



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

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**SIXTH UPDATE: THE PROPOSED DISPOSAL OF THE COMPANY'S  
ELECTRONIC WASTE MANAGEMENT BUSINESS IN THE  
UNITED STATES OF AMERICA**

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*Unless otherwise defined, all capitalized terms used in this announcement shall be the same meaning as ascribed to them in the Company's announcements dated 18 September 2018, 31 October 2018, 5 November 2018, 9 November 2018, 14 November 2018, 31 December 2018 and 18 January 2019 (the "Announcements") and the Circular to Shareholders dated 8 October 2018 (the "Circular").*

**1. INTRODUCTION**

The Board of Directors (the "**Board**") of Metech International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Announcements and Circular in relation to the proposed disposal of the Company's electronic waste management ("**EWM**") business.

Further to the Company's announcement dated 31 December 2018, where it was made known that the Company had received and is reviewing the Stock Purchase Agreement (the "**SPA**") from First America Metal Corporation ("**FAMC**") of the United States of America (the "**US**"), the Board wishes to announce that the Company has entered into a revised SPA on 19<sup>th</sup> February 2019 with First America Management Group Corp. ("**FAMG**" or the "**Purchaser**"), an associate of FAMC and a Delaware corporation, for the sale of its entire shareholding in Metech Recycling (USA) Pte. Ltd. ("**MRUS**"), a holding company incorporated in Singapore, which owns 100% of Metech Recycling Inc. ("**MRI**") and Metech Metals Inc. ("**MMI**"), both companies are registered in the US. Together, this represents the Company's entire EWM business in the US (the "**Targets**"). Further details on the principal terms of the SPA are set out in this announcement (the "**Proposed Disposal**").

**2. INFORMATION ON THE BUSINESS AND THE PURCHASERS**

MRI is a Delaware-registered corporation and has been the operating company since 1968, specialising in the collection and processing of electronic wastes within the US. MMI was incorporated in California in 2012 and has been dormant since incorporation. MRUS is an intermediate holding company of the Company for its business in the US. The Proposed Disposal involves the transfer of the Company's entire shareholding in MRUS and its subsidiaries in the US ("**Sale Shares**").

FAMG is an associate of FAMC, which was founded in 2002. FAMC specialises in the recycling and processing of electronic waste and non-ferrous metals, as well as resource recovery in the US.

### 3. RATIONALE AND USE OF PROCEEDS

#### 3.1 Rationale of the Proposed Disposal

The Proposed Disposal is consistent with the Company's decision to dispose of its entire EWM business.

The Company received a Letter of Intent ("**LOI**") from FAMC on 6 November 2018 for a majority stake in MRI for a nominal consideration of US\$1 and a call option ("**Option**") to acquire up to 80% of MRI within three years for a further consideration of US\$280,000 ("**Option Consideration**"). The LOI was signed on 13 November 2018. This Proposed Disposal is a further development from the LOI and as assessed by the Company's Board, it is an improvement from the LOI. With the disposal of 100% of the Targets, the Company will now receive an outright cash payment instead of the Option Consideration three years later and exit from the US entirely upon the completion of the disposal.

#### 3.2 Use of Proceeds

The Company intends to use the entire proceeds from the Proposed Disposal as working capital.

### 4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

#### 4.1 Consideration

The Consideration for 100% of the Targets is US\$300,000. It was agreed by FAMG after an intensive due diligence and negotiation process of more than three months after signing the LOI on 13 November 2018. Reference was made to the independent valuation report produced by BDO (subsequently updated to 31 December 2018) and a specific evaluation of the Targets produced by BDO (the "**Valuation Report**") after the Group's 2Q2019 results announcement, as well as the signed LOI in which the FAMG's associate company, FAMC had agreed to the Option Consideration of US\$280,000.

The disposal of the Targets and the Company's entire shareholding in MRUS will result in the deconsolidation of the Group's operations in the US and the estimated impact to the Group's consolidated financial report will be a net gain on disposal of about S\$4.0 million including an amount receivable from MRI of approximately US\$0.5 million as at 31 December 2018 by the Company's subsidiary Metech Recycling (Singapore) Pte. Ltd. ("**Outstanding AR**"). In the SPA, the Outstanding AR shall be converted to a loan repayable in three years.

#### 4.2 Completion

Subject to the terms and conditions of the SPA, the completion shall take place on or prior to the third Business Day after the satisfaction or waiver of each of the conditions set forth in Condition Precedents as set out below (the "**Closing**") or at such other time and location as the parties shall mutually agree.

#### 4.3 Conditions Precedent to the Completion of the Proposed Disposal

Completion of the sale and purchase of the Sale Shares is conditional upon the following actions or documents to be carried out or executed on or before the completion date:

- i) The Purchaser shall have delivered the Consideration;
- ii) The Seller shall make the balance of “intercompany indebtedness” be “zero” upon the Closing;
- iii) The Seller shall have delivered the Share Certificates and relevant Board Resolutions.
- iv) The Seller shall have received a certificate from an executive officer of the Purchaser confirming that all representations and warranties of the Purchaser shall be true and correct in all material respects as of the date when made and as of the Closing as though made on and as of such date.
- v) The Purchaser shall have received a certificate from an executive officer of the *Seller* confirming that all representations and warranties of the Company contained herein and in any of the ancillary agreements shall be true and correct in all material respects as of the date when made and as of the Closing as though made on and as of such date;
- vi) Any and all approvals required under the laws of the US, the laws of Singapore and other applicable laws and such other approvals deemed necessary by Seller and Purchaser with respect to the transactions contemplated by this Agreement; including:-
  - a. all necessary regulatory and other approvals being obtained, including, if necessary, a shareholders’ approval at an extraordinary general meeting for the sale contemplated herein; and
  - b. such other consents or approvals as may be required of the Singapore Exchange Limited (“SGX-ST”), any third party or government authority, regulatory body or competent authority.

## **5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

### **(a) Assumption**

FOR ILLUSTRATIVE PURPOSES ONLY, the pro forma financial effects of the Proposed Disposal on the Group are set forth below and were prepared based on the unaudited financial statements for the financial year ended 30 June 2018, being the most recently completed financial year of the Group, subject to the following assumptions:

- (i) the expenses incurred by the Company in connection with the Proposed Disposal are disregarded for the purposes of calculating the financial effects;
- (ii) for the purpose of computing the NTA per Share, it is assumed that the Proposed Disposal was completed on 30 June 2018; and
- (iii) for the purpose of computing the EPS of the Group, it is assumed that the Proposed Disposal was completed on 1 July 2017.

(b) Share Capital

The Proposed Disposal will not have any effect on the share capital and shareholding structure of the Company as the Proposed Disposal does not involve the allotment and issuance of any new Shares in the Company and the Consideration is wholly satisfied in cash.

(c) NTA per Share

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTA of the Group attributable to Shareholders (S\$)	3,907,000	6,384,000
Number of Shares	4,501,984,229	4,501,984,229
NTA per Share (cents)	0.09	0.14

(d) EPS

	<b>Before completion of the Disposal</b>	<b>After completion of the Disposal</b>
Net (losses) of the Group attributable to Shareholders (S\$)	(7,682,000)	(2,953,000)
Weighted average number of Shares	4,434,054,051	4,434,054,051
EPS (cents)	(0.17)	(0.07)

(e) Rule 1006 testing

Relative figures under Rule 1006 of the Catalist Rules

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules, based on the latest announced unaudited financial statements for the financial year ended 30 June 2018 are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative figures (%)</b>
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	Not meaningful <sup>1</sup>

<sup>1</sup> Not meaningful. The Sale Shares being disposed of has a net liability value as at 31 December 2018 of S\$3.814 million, compared with the Group's net asset value as at 31 December September 2018 of S\$1.948 million. The relative figure of negative 195.79% is a percentage gain to the net asset value.

(b)	The net loss attributable to the assets acquired or disposed of, compared with the group's net profits	Not meaningful <sup>2</sup>
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares	7.19% <sup>3</sup>
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable <sup>4</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved 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 acquisition of such assets.	Not applicable <sup>5</sup>

In accordance with Rule 1007(1), if any of the relative figures computed pursuant to Rule 1006 is a negative figure, the Company is required to consult the Exchange through its sponsor on the applicability of Chapter 10 of the Catalist Rules.

**Further, given that the relative figure computed under Rule 1006(a) is negative, pursuant to Catalist Rule 1007(1), the Company will, through the Sponsor, consult the SGX-ST on the application of Chapter 10 of the Catalist Rules for the Proposed Disposal and the requirements, where applicable, inter-alia the need for an extraordinary general meeting. The Company shall update the shareholders' accordingly.**

## 6. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and, as far as the Directors are aware, none of the Substantial Shareholders have any interest, direct or indirect, in the Proposed Disposal.

<sup>2</sup> Not meaningful. A net loss of S\$1.883 million is associated with the Sale Shares being disposed of as at 31 December 2018, compared with the Group's net loss as at 31 December 2018 of S\$2.150 million. The relative figures of 87.58% expresses the percentage of two negative figures.

<sup>3</sup> As at the date of this announcement, the market capitalization of the Company is approximately S\$5,672,498 based on 90,039,655 Shares in issue at a volume weighted average price of \$0.063 for each share on 18 February 2019, being the last full market day preceding the date of entering into this SPA.

<sup>4</sup> This is not an acquisition.

<sup>5</sup> This is not a disposal of mineral, oil or gas assets by a mineral, oil or gas company.

## 7. DOCUMENTS FOR INSPECTION

A copy of the SPA and the Valuation Report are available for inspection during normal business hours at the registered office of the Company at 65 Tech Park Crescent, Singapore 637787, for a period commencing three (3) months from the date of this announcement.

## 8. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and the directors of the Company jointly and severally accept full responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

In the meantime, the Board and Management will continue to work on a viable solution for the Singapore entity conducting the EWM business. The Company will provide further details in subsequent announcements in relation to the progress of the Proposed Disposal.

For and on behalf of the Board of Directors of  
**METECH INTERNATIONAL LIMITED**

**Simon Eng**  
Chief Executive Officer

Date: 19 February 2019

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*The announcement had 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 Singapore Exchange Securities Trading Limited (the "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 Sponsor and the SGX-ST assume 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.*

*The contact person for the Sponsor is Mr. Shervyn Essex, Registered Professional, Registered Professional, RHT Capital Pte. Ltd., 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, tel: 6381 6757.*