsidiary	-	-	-	(5)	-	(5)
Currency translation differences	*	-	-	*	-	*
Balance at 30 June 2022	797	765	4,720	300	24	6,606
Additions	-	37	639	153	10	839
Disposal / Written off	(82)	-	-	(453)	(3)	(538)
Currency translation differences	*	-	-	*	-	*
Balance at 31 December 2023	715	802	5,359	-	31	6,907
<u>Accumulated depreciation and impairment</u>						
Balance at 1 July 2021	13	-	-	-	-	13
Depreciation for the year	116	12	39	22	1	190
Currency translation differences	*	-	-	*	-	*
Balance at 30 June 2022	129	12	39	22	1	203
Depreciation for the year	273	219	198	26	14	730
Impairment	-	-	3,383	-	-	3,383
Disposal / Written off	(62)	-	-	(48)	(1)	(111)
Currency translation differences	*	-	-	*	-	*
Balance at 31 December 2023	340	231	3,620	-	14	4,205
<u>Carrying amount</u>						
Balance at 31 December 2023	375	571	1,739	-	17	2,702
Balance at 30 June 2022	668	753	4,681	278	23	6,403

* Not material to adjust

14. Investment in Subsidiaries

	Company	
	As at	As at
	31/12/2023	30/06/2022
	S\$'000	S\$'000
Equity investments, at cost	22,600	22,600
Add: Further investment	3,920	-
Less: Disposal of subsidiary	(22,500)	-
Less: Impairment losses	(4,000)	(22,600)
	20	- *
Impairment losses on equity investments		
Balance at 1 July	(22,600)	(22,600)
Impairment loss recognised in profit or loss	(3,900)	-
Write off impairment losses	22,500	-
Balance at 31 December 2023 / 30 June 2022	(4,000)	(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	
		31/12/2023 %	30/06/2022 %
<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
<u>Metech Dynamics Pte Ltd.</u> Singapore	General wholesale trade (including general importers and exporters) and wholesale trade of a variety of goods without a dominant product.	100	100
<u>Asian Green Tech Pte. Ltd.</u> Singapore	Engineering design and consultancy services in energy management and clean energy system.	100	100
<u>Metech Diamond Pte. Ltd.</u> Singapore	Promoting and selling lab-grown diamonds and gemstones over the internet	100	-
<u>Metech Diamond Solutions Pte. Ltd.</u> Singapore	Provision of one-stop training or solutions in relation to production of lab-grown diamonds.	100	-
<i>Held by Metech Dynamics Pte. Ltd.</i>			
<u>Zhongxin Minghua (Shanghai) International Trade 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	80	51

- (b) On 3 March 2023, the Company's wholly owned subsidiary, Asian Green Tech Pte. Ltd. had completed the acquisition of 1,488,468 shares in Asian Eco Technology Pte. Ltd., increasing its stake by 29%, representing approximately 80% of the total issued share capital of Asian Eco Technology Pte. Ltd.
- (c) On 10 April 2023, the Company incorporated a wholly owned subsidiary, Metech Diamond Solutions Pte. Ltd. in Singapore. Metech Diamond Solutions Pte. Ltd. has an initial issued and paid-up capital of S\$10,000 comprising 10,000 ordinary shares.
- (d) On 14 April 2023, the Company decided to strike off Metech Recycling (Singapore) Pte. Ltd. ("**MRS**") as it had been dormant for more than a year. The Company had subsequently made an application to Accounting and Corporate Regulatory Authority ("**ACRA**") for MRS to be struck off. MRS was struck off from the register of ACRA on 7 August 2023.
- (e) On 19 April 2023, the Company incorporated a wholly owned subsidiary, Metech Diamond Pte. Ltd. in Singapore. Metech Diamond Pte. Ltd. has an initial issued and paid-up capital of S\$10,000 comprising 10,000 ordinary shares.
- (f) On 20 June 2023, the Company increased its shareholding in Metech Dynamics Pte. Ltd. from S\$100,000 to S\$4,000,000 by way of subscription of 3,900,000 ordinary shares. The consideration of S\$3,900,000 was satisfied by the capitalisation of amount owing by Metech Dynamics Pte. Ltd. to the Company.

15. Inventories

	Group	
	As at	As at
	31/12/2023	30/06/2022
	S\$'000	S\$'000
Raw materials	39	314
Finished goods	214	169
	253	483

For the current financial year ended 31 December 2023, finished goods recognised in cost of sales amounted to S\$37,000 (30 June 2022: S\$5,173,000).

The movements in the allowance account used to record the impairment loss during the financial period / year are as follows:

	Group	
	As at	As at
	31/12/2023	30/06/2022
	S\$'000	S\$'000
Balance at 1 July	-	-
Impairment loss recognised in profit or loss	483	-
Write off impairment losses	(483)	-
Balance at 31 December 2023 / 30 June 2022	-	-

16. Trade receivables

	Group		Company	
	As at	As at	As at	As at
	31/12/2023	30/06/2022	31/12/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables	-	14	-	-

Trade receivables are non-interest bearing and generally has credit of 30 to 120 (30 June 2022: 30 to 120) 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 31/12/2023</u>				
> 120 days	100	14	(14)	-
<u>As at 30/06/2022</u>				
Current	*	14	*	14

* insignificant expected credit loss rate

The movements in the allowance account used to record the impairment loss during the financial year are as follows:

	Group	
	As at	As at
	31/12/2023	30/06/2022
	S\$'000	S\$'000
Balance at 1 July	-	101
Impairment loss recognised in profit or loss	14	-
Write off impairment losses	-	(101)
Balance at 31 December 2023 / 30 June 2022	14	-

17. Other receivables

	Group		Company	
	As at 31/12/2023 S\$'000	As at 30/06/2022 S\$'000	As at 31/12/2023 S\$'000	As at 30/06/2022 S\$'000
Other receivables – third parties	483	1,238	483	-
Advances	235	138	-	-
Deposit	189	102	47	-
Amount due from subsidiaries (non-trade)	-	-	8,283	15,149
	907	1,478	8,813	15,149
<i>Less: Allowance for impairment losses</i>				
Other receivables – third parties	-	(1,226)	-	-
Advances	(91)	-	-	-
Amount due from subsidiaries (non-trade)	-	-	(7,284)	(4,603)
Financial assets	816	252	1,529	10,546
Prepayments	11	18	4	14
GST receivable	6	1	3	-
	833	271	1,536	10,560

Group level

i) *Other receivables – third parties*

As disclosed in the Company's announcement on 13 December 2023, the Company has entered into a settlement agreement with Mr. Deng Yiming ("Mr. Deng") that Mr. Deng has agreed to, *inter alia*, pay the Company an amount of S\$483,000 with interests accruing at a rate of 5.33% per annum, as awarded by the High Court. Mr Deng will be paying in 6 instalments, commencing from 15 January 2024. The Company has received RMB250,000 (approximately S\$46,000) from Mr. Deng as at the date of this announcement.

As at 31 December 2023 and 30 June 2022, included in other receivables were amounts totaling 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 the financial year ended 30 June 2019. The total impairment loss was then subsequently written off during the current financial period.

The below are the movements of impairment loss during the financial period ended 31 December 2023 and financial year ended 30 June 2022:

	Group	
	As at 31/12/2023 S\$'000	As at 30/06/2022 S\$'000
Balance at 1 July	1,226	1,226
Written off during the financial period / year	(1,226)	-
Balance at 31 December 2023 / 30 June 2022	-	1,226

ii) *Advances*

Advance payments of net S\$148,000 in FP2023 consist of payment to vendors for inventories. Advance payments of S\$138,000 in FY2022 consist of payment to non-controlling interests in relation to advance payments for supply of inventories and business travel expenses.

The movements in the allowance account used to record the impairment loss during the financial period/year are as follows:

	Group	
	As at	As at
	31/12/2023	30/06/2022
	S\$'000	S\$'000
Balance at 1 July	-	-
Impairment loss recognised in profit or loss	91	-
Balance at 31 December 2023 / 30 June 2022	91	-

iii) Deposits

Deposits mainly relate to deposits paid by the Group for the leasing of the office, renovation of factory premises, plant and equipment, payment to vendor for new machines and legal and professional services.

The increase in deposit was mainly due to increase in deposit paid for the factory's renovation of S\$71,000.

Company level

i) Other receivables – third parties

As disclosed in the Company's announcement on 13 December 2023, the Company has entered into a settlement agreement with Mr. Deng that Mr. Deng has agreed to, *inter alia*, pay the Company an amount of S\$483,000 with interests accruing at a rate of 5.33% per annum, as awarded by the High Court. Mr. Deng will be paying in 6 instalments, commencing from 15 January 2024. The Company has received RMB250,000 (approximately S\$46,000) from Mr. Deng as at the date of this announcement.

ii) Amounts due from subsidiaries (non-trade)

Except for a non-trade balance of S\$2,798,000 (2022: S\$3,450,000) due from subsidiaries as at 31 December 2023, which is non-trade in nature, unsecured, interest bearing at 6% per annum and repayable on demand, the remaining non-trade balance of S\$5,485,000 (2022: S\$11,699,000) due from subsidiaries are unsecured, interest-free and repayable on demand.

The movements in the allowance account used to record the impairment loss during the financial period/year are as follows:

	Company	
	As at	As at
	31/12/2023	30/06/2022
	S\$'000	S\$'000
Balance at 1 July	4,603	4,296
Impairment loss recognised in profit or loss	2,681	307
Balance at 31 December 2023 / 30 June 2022	7,284	4,603

18. Cash and cash equivalents

	Group		Company	
	As at	As at	As at	As at
	31/12/2023	30/06/2022	31/12/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances	51	6,053	22	629

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

19. Borrowings

The Group had no borrowings as at 31 December 2023 and 30 June 2022.

20. Share capital

	31/12/2023		30/6/2022	
	No. of shares	Amount S\$'000	No. of shares	Amount S\$'000
Issued and fully paid:				
Balance at beginning of interim period	151,555,655	189,134	100,039,655	179,010
Issuance of ordinary shares	-	-	51,516,000	10,248
Shares issue expenses	-	-	-	(124)
Balance at 31 December 2023 / 30 June 2022	151,555,655	189,134	151,555,655	189,134

There was no change in the Company's share capital since 30 June 2023.

During financial year ended 30 June 2022, the following transactions were entered into:

- Issuance of 33,346,500 ordinary shares via a placement at S\$0.210 per share.
- Issuance of 16,673,250 warrants ("**2021 Warrants**"), of which 8,169,500 warrants have been exercised and 8,169,500 ordinary shares issued at S\$0.210 per share.
- Issuance of 10,000,000 warrants ("**2019 Warrants**"), of which 10,000,000 warrants were exercised and 10,000,000 ordinary shares were issued at S\$0.153 per share.

During financial year ended 30 June 2022, the Group issued 51,516,000 ordinary shares for a total aggregate consideration of S\$10,248,000. As at reporting date, 8,503,750 warrants from the 2021 Warrants remained outstanding. The 2021 Warrants outstanding that are convertible into 8,503,750 ordinary shares (30 June 2022: 8,503,750) represent approximately 5.6% (30 June 2022: 5.6%) of the Company's total issued share capital as at 31 December 2023, excluding treasury shares and subsidiary holdings, at the exercise price of S\$0.210 per share.

There was no share issued during the financial period ended 31 December 2023. The total number of issued ordinary shares in the share capital of the Company, excluding treasury shares and subsidiary holdings as at 31 December 2023 and 30 June 2022 were 151,555,655.

The Company had no treasury shares as at 31 December 2023 and 30 June 2022.

The Company had no subsidiary holdings as at 31 December 2023 and 30 June 2022.

There were no sales, transfers, cancellation and/or use of treasury shares or subsidiary holdings during the 6-months and 18-months period ended 31 December 2023.

21. Other reserves

	Group	
	As at	As at
	31/12/2023	30/06/2022
	S\$'000	S\$'000
Balance at 1 July	-	-
Acquisition of additional interests from non-controlling interest	(319)	-
Balance at 31 December 2023 / 30 June 2022	(319)	-

22. Non-controlling interest

(a) The Group has the following subsidiaries that have material non-controlling interests as at the reporting date:

	Asian Eco Technology Pte. Ltd.	
	(20%)	(49%)
	31/12/2023	30/06/2022
	S\$'000	S\$'000
Accumulated non-controlling interest as at 1 July	1,763	2,515
Acquisition of additional interests from NCI	319	-
Loss allocates to non-controlling interests	(2,721)	(752)
Balance at 31 December 2023 / 30 June 2022	(639)	1,763

(b) Summarised financial information (before intragroup eliminations) in respect of subsidiaries with material non-controlling interests is set out below:

	Asian Eco Technology Pte. Ltd.	
	(20%)	(49%)
	31/12/2023	30/06/2022
	S\$'000	S\$'000
<u>Summarised Statement of Financial Position</u>		
Non-current assets	2,167	6,028
Current assets	179	2,306
Non-current liabilities	(333)	(488)
Current liabilities	(5,209)	(4,248)
Net (liabilities) / assets	(3,196)	3,598
<u>Summarised Statement of Profit or Loss and Other Comprehensive Income</u>		
Revenue	-	2,782
Expenses	(6,794)	(4,317)
Loss and total comprehensive loss for the period / year	(6,794)	(1,535)
<u>Summarised Cash Flow</u>		
Net cash used in operating activities	(1,998)	(1,860)
Net cash used in investing activities	(164)	(3,239)
Net cash generated from financing activities	594	6,680

23. Lease liabilities

The Group has made period lease payments in relation to leasehold buildings, and motor vehicle. These are recognised within property, plant and equipment (Note 13).

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

	Group	
	As at 31/12/2023	As at 30/06/2022
	S\$'000	S\$'000
Leasehold buildings	375	668
Motor Vehicle	-	278
	375	946

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

	Group			
	6-months period ended 31/12/2023	6-months period ended 31/12/2022	18-months period ended 31/12/2023	12-months period ended 30/06/2022
	S\$'000	S\$'000	S\$'00	S\$'000
Leasehold buildings	90	90	273	116
Motor Vehicle	20	6	26	22
	110	96	299	138

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

	Group			
	6-months period ended 31/12/2023	6-months period ended 31/12/2022	18-months period ended 31/12/2023	12-months period ended 30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expenses on lease liabilities	9	18	40	27
Expenses relating to short-term leases	150	-	150	-
Total cash outflows for leases (excluding short-term leases)	106	245	439	110

The Group recognised lease liabilities as follows:

	Group	
	As at	As at
	31/12/2023	30/06/2022
	S\$'000	S\$'000
Lease liabilities:		
Current	94	188
Non-current	258	600
	352	788

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

24. Provision

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

25. Other payables

	Group		Company	
	As at	As at	As at	As at
	31/12/2023	30/06/2022	31/12/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	7	-	-	-
Sundry creditors	419	237	262	29
Accruals for:				
- professional fees	367	124	233	91
- staff costs	77	141	41	77
- other costs	33	65	33	36
- director fees	185	42	185	42
Deposits	-	5	-	-
Amount due to subsidiaries (non-trade)	-	-	9	152
GST payable	-	28	-	16
	1,088	642	763	443

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

26. Subsequent events

As announced on 23 January 2024, the Company and its subsidiary, Asian Eco Technology Pte. Ltd. ("**AET**") had received letters of demand from Setia Law LLC ("**Setia Law**") on 18 January 2024 in relation to the dispute with X Diamond Capital Pte. Ltd. and other parties.

Pursuant to the letters of demand, Setia Law had demanded payment of S\$88,932.06 and S\$138,380.66 from the Company and AET, respectively, within 7 days from the date of the Letters of Demand, failing which, Setia Law reserves its rights to take further action, including enforcement action, against the Company and AET.

The Company is currently in negotiations with Setia Law to reach an amicable solution as at the date of this announcement. The Company will make further announcements to update shareholders as and when there are material developments.

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 (the “**Company**”, and its subsidiaries, collectively, the “**Group**”) as at 31 December 2023 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 6-months and 18-months period 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. The audited financial statements for the financial year ended 30 June 2022 were not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

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

Review for the performance of the Group for the 6-months ended 31 December 2023 (3HFP2023) and the 18-months period ended 31 December 2023 (FP2023)

(i) Revenue

In 3HFP2023, the Group had generated revenue of S\$26,000 from the sale of diamonds and related customized products, in comparison, no revenue was generated in 1HFP2023.

In FP2023, the Group generated revenue of S\$29,000, representing a significant decrease of approximately 99.4% compared to the S\$5.2 million recorded in FY2022. The significant decrease in revenue was mainly attributed to the numerous issues relating to the joint venture subsidiary, Asian Eco Technology Pte. Ltd. (“**AET**”) which the Group’s former joint venture partner, X Diamond Capital Pte. Ltd. (“**XDC**”) and XDC’s appointed directors in AET had failed to address, which was announced on 17 January 2023. These issues had led to subsequent legal actions taken against XDC that had adversely impacted the operations of the core business.

(ii) Gross (loss) / profit

As a result of the above mentioned in paragraph (i) which led to a significant decrease in revenue generated in the period, the Group incurred a gross loss of S\$9,000 in 3HFP2023. No revenue was generated in 1HFP2023, and thus no gross (loss) / profit was incurred/made. The Group incurred a gross loss of S\$8,000 in FP2023 as compared to a gross profit of S\$51,000 in FY2022.

(iii) Other income

Other income increased by S\$462,000 from S\$29,000 in 1HFP2023 to S\$491,000 in 3HFP2023 and increased by S\$359,000 from S\$224,000 in FY2022 to S\$583,000 in FP2023. This increase was mainly due to the income recognised from the settlement agreement entered into between the Company and Mr. Deng on 13 December 2023 for the repayment of approximately S\$483,000.

(iv) Administrative expenses

Administrative expenses increased by approximately S\$0.3 million from approximately S\$1.3 million in 1HFP2023 to approximately S\$1.6 million in 3HFP2023. These increases were mainly attributed to (a) the increase in the depreciation of property, plant and equipment of approximately S\$0.1 million, (b) the increase in legal and professional fees of approximately S\$0.1 million, and (c) the increase in short-term lease of approximately S\$0.1 million.

Administrative expenses increased by approximately S\$1.9 million from approximately S\$2.7 million in FY2022 to approximately S\$4.6 million in FP2023. These increases were mainly attributed to (a) the increase in depreciation of property, plant and equipment of approximately S\$0.5 million, (b) the increase in legal and professional fees of approximately S\$0.6 million, and (c) the increase in staff costs by approximately S\$0.8 million.

(v) Other expenses

Other expenses decreased by approximately S\$4.6 million from approximately S\$5.0 million in 1HFP2023 to approximately S\$0.4 million in 3HFP2023. These decreases in other expenses were mainly due to (a) the absence of impairment on property, plant and equipment of approximately S\$3.8 million, (b) the decrease in foreign exchange loss of approximately S\$0.3 million, and (c) the write-off for inventory loss of approximately S\$0.5 million in relation to the unaccounted-for missing diamond seeds and loose diamonds which was recognised in 3HFP2023.

Other expenses increased by approximately S\$5.1 million from approximately S\$0.3 million in 1HFP2023 to approximately S\$5.4 million in FP2023. These increases in other expenses were mainly due to (a) the impairment loss of property, plant and equipment of approximately S\$3.4 million, (b) the increase in foreign exchange loss of approximately S\$0.3 million, (c) the increase in legal and professional fees of approximately S\$0.7 million incurred, mainly for matters relating to legal fees for the legal proceedings against XDC and other parties and professional fees for other corporate actions, (d) the write-off for inventory loss of approximately S\$0.5 million in relation to the unaccounted-for missing diamond seeds and loose diamonds, (e) loss on disposal of property, plant and equipment of approximately S\$0.1 million, and (f) increase in miscellaneous expenses of approximately S\$0.1 million.

(vi) Finance costs

Finance costs decreased by S\$7,000 in 3HFP2023 in comparison to 1HFP2023 due to the amortization of interest expense from lease liabilities.

Finance costs increased by S\$10,000 in FP2023 as compared to the FY2022 due to the amortization of interest expense from lease liabilities.

(vii) Loss after income tax

As a result of the above, the Group recorded a net loss of approximately S\$1.5 million and approximately S\$9.6 million in 3HFP2023 and FP2023, respectively, as compared to a net loss of approximately S\$6.3 and approximately S\$2.6 million in 1HFP2023 and FY2022, respectively. The increase in losses were mainly due to the absence of revenue as well as the increased operating costs of the lab-grown diamond factory, and the

write down of plant and machinery, provision for inventory loss and professional fees arising from issues with of XDC.

(viii) Foreign currency translation difference

Foreign currency translation difference was less than S\$1,000 in 3HFP2023, as compared to a gain of S\$177,000 in 1HFP2023. This was due to the foreign exchange differences arising from the Group consolidation accounts of subsidiary denominated in Renminbi (“RMB”) and US Dollar (“USD”). For FP2023, the Group recorded a gain in foreign currency translation difference of approximately S\$159,000 as compared to a loss of S\$183,000 in FY2022 due to the strengthening of Singapore Dollar against the RMB and USD.

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

Condensed interim statements of financial position

Assets

- (i) Property, plant and equipment decreased by approximately S\$3.7 million from S\$6.4 million as at 30 June 2022 to approximately S\$2.7 million as at 31 December 2023, mainly due to (a) the provision of impairment loss on property, plant and machinery of approximately S\$3.4 million, (b) the depreciation of S\$0.7 million, and (c) disposal of property, plant and equipment of carrying amount of S\$0.4 million. These were slightly offset by the additions to property, plant and equipment of approximately S\$0.8 million during the current financial period.
- (ii) Inventories consisted of (a) diamond seeds and raw materials for production use and (b) loose diamonds as at 31 December 2023. Inventories had decreased by S\$230,000 from S\$483,000 as at 30 June 2022 compared to S\$253,000 as at 31 December 2023, mainly due to lower purchases and production which is in line with lower revenue as explained in 3(a)(i) above.
- (iii) Trade and other receivables had increased by S\$548,000 from S\$285,000 as at 30 June 2022 compared to S\$833,000 as at 31 December 2023. The increase in trade and other receivables was mainly due to a settlement agreement entered into between the Company with Mr. Deng as announced on 13 December 2023. In the settlement agreement, Mr. Deng had agreed to, *inter alia*, pay the Company an amount of S\$483,000 with interests accruing at a rate of 5.33% per annum, as awarded by the High Court. Mr. Deng will be repaying the Company in 6 instalments, commencing from 15 January 2024. The Company has received RMB250,000 (approximately S\$46,000) from Mr. Deng as at the date of this announcement.

Liabilities

- (iv) Lease liabilities had decreased by S\$436,000 from S\$788,000 as at 30 June 2022 compared to S\$352,000 as at 31 December 2023. The decrease in lease liabilities was mainly due to the payment of leases during the current financial period.
- (v) Trade and other payables had increased by S\$446,000 from S\$642,000 as at 30 June 2022 compared to S\$1,088,000 as at 31 December 2023. These increases were mainly due to (a) an increase in sundry creditors relating to legal and professional fees, (b) an increase in accrued director fees, and (c) an increase in accrued professional fees, which in total, is slightly offset by a decrease in staff costs.

Working capital

- (i) The Group incurred a negative working capital of S\$59,000 as at 31 December 2023 compared to a positive working capital of approximately S\$6.0 million as at 30 June 2022 as a result of the aforementioned.

Condensed interim consolidated statement of cash flows

Net cash of approximately S\$0.7 million was used in operating activities of the Group in 3HFP2023 as compared to approximately S\$1.9 million in 1HFP2023. This was a decrease of approximately S\$1.2 million, mainly attributed to (a) a decrease in loss before tax to approximately S\$1.5 million, (b) the absence of the impairment adjustments of approximately S\$3.9 million, (c) an increase in the loss on unrealised foreign exchange of approximately S\$0.3 million and, (d) a decrease in trade and other receivables of approximately S\$0.4 million.

Net cash of approximately S\$0.4 million used in investing activities of the Group in 3HFP2023, which arose from the purchase of property, plant and equipment of approximately S\$0.5 million, which is slightly offset by the proceeds from the disposal of property, plant and equipment of approximately S\$0.1 million.

Net cash of approximately S\$0.1 million was used in financing activities of the Group in 3HFP2023. This was mainly due to the payment of lease liabilities during the financial period.

As a result of the above, the Group's cash and cash equivalents as of 31 December 2023 decreased by S\$1.1 million from approximately S\$1.2 million as at 1 July 2023 to approximately S\$51,000 as at 31 December 2023, after taking into consideration the gain due to effect of currency translation on cash and cash equivalents of S\$65,000.

Net cash of approximately S\$5.1 million was used in operating activities of the Group for the FP2023 as compared to approximately S\$3.1 million used in FY2022. This was mainly attributed to (a) the loss before tax of approximately S\$9.6 million, (b) adjustments for the depreciation of property, plant and equipment of approximately S\$0.7 million, (c) impairment of property, plant and equipment of approximately S\$3.4 million, (d) impairment on receivables of approximately S\$0.1 million, (e) writing off on inventories of approximately S\$0.5 million, (d) unrealised foreign exchange loss of approximately S\$0.4 million, (f) decrease in inventories of approximately S\$0.2 million, which is partially offset by the increase in trade and other receivables of approximately S\$0.6 million and trade and other payables of approximately S\$0.5 million.

Net cash of approximately S\$0.5 million was used in investing activities of the in FP2023. This was mainly due to the purchase of property, plant and equipment of approximately S\$0.8 million which is slightly offset by the proceeds from the disposal of property, plant and equipment of approximately S\$0.3 million.

Net cash of approximately S\$0.4 million used in financing activities of the Group in FP2023. This was mainly due to payment of lease liabilities during the financial period.

As a result of the above, the Group's cash and cash equivalents as of 31 December 2023 decreased by approximately S\$6.0 million from approximately S\$6.1 million as at 1 July 2022 to S\$51,000 as at 31 December 2023, after taking into consideration the loss due to effect of currency translation on cash and cash equivalents of S\$18,000.

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

Not applicable as no forecast or a prospect statement was previously issued.

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 Group is embarking on a transformative journey, marked by internal restructuring and comprehensive review of its existing business model and operations, while exploring new business opportunities. In addition, the Group will be pursuing external fundings through corporate exercises to ensure that the Group remains viable to operate as a going concern.

The Group is leveraging on its lab-grown diamond business by evaluating existing production equipment, processes and business models. The Group is reviewing its production capabilities with the focus on reducing costs and increasing yields. Furthermore, emerging high-tech applications will gradually open new market opportunities, driving further growth for the industry.

6. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and
No.

(b) (i) Amount per share
Not applicable.

(ii) Previous corresponding period
No dividend has been declared or recommended for the previous corresponding period.

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**
Not applicable.
- (d) **The date the dividend is payable**
Not applicable.
- (e) **The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**
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 person 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. 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 Catalist Rules

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 Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

10. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

As of the date of this announcement, there are no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

11. Disclosure of acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules

As Metech Recycling (Singapore) Pte. Ltd. (“MRS”) had been dormant for more than a year, on 14 April 2023, the Company made an application to ACRA for MRS to be struck off from the Register of Companies. MRS had been struck off from the register of ACRA on 7 August 2023. The striking off of MRS is not expected to have any material financial impact on the net tangible assets and earnings per share of the Group for the current financial year ending 31 December 2023.

On behalf of the Board of Directors

Wang Zhuo
Executive Director & Chief Executive Officer

29 February 2024