



铭泰国际

METECH INTERNATIONAL LIMITED
(Company Registration No. 199206445M)
(Incorporated in the Republic of Singapore)

RESPONSES TO SGX REGCO'S FURTHER QUERIES

The Board of Directors (“**Board**” or “**BOD**”) of Metech International Limited (“**Company**” or “**Metech**”, together with its subsidiaries, “**Group**”) refers to the Company’s announcements on 22 April 2020 regarding the responses to SGX RegCo’s Queries and the joint venture agreement entered into between the Company and Mr In Nany Sing Charlie (“**Charlie**”) (“**Previous Announcements**”) and wishes to announce its responses to further queries raised by SGX RegCo on 23 and 26 April 2020 in relation to the Previous Announcements. *Unless otherwise defined, all capitalised terms used herein shall bear the same meaning ascribed to them in the Announcement.*

Query 1: Please disclose the background and credentials of Mr Charlie, and the projects/companies that he has been involved in.

Company’s response: Mr. Charlie In (“Charlie”) has been in the business and corporate world for more than 40 years. He has extensive business experience and knowledge of China, and over the years, built up a strong network in the country.

He is the chairman of Raffles Financial Group Limited, a diversified financial services company with a Singapore subsidiary, Raffles Financial Pte Ltd, that is registered with Monetary Authority of Singapore as an exempt corporate finance advisor. He is a director and shareholder of Bluegas Pte Ltd and KimTech Pte Ltd, both are subsidiaries of KTL Global Limited.

Charlie was the chairman of Asia Fashion Holdings Limited, Cedar Strategic Holdings Ltd (currently known as Emerging Town & Cities Singapore Ltd.), Raffles Capital Limited and Sino-Environment Technology Group Limited. He no longer holds any position in these companies.

Charlie was a JV partner of NGSC Limited (“NGSC”), which is a company operating in a different business than the Nolash Tech Pte Ltd (“Nolash Singapore”). Based on the latest announcement on 31 March 2020 by NGSC, we noted that the JV between NGSC and Charlie was subsequently terminated

He was an adjunct faculty member of Singapore Institute of Management, University of Hull, University of South Australia, Shanghai JiaoTong University, Tsinghua University. He has served the Peoples’ Association of Singapore for 10 years as special advisor for talent development and social engagement.

Query 2: Please elaborate on the relation between the Company and the counterparties, as well as the Company’s obligations in respect of the 5 agreements that Nolash Singapore had entered into with the Chinese companies to provide TOP services to each of them for annual service fee of RMB10 million.

Company’s responses: Charlie and Mr Liu Changsheng (“**Mr Liu**”), the Company’s non-executive Chairman, have given confirmation that they are not related to the counterparties and their associates.

On 23 September 2019, the Company announced that Nolash Tech (Shanghai) Co., Ltd. (“**Nolash Shanghai**”), a wholly-owned subsidiary of Nolash Tech Pte Ltd (“**Nolash Singapore**”), has entered into agreements with five companies in China to provide exclusive technical, operation and procurement (“**TOP**”) services to each for an annual service fee of RMB10 million (approximately S\$2 million) payable quarterly in advance, and Nolash Shanghai will maintain a refundable performance deposit of RMB

2,000,000 (approximately S\$400,000) with each of counter-parties, payable within one month after signing the agreement.

Upon further analysis, it has been found that certain tax benefits under the Shanghai Free Trade Zone are available to the Company if Nolash Singapore is to undertake the TOP services directly using a Free Trade Non-resident or FTN account. The agreements were put on hold and the refundable performance deposits were not paid out. Nolash Singapore has applied for the FTN account received approval for the FTN account at the end of February 2020. Metech International Ltd (“**MIL**”) through the current management team led by Mr. Clement Tay (“**Clement**”), is reviewing and renegotiating the Service Agreements with the counterparties such that Nolash Singapore will replace Nolash Shanghai as the contracting party to the agreements. Unfortunately, the Covid-19 outbreak has caused little progress with regards to the agreements.

Query 3: Please elaborate on the Management Team of the Company that will be heading and running its recycling business which is in the form of consulting and management services.

Company’s response: The Board of directors of MIL will provide oversight over the management team.

Regarding the three-member board of the JV Company, MIL will be represented by two directors, Mr. Liu and Clement, MIL’s new CEO who is currently based in Shanghai. Charlie is the third director representing himself based on his shareholding interest. Mr. Liu and Clement will work with Charlie to identify and appoint experienced executives to execute and achieve the business and profit objectives.

Query 4: Please explain what does it mean by para 4.3(c) which states “MIL shall be responsible for the continued survival of the JV Company and its subsidiary”.

Company’s response: MIL, being the majority shareholder in the joint venture, has made it clear to the minority shareholder of its intention to ensure the JV Company will remain viable at all times. As such, MIL will control corporation services (i.e. administrative, book-keeping, legal etc.) and ensure the JV Company is in compliance with those relevant rules and regulations (in terms of the financial support, please refer to the responses to Q7), until such time shareholders should decide to terminate the JV or dispose of it. MIL is therefore responsible for the continued survival or liquidation of the JV Company or its subsidiary (where applicable) when deemed economically unviable.

Query 5: What was Charlie’s role and contribution towards the acquisition of the 5 agreements that Nolash Singapore had acquired?

Company’s response: Charlie had assisted Mr. Liu in acquiring the five agreements under Nolash Shanghai. Going forward, Mr. Liu will be working closely with Clement to renegotiate the service contracts with the view of novating them to Nolash Singapore following the setting up of the FTN account in Shanghai. Currently there has been little progress given the uncertainties caused by the Covid-19 outbreak.

Query 6: What is the arrangement between the JV Company and Nolash Singapore in respect of the 5 agreements that Nolash Singapore had entered into with the Chinese companies to provide TOP services to each of them for annual service fee of RMB10 million?

Company’s response: Charlie has ceased to be a director of Nolash Singapore since 8 April 2020 and there was no service contract between Charlie and Nolash Singapore, hence no director’s fees and/or salary was paid or will be payable to Charlie for his appointment as Director.

MIL has not made any special arrangement between Nolash and the JV Company with Charlie. Mr Liu will continue to work on the proposed TOP agreements, together with Clement. At the same time, Mr Liu, Clement and Charlie will lead the JV Company in promoting the new business.

Query 7: In the event that the JV Company require funding in the future, how will such funding be contributed by Metech and the JV Company respectively?

Company's response: Priority will be through funding from financial institutions. Through the JVA, Shareholders have also pledged to extend interest-bearing loans to the company when required. The Company does not expect working capital to be significant given its business model.

Query 8: Taking into account the role of Charlie in the JV Company (responsible for the securing of a management team who will be running the Business and day-to-day operations of the JV Company) and the value of the 5 agreements that Nolash Singapore had acquired (each being annual service fee of RMB10 million payable quarterly in advance), how is the AC satisfied that the JV arrangement of 51% shareholding by Metech and 49% shareholding by Charlie is in the best interests of the Company and that the interests of the Company are safeguarded?

Company's response: The five agreements signed under Nolash Shanghai before the Covid-19 outbreak have not progressed as planned. Mr. Liu, together with Clement, is renegotiating the Service Agreements with the five companies such that Nolash Singapore will replace Nolash Shanghai as the contracting party to the agreements. However, in view of the current Covid-19 situation, they are facing delays and force majeure due to circumstances that are beyond their control.

While the Company continues to work on the Nolash agreements, it is in the interest of the Company to participate in the new business opportunity presented with Charlie's contribution. Since Charlie will be the key driver of this business and is motivated by direct participation in the JV Company's result, the AC is satisfied that such a structure is likely to yield positive outcome. As MIL holds a quorum on the board of the JV Company with a 2/3 majority, MIL will be the dominant party with significant control over the JV Company. In light of the above, the AC is of the opinion that the Company's interests are adequately safeguarded.

Query 9: Please elaborate on the due diligence that have been performed on Charlie, his investment and management track records, and on this new business the Company is entering into with Charlie.

Company's response: Charlie was introduced to the Company by an unrelated party. The previous Board and management had no prior knowledge of him, and conducted its searches based on open-source information such as SGX announcements and publicly available information (as disclosed in the responses to Q1 of the earlier queries). Based on information collected so far, the Board is comfortable that it is viable and since there is little upfront investment, of a low risk profile.

Query 10: Further to the Company's response in qn 7, please confirm if future funding of the JV Company will be in direct proportion to the Company's (51%) and Charlie's (49%) respective shareholdings, and why?

Company's response: While shareholders have pledged to extend interest-bearing loans to the company when required, the contribution of each part will not necessarily be proportionate to their shareholding. As and when the shareholders decide to extend a loan to the JV Company, this will be subject to its respective terms and conditions to be negotiated then.

Query 11: Please confirm if there are plans for the JV Company to work on or take over the 5 service agreements entered into with the Chinese companies (each being annual service fee of RMB10 million payable quarterly in advance)? This is given that the original plan of the Company (as elaborated in the Company's responses to SGX queries announced on 22 Apr 2020) was to dispose 49% in Nolash Tech Pte Ltd ("Nolash Singapore") for S\$1 to Charlie, wherein Nolash Singapore was due to replace Nolash Shanghai as the contracting party to the 5 service agreements entered into with the Chinese companies.

Company's response: With reference to the preamble to the Company's responses to the SGX Queries on 22 April 2020, the arrangements in the JV Company **does not** involve any arrangements or agreements with Nolash Singapore. As such, The Company has no plans for the JV Company to take over the 5 service agreements. As disclosed in the responses to Q2 of the earlier queries, Nolash's management is reviewing and renegotiating the service agreements with the counterparties, and if successful, Nolash Singapore will continue as the contracting party to the agreements.

Query 12: In response to question 8, it was stated that Charlie will be the key driver of this business, AND in response to question 3, it was stated the Management Team/ experienced executives have not been identified yet to run the Company's and JV Company's recycling business, which is in the form of consulting and management services. Mr. Liu and Clement will work with Charlie to identify and appoint experienced executives to execute and achieve the business and profit objectives. As such, what are AC's views and basis on the following:

- a. Key-man risk and whether Metech is reliant on Charlie and his contacts to run the recycling business / JV Company;
- b. Whether Metech have the necessary expertise or Board member with appropriate experience to run and oversee the recycling business / JV Company?

Company's response:

The AC is of the view that Metech is not reliant on Charlie to run its the recycling business. As disclosed in the Previous Announcement, the JV Company was set up to draw on the merits of the Company's existing expertise in recycling and trading. Charlie is only involved in the affairs relating to the JV Company. The AC considered the following:

a. Mr Liu and Clement, who are directors of the Company and also directors in the JV Company, will be actively involved in the affairs of the JV Company. Both gentlemen are experienced executives with the respective area of professional expertise specifically in the PRC. Clement is based in Shanghai and has been appointed as the Company's lead to work on achieving the business objectives of the JV Company. Charlie's principal role is that of business development, scouting for opportunities for the JV Company by tapping on his contacts in the PRC.

b. The Company and its board members have accumulated years of experience and expertise in the recycling business even prior setting up this JV Company with Charlie. With both its Chairman and CEO being based in China, the Company does not foresee that it will be reliant on Charlie to run the business under the JV Company.

For and on behalf of the Board of
METECH INTERNATIONAL LIMITED

Clement Tay
Chief Executive Officer and Executive Director
28 April 2020

The announcement had been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinion made or reports contained in this announcement.

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