



Metech International Limited

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

PROPOSED ACQUISITION OF 60% EQUITY INTEREST IN BLUFU WATER (XINMIN) CO., LTD

1. INTRODUCTION

The Board of Directors (the "**Board**") of Metech International Limited (the "Company", and together with its subsidiaries, the "**Group**") wishes to announce that Metech Recycling (Singapore) Pte. Ltd. (the "**Buyer**"), a wholly-owned subsidiary of the Company, has on 21 September 2021, entered into a sale and purchase agreement (the "**SPA**") with Greenspace Enviro Pte. Ltd. (the "**Seller**"), in relation to the acquisition of 60% equity interest in Blufu Water (Xinmin) Co., Ltd ("**BWCL**", and the acquisition, the "**Proposed Acquisition**") for an aggregate consideration of SGD\$516,440 (the "**Consideration**").

The Proposed Acquisition constitutes a "disclosable" transaction pursuant to Chapter 10 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst (the "**Catalist Rules**"). Please refer to paragraph 6 for the relative figures of the Proposed Acquisition, computed on the bases set out in Rule 1006 of the Catalyst Rules.

Unless indicated otherwise, the indicative RMB\$ to SGD\$ exchange rate to be used for the purposes of this announcement is SGD\$0.2035 : RMB\$1 Chinese Yuan. The exchange rate as stated herein is used for illustration purposes only and should not be construed as a representation that the relevant numbers have been or could be converted at the rate above or at any other rate.

2. INFORMATION ON THE SELLER AND BWCL

- 2.1 As at the date of this announcement, the Seller is a private company limited by shares and incorporated in Singapore on 9 December 2019, with its issued and paid up capital of SGD\$100,000, consisting of 100,000 ordinary shares. The sole shareholder of the Seller is Mr Wang Daming ("**Mr Wang**") and the director of the Seller is Mr Sim Chek Tong ("**Mr Sim**"). Save that Mr Wang ceased to be the Non-Executive and Non-Independent Director of the Company with effect from 29 October 2019 to the best of knowledge of the Board, the Seller, BWCL, Mr Wang and Mr Sim does not hold any shares in the share capital of the Company and are independent third party unrelated to any directors or controlling shareholders of the Company, and their respective associates.
- 2.2 BWCL is a private company limited by shares incorporated on 8 September 2020 in the People's Republic of China and located in Liaoning Province. The Seller is the legal and beneficial owner of the entire issued and paid-up capital of BWCL. As of the date of this announcement, BWCL has a registered capital of SGD\$100,000 and a paid-up registered capital of SGD\$100,000.

- 2.3 BWCL is principally involved in managing wastewater treatment plants owned by government. The projects undertaken by BWCL are, including but not limited to, sewage treatment, water pollution control, resource recycling service technology, environmental protection consultancy and technological developments.
- 2.4 Based on the unaudited management account of BWCL for the financial period from 8 September 2020 to 30 June 2021, the net profit after tax of BWCL was approximately RMB\$1.91 million (approximately equivalent to SGD\$389,000) and the net asset value of BWCL as at 30 June 2021 was approximately RMB\$2.4 million (approximately equivalent to SGD\$488,000) respectively.

3. RATIONALE FOR THE PROPOSED ACQUISITION

- 3.1 The Board is of the view that the Proposed Acquisition will allow the Company to participate in the growth of BWCL and enhance the value for its shareholders. Consequently, the Proposed Acquisition will provide the Company with the following commercial benefits:
- (a) The Proposed Acquisition presents a good opportunity for the Company to expand its business into the Chinese wastewater treatment market.
 - (b) The Proposed Acquisition would allow the Group to tap on the existing customers of BWCL to increase the Company's customer base and gain a foothold in the Chinese market. As such, the Proposed Acquisition would allow the Group to enhance its market share in the environmental and sustainability business.
 - (c) The Proposed Acquisition would provide the Group with the opportunity to acquire a profitable entity with opportunities for growth.

4. CONSIDERATION

The Consideration was negotiated and agreed between the parties on an arm's length, willing-buyer, willing-seller basis and shall be paid by the Company in cash. The Consideration was funded by the Company's internal resources.

In arriving at the Consideration, the Company had taken into account, among others, BWCL's earnings and growth potential and its future plans. No independent valuation was conducted with respect to the Proposed Acquisition.

5. TERMS OF THE PROPOSED ACQUISITION

Upon completion of the Proposed Acquisition, the below shall be for the account held by both parties in proportion of their equity interest in BWCL:

- (a) all expenses (including accounts payables and tax), debt, indebtedness, liabilities, guarantees or indemnities incurred or given by the Company in connection with the operations of the Company on or after 1 September 2021; and
- (b) revenues (including accounts receivables), cash (and cash equivalents) and profit generated by the Company in connection with the operations of the Company on or after 1 September 2021

The board of BWCL shall comprise of three (3) Directors, wherein the Company shall be entitled to nominate and appoint up to two (2) directors onto the board of BWCL, including the Chairman of the board of BWCL to be nominated by the Company and appointed by the board whilst the Seller shall be entitled to appoint one (1) Director to the board.

The completion of the Proposed Acquisition shall be conditional on the Buyer and the Company obtaining all necessary approvals, waivers or consents as may be required (including Board and shareholders' approval). If such condition is not satisfied, the SPA shall automatically terminate with immediate effect.

6. RELATIVE FIGURES ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

Based on the Group's latest announced unaudited financial statements for the financial year ended 30 June 2021 ("FY2021"), the relative figures for the Proposed Acquisition as computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable an acquisition of assets.	Not applicable as the Company is acquiring an asset.
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net losses.	(19.39) ⁽¹⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	2.94% ⁽²⁾
(d)	The number of equity securities to be issued by the Company as consideration for Proposed Acquisition, compared with the number of equity securities previously in issue.	Not applicable as the Consideration will be satisfied fully in cash.
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an Proposed Acquisition of such assets.	Not applicable as the Company and/or the Seller is not a mineral, oil and gas company.

Notes:

- (1) (19.39)% computed based on the estimated net profit attributable to BWCL of RMB\$1.15 million (approximately equivalent to SGD\$234,000) for period ended 30 June 2021 compared with the Group's announced unaudited net losses for the financial year ended 30 June 2021 of S\$1,207,000.
- (2) The consideration of SGD\$516,440 compared to the Company's the market capitalization of approximately SGD\$17,546,956. The market capitalization of the Company was computed based on the issued share capital of the Company ("Shares") of 100,039,655 Shares and the volume weighted average price of 0.1754 per Share, based on trades transacted on 20 September 2021 (being the last market day on which the Company's Shares were traded preceding the date of the SPA).

Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 involves a negative number, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances. As the relative figures

computed under Rule 1006(b) exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a “disclosable transaction” within the meaning of Chapter 10 of the Catalist Rules. However, as the relative figures computed involves negative figures and does not fall squarely within the circumstances set out in Paragraph 4.4(b) of Practice Note 10A of the Catalist Rules, pursuant to Catalist Rule 1007(1), the Company has, through its Sponsor, consulted the Singapore Exchange Regulation Pte Ltd on the applicability of Chapter 10 of the Catalist Rules in relation to the Proposed Acquisition. The Company will keep Shareholders updated on the outcome of the consultation.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

Based on the Group’s estimated consolidated financial statements for FY2021, the pro forma financial effects of the Proposed Acquisition are as follows:

Effect on NTA per Share

For illustrative purposes only, had the Proposed Acquisition been completed on 30 June 2021 and based on the estimated consolidated financial statements of the Group for FY2021, the Proposed Acquisition would have had the following impact on the NTA per Share of the Company:

	Proposed Acquisition	
	Before	After
NTA (S\$)	1,910,000	1,510,013
Number of issued shares	100,039,655	100,039,655
NTA per share (cents)	1.91	1.45

Effect on EPS

For illustrative purposes only, had the Proposed Acquisition been completed on 1 July 2020 and based on the estimated consolidated financial statements of the Company for FY2021, the Proposed Acquisition would have had the following impact on the EPS of the Company:

	Proposed Acquisition	
	Before	After
Net loss (S\$)	(1,207,000)	(973,866)
Number of issued shares	100,039,655	100,039,655
EPS (cents)	(1.21)	(0.97)

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholdings in the Company, if any).

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS AVAILABLE FOR INSEPCION

A copy of the SPA will be available for inspection during normal business hours at the Company's registered office at 100G Pasir Panjang Road, #04-07 Interlocal Centre, Singapore 118523 for a period of three (3) months commencing from the date of this announcement.

Shareholders who wish to inspect the SPA may email shareholder@metechinternational.com to make an appointment in advance so to limit the number of people who are present at the registered office at any one time. Such arrangements are subject to prevailing regulations, orders, advisories and guidelines in relation to safe distancing measures implemented by the relevant authorities from time to time.

By Order of the Board of Directors of
Metech International Limited

Chay Yiowmin
Independent Non-Executive Chairman

21 September 2021

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 Listing Manual Section B: Rules of Catalist 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. at 6 Raffles Quay, #24-02, Singapore 048580, sponsor@rhtgoc.com.