



Metech International Limited

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

TERMINATION OF JOINT VENTURE AGREEMENT RESIGNATION & REMOVAL OF DIRECTORS IN ASIAN ECO TECHNOLOGY PTE. LTD.

The Board of Directors (the “**Board**”) of Metech International Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”), refers to the announcement made on 24 September 2021 (the “**Announcement**”) that Asian Green Tech Pte. Ltd (“**AGT**”), a wholly-owned subsidiary of the Company, had on 24 September 2021 entered into a joint venture agreement (the “**JVA**”) with X Diamond Capital Pte. Ltd. (“**XDC**”) to establish a joint venture company, Asian Eco Technology Pte Ltd (“**AET**”), to carry on the business of manufacturing and distribution of lab-grown diamonds.

The Board also refers to the announcement made on 18 April 2022 that on 17 April 2022, XDC and Mr. Wu Yongqiang, a shareholder of the Company, entered into a sale and purchase agreement for the sale of 100,000 ordinary shares in AET by XDC to Mr. Wu Yongqiang for an aggregate consideration of S\$4,000,000. Accordingly, AGT, XDC and Mr. Wu Yongqiang each hold 51%, 29%, and 20% of the issued and paid-up share capital of AET respectively.

On 17 January 2023, AGT issued a default notice in writing to XDC pursuant to clause 7.2 of the JVA on the ground that XDC has caused an event of default under clause 7.1 of the JVA where it has materially and incurably breached the JVA. By the same written notice, AGT also terminated the JVA against XDC with immediate effect. The grounds for AGT’s issuance of the default notice and termination of the JVA (the “**Notice of Default and Termination**”) can be summarised as follows:

- (a) XDC refused to recognise AGT’s entitlement under the JVA to appoint a third director to AET’s board of directors (“**AET’s Board**”) and to operate and manage AET;
- (b) XDC and its appointed directors in AET, namely Mr Deng Yiming (“**Mr Deng**”) and Mr Yang Hanyu (“**Mr Yang**”), are responsible for and/or have failed to satisfactorily address numerous issues and irregularities relating to AET involving, among others, missing diamond seeds and loose diamonds, outstanding loan advances, irregularities with the importation of machines supplied to AET, and the sale of machines to AET at an inflated price; and
- (c) XDC and its appointed directors in AET refused to cooperate with AGT to ensure the funding for AET’s operations as well as ensuring timely payments for the purposes of AET’s operations.

Pursuant to the agreed mechanism and valuation specified in clause 7.3 of the JVA, AGT will be entitled to acquire all of the shares of AET held by XDC at the default price of 80% of the net tangible assets per share of AET (the “**Purchase Price**”) within thirty (30) business days (excluding Saturdays and Sundays) of the Notice of Default and Termination, by 2 March 2023. AGT is currently assessing the net tangible assets per share of AET and will update shareholders in due course on the amount of the Purchase Price as well as the impact on the Group’s financials, if any.

Mr Yang Hanyu resigned as a director of AET on his own accord on 13 January 2023, with immediate effect.

Mr Deng Yiming was removed as a director of AET by a Members' Resolution in Writing dated 17 January 2023 which was passed on the same day.

Further to the aforementioned, the board of directors of AET comprises three directors who have been appointed by AGT to the board of directors of AET. The Company, through AGT, has assumed control of AET.

While it is noted in the Announcement that under the terms of the JVA, AGT was to operate and manage AET, and XDC was to provide technical support to AET, the Board wishes to assure shareholders that the operations of AET will not be affected by the termination of the JVA against XDC as AET will be able to continue with the requisite technical support from its current production team.

By Order of the Board of Directors of
Metech International Limited

Samantha Hua Lei
Executive Director and CEO

17 January 2020

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.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.