

MATEX INTERNATIONAL LIMITED
(Registration Number 198904222M)
(Incorporated in Singapore)

and its subsidiaries

Condensed Interim Financial Statements
For the Six Months and Full Year Ended
31 December 2022

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CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2022

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FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2022

Condensed Interim Consolidated Statement of Comprehensive Income
For the Financial Year Ended 31 December 2022

	Note	Group					
		2H2022 S\$'000	2H2021 S\$'000	2H2022 vs 2H2021 Increase / (Decrease) %	FY2022 S\$'000	FY2021 S\$'000	FY2022 vs FY2021 Increase / (Decrease) %
Revenue	4	6,804	10,717	(36.51)	14,589	20,925	(30.28)
Cost of sales		(5,727)	(9,591)	(40.29)	(12,079)	(18,285)	(33.94)
Gross Profit		<u>1,077</u>	<u>1,126</u>	(4.35)	<u>2,510</u>	<u>2,640</u>	(4.92)
Other income		12,380	173	N.M.	12,460	334	N.M.
Selling and distribution expenses		(798)	(948)	(15.82)	(1,653)	(1,824)	(9.38)
General and administrative expenses		(5,741)	(3,618)	58.68	(9,622)	(7,394)	30.13
Other operating expenses		(41)	(192)	(78.65)	(150)	(192)	(21.88)
Write back of impairment losses on financial assets		253	91	178.02	543	100	N.M.
Finance income		60	(4)	N.M.	77	21	266.67
Finance expenses		(118)	(361)	(67.31)	(433)	(728)	(40.52)
Finance expenses, net		<u>(58)</u>	<u>(365)</u>	(84.11)	<u>(356)</u>	<u>(707)</u>	(49.65)
Profit / (Loss) before income tax		<u>7,072</u>	<u>(3,733)</u>	N.M.	<u>3,732</u>	<u>(7,043)</u>	N.M.
Income tax		(19)	(25)	(24.00)	(33)	(29)	13.79
Profit / (Loss) after tax for the period		<u>7,053</u>	<u>(3,758)</u>	N.M.	<u>3,699</u>	<u>(7,072)</u>	N.M.
Other comprehensive income / (loss):							
Currency translation difference		118	93	26.88	(24)	217	N.M.
Other comprehensive net of tax		<u>118</u>	<u>93</u>	26.88	<u>(24)</u>	<u>217</u>	N.M.
Total comprehensive income /(loss)		<u>7,171</u>	<u>(3,665)</u>	N.M.	<u>3,675</u>	<u>(6,855)</u>	N.M.
Profit / (Loss) for the period attributable to:							
Owners of the Company		9,629	(2,692)	N.M.	7,273	(4,930)	N.M.
Non-controlling interests		(2,576)	(1,066)	141.65	(3,574)	(2,142)	66.85
		<u>7,053</u>	<u>(3,758)</u>	N.M.	<u>3,699</u>	<u>(7,072)</u>	N.M.
Total comprehensive Income / (loss) attributable to:							
Owners of the Company		9,658	(2,586)	N.M.	7,096	(4,726)	N.M.
Non-controlling interests		(2,487)	(1,079)	130.49	(3,421)	(2,129)	60.69
		<u>7,171</u>	<u>(3,665)</u>	N.M.	<u>3,675</u>	<u>(6,855)</u>	N.M.

N.M. - Not meaningful

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Condensed Interim Statements of Financial Position

As at 31 December 2022

	Note	Group		Company	
		Dec-2022	Dec-2021	Dec-2022	Dec-2021
		S\$'000	S\$'000	S\$'000	S\$'000
Non-Current Assets					
Property, plant and equipment		360	468	2	4
Right-of-use assets		1,442	453	5	9
Intangible assets		-	158	-	160
Investment in subsidiaries	10	-	-	516	5,119
		1,802	1,079	523	5,292
Current Assets					
Inventories		3,244	2,530	-	-
Trade and notes receivables		2,491	2,154	679	784
Other receivables		5,011	1,200	3,285	1,159
Prepayment		69	184	51	54
Fixed deposits		-	1,501	-	-
Cash and cash equivalents		11,924	5,654	8,878	177
		22,739	13,223	12,893	2,174
Assets held for sale		-	15,918	-	-
		22,739	29,141	12,893	2,174
Total Assets		24,541	30,220	13,416	7,466
Current Liabilities					
Trade payables		877	1,328	-	-
Other payables and accruals		4,079	4,981	260	197
Contract liabilities		16	18	-	-
Tax payables		-	25	-	-
Lease liabilities		565	326	-	2
Term loans		2,401	1,948	-	-
		7,938	8,626	260	199
Liabilities held for sale		-	10,597	-	-
		7,938	19,223	260	199
Net Current Assets		14,801	9,918	12,633	1,975

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Condensed Interim Statements of Financial Position

As at 31 December 2022

	Note	Group		Company	
		Dec-2022	Dec-2021	Dec-2022	Dec-2021
		S\$'000	S\$'000	S\$'000	S\$'000
Non-Current Liabilities					
Lease liabilities		771	348	-	-
Term loan		661	3,499	-	-
Other long term liabilities		13	-	-	-
Deferred tax liabilities		59	74	-	-
		1,504	3,921	-	-
Net Assets					
		15,099	7,076	13,156	7,267
Equity					
Share capital		24,603	24,603	24,603	24,603
Capital reserve	11	294	294	-	-
General reserve	12	4,349	4,417	-	-
Enterprise expansion fund	12	4,349	4,417	-	-
Translation reserve	13	46	244	-	-
Accumulated losses		(18,766)	(26,173)	(11,447)	(17,336)
		14,875	7,802	13,156	7,267
Non-controlling interests		224	(726)	-	-
Total Equity		15,099	7,076	13,156	7,267

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Condensed Interim Statements of Changes in Equity
For the Financial Year Ended 31 December 2022

	Attributable to owners of the Company								Total
	Share capital	Capital reserve	General reserve	Enterprise expansion fund	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group									
As at 01-January-2021	24,603	294	4,417	4,417	40	(21,243)	12,528	1,403	13,931
Loss for the year	-	-	-	-	-	(4,930)	(4,930)	(2,142)	(7,072)
Other comprehensive income for the year	-	-	-	-	204	-	204	13	217
Total comprehensive loss for the year	-	-	-	-	204	(4,930)	(4,726)	(2,129)	(6,855)
As at 31-December-2021	24,603	294	4,417	4,417	244	(26,173)	7,802	(726)	7,076
As at 01-January-2022									
As at 01-January-2022	24,603	294	4,417	4,417	244	(26,173)	7,802	(726)	7,076
Profit for the year	-	-	-	-	-	7,273	7,273	(3,574)	3,699
Other comprehensive loss for the year	-	-	-	-	(177)	-	(177)	153	(24)
Total comprehensive income for the year	-	-	-	-	(177)	7,273	7,096	(3,421)	3,675
Disposal of subsidiaries	-	-	(68)	(68)	(21)	134	(23)	4,371	4,348
As at 31-December-2022	24,603	294	4,349	4,349	46	(18,766)	14,875	224	15,099
Company									
As at 01-January-2021	24,603	-	-	-	-	(16,347)	8,256	-	8,256
Loss for the year	-	-	-	-	-	(989)	(989)	-	(989)
As at 31-December-2021	24,603	-	-	-	-	(17,336)	7,267	-	7,267
As at 01-January-2022	24,603	-	-	-	-	(17,336)	7,267	-	7,267
Profit for the year	-	-	-	-	-	5,889	5,889	-	5,889
As at 31-December-2022	24,603	-	-	-	-	(11,447)	13,156	-	13,156

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Condensed Interim Consolidated Statement of Cash Flows
For the Financial Year Ended 31 December 2022

	FY2022	FY2021
	S\$'000	S\$'000
Cash flow from operating activities		
Profit / (Loss) before income tax	3,732	(7,043)
Adjustments for:		
Depreciation of property, plant and equipment	641	963
Depreciation of right-of-use assets	428	180
Amortisation of intangible assets	160	161
Write-back of trade receivables	(543)	(100)
Loss /(Gain) from disposal of property, plant and equipment	226	(2)
Property, plant and equipment written off	99	50
Gain on derecognised of lease contract	(1)	-
Net gain on disposal of assets held-for-sale	(12,326)	-
Reversal of impairment of non-financial assets	-	(10)
Allowance for inventory obsolescence	2,478	12
Write back of provision for inventory	-	(162)
Interest expense on borrowings and lease liabilities	433	728
Interest income	(77)	(21)
Translation adjustments	656	28
Operating cash flows before changes in working capital	(4,094)	(5,216)
Decrease in inventories	290	3,691
Decrease in trade and note receivables	2,185	945
(Increase) / decrease in other receivables and prepayments	(3,434)	571
Increase / (decrease) in trade and other payables	4,202	987
Decrease in contract liabilities	(30)	(80)
Decrease in other long term liabilities	-	(3)
Cash used in operations	(881)	895
Interest received	77	21
Interest paid	(433)	(728)
Income tax refund	62	50
Net cash used in operating activities	(1,175)	238

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Condensed Interim Consolidated Statement of Cash Flows
For the Financial Year Ended 31 December 2022

	Note	FY2022 S\$'000	FY2021 S\$'000
Cash flow from investing activities			
Purchase of property, plant and equipment		(76)	(273)
Proceeds from disposal of property, plant and equipment		-	6
Net cash inflow on disposal of subsidiaries		8,462	-
Repayment from former subsidiary		3,379	-
		<u>11,765</u>	<u>(267)</u>
Net cash generated from / (used in) investing activities			
Cash flow from financing activities			
Decrease in restricted cash		1,501	-
Proceeds from loans and borrowings		464	4,153
Repayment of loans and borrowings		(5,956)	(1,785)
Payment of principal portion of lease liabilities		(827)	(461)
		<u>(4,818)</u>	<u>1,907</u>
Net cash (used in) / generated from financing activities			
Net increase in cash & cash equivalents		5,772	1,878
Effect of exchange rate changes on cash and cash equivalents		(303)	108
Cash and cash equivalents at beginning of financial year		6,455	4,469
Cash and cash equivalents at end of financial year		11,924	6,455
	A	<u><u>11,924</u></u>	<u><u>6,455</u></u>

Note A: Cash and cash equivalents

Cash and cash equivalents consists of bank balances and fixed deposits.

Cash and cash equivalents included in consolidated statement of cash flows comprise the following balance sheet amounts:

	Dec-2022 S\$'000	Dec-2021 S\$'000
Cash and bank balances	11,924	6,455
Fixed deposits	-	1,501
	<u>11,924</u>	<u>7,956</u>
Less : Restricted cash*	-	(1,501)
Cash and cash equivalents	11,924	6,455
	<u><u>11,924</u></u>	<u><u>6,455</u></u>

*Restricted cash are cash that are placed as collateral with banks for the term loans taken up by subsidiaries.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Financial Year Ended 31 December 2022

These notes form an integral part and should be read in conjunction with the accompanying financial statements.

1 General

Matex International Limited (the “**Company**”) is a limited liability company, which is incorporated and domiciled in the Republic of Singapore and publicly traded on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 1003, Bukit Merah Central, #01-10 Inno Centre, Singapore 159836.

The principal activities of the Company are the formulation, manufacturing and sale of specialty chemicals focusing on dyestuff and auxiliaries for the textile industry.

The principal activities of the subsidiaries are disclosed in Note 10 to the condensed interim consolidated financial statements.

These condensed interim financial statements as at and for the six months and full year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the “**Group**”).

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The condensed interim financial statements of the Group for the six months and full year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (the “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 the Group’s performance since the last condensed interim financial statements for the period ended 30 June 2022.

The condensed interim financial statements are presented in Singapore Dollars (SGD or \$) and all values are rounded to the nearest thousand (\$’000) except when otherwise indicated.

The accounting policies and method of computations used in the condensed interim financial statements 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.

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2.2 *Adoption of new and amended standards and interpretations*

In the current financial year, the Group has adopted all the new and revised SFRS (I) that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised SFRS(I)s did not result in material changes to the Group's accounting policies and has no material effect on the financial results or position of the Group and the Company.

3 *Significant Accounting Judgements and Estimates*

The preparation of the Group's condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

Critical judgement is required in the application of accounting policies when preparing the Group's condensed interim financial statements. Management is of the opinion that the instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimates.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Allowance for expected credit losses ("ECLs") of trade receivables*

The Group determines ECLs and impairment of trade receivables by making debtor-specific assessment of expected impairment loss for long overdue trade receivables, and using a provision matrix for the remaining trade receivables.

The provision matrix is based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

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3.2 Key sources of estimation uncertainty (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of the Group and the Company's trade receivables as at 31 December 2022 are \$1,109,000 (2021: \$1,778,000) and \$712,000 (2021: \$784,000) respectively.

(b) *Allowance for slow-moving and obsolete inventories*

A review of the realisable value of the inventories is performed periodically for slow-moving, obsolete, and inventories which have a decline in net realisable value below cost. An allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future market demand for the products, pricing competitions, environmental regulations requirements and age of the inventories. Possible changes in these estimates could result in revisions to the valuation of inventories.

The carrying amount of the Group's inventories as at 31 December 2022 is \$3,244,000 (2021: \$2,530,000).

(c) *Impairment of non-financial assets (property, plant and equipment, right-of-use assets and intangible assets)*

The recoverable amounts of the cash generating units ("CGU") are determined based on value in use, which are computed using a discounted cash flow model. This assessment required management to exercise significant judgement over various inputs and assumptions such as revenue growth rates, gross margins and discount rate.

The carrying amount of the Group's property, plant and equipment, right-of-use assets and intangible assets as at 31 December 2022 is \$360,000, \$1,442,000 and NIL (2021: \$468,000, \$453,000 and \$158,000) respectively.

4 Revenue and segment information

(a) *Revenue by segments*

	Group	
	<u>FY2022</u> \$'000	<u>FY2021</u> \$'000
Primary geographical markets		
People's Republic of China (the "PRC")	10,520	15,640
Malaysia	1,342	1,447
Singapore	2,727	3,838
Sale of goods at a point in time	14,589	20,925

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4 Revenue and segment information (cont'd)

(b) *Segment Information*

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's geographical segments only as it is not meaningful to present segmental reporting by business segments since revenue of the Group is primarily derived from the manufacture and sale of dyestuffs and auxiliaries.

Inter-segment pricing is determined on an arm's length basis. The Group's operating businesses are organised and managed separately by geographical segments based on location of assets. Revenue, assets and additions to property, plant and equipment are based on the location of those assets.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total costs incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

	PRC		Other Asia Pacific		Eliminations		Group	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue								
Sales to external customers	10,520	15,640	4,069	5,285	-	-	14,589	20,925
Inter-segment sales	5,961	9,603	356	808	(6,317)	(10,411)	-	-
Total revenue	16,481	25,243	4,425	6,093	(6,317)	(10,411)	14,589	20,925
Segment results	(8,104)	(5,384)	5,400	(977)	6,792	25	4,088	(6,336)
Financial expense, net							(356)	(707)
Profit / (Loss) before tax							3,732	(7,043)
Income tax							(33)	(29)
Profit / (Loss) after tax							3,699	(7,072)
Non-controlling interest							3,574	2,142
Profit / (Loss) attributable to owners of the parent							7,273	(4,930)
Segment Assets	10,473	39,168	17,872	15,038	(3,804)	(23,986)	24,541	30,220
Segment Liabilities	7,953	34,530	5,211	7,568	(3,722)	(18,954)	9,442	23,144

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5 Expenses by Nature

	Group					
	2H2022	2H2021	2H2022 vs 2H2021 Increase / (Decrease)	FY2022	FY2021	FY2021 vs FY2020 Increase / (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	158	477	(66.88)	641	963	(33.44)
Depreciation of right-of-use assets	338	89	279.78	428	180	137.78
Amortisation of intangible assets	79	81	(2.47)	160	152	5.26
Cost of Sales	8,219	9,550	(13.94)	14,571	18,244	(20.13)
Write back of impairment losses on financial assets	(253)	(91)	178.02	(543)	(100)	443.00
Reversal of impairment of non-financial assets	-	-	N.M	-	(10)	(100.00)
Research and development	2	22	(90.91)	15	41	(63.41)
Allowance of inventory obsolescence	2,464	12	N.M.	2,478	12	N.M.
Write back of provision for inventory	-	(162)	(100.00)	-	(162)	(100.00)
Foreign exchange loss	472	14	N.M.	361	18	N.M.
(Gain) / Loss from disposal of property, plant and equipment	-	(8)	(100.00)	226	(2)	N.M.
Property, plant and equipment written off	99	50	98.00	99	50	98.00
Interest expense on borrowings and lease liabilities	119	361	(67.04)	433	728	(40.52)
Interest income	(60)	4	N.M.	(77)	(21)	266.67
Net gain on disposal of asset-held-for-sale	(12,326)	-	N.M	(12,326)	-	N.M
Gain on derecognised of lease contract	(1)	-	N.M	(1)	-	N.M

N.M. - Not meaningful

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6 Financial assets and financial liabilities

Financial assets carried at amortised costs comprise the following:

	Group	
	<u>Dec-2022</u>	<u>Dec-2021</u>
	\$'000	\$'000
Trade receivables	1,109	1,778
Notes receivables	1,382	376
Total trade and notes receivables	2,491	2,154
Add:		
Other receivables	4,973	1,083
Deposit	38	39
Cash and cash equivalents	11,924	5,654
Fixed deposits	-	1,501
Total financial assets carried at amortised cost	19,426	10,431

Financial liabilities carried at amortised costs comprise the following:

	Group	
	<u>Dec-2022</u>	<u>Dec-2021</u>
	\$'000	\$'000
Trade payables	877	1,328
Add:		
Other payables and accruals*	4,092	4,981
Lease liabilities	1,336	674
Term loans	3,062	5,447
Less:		
Provision for unutilised leave	(47)	(38)
Total financial liabilities carried at amortised cost	9,320	12,392

**breakdown of other payables and accruals*

	Group	
	<u>Dec-2022</u>	<u>Dec-2021</u>
	\$'000	\$'000
Other payables	3,838	4,586
Accrued operating expenses	41	237
Accrued payroll related expenses	213	158
Total other payables and accruals	4,092	4,981

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7 Share Capital

	Group and Company			
	<u>2022</u>		<u>2021</u>	
	Number of shares '000	\$'000	Number of shares '000	\$'000
Issued and fully paid ordinary shares:				
At beginning and end of the year	311,698	24,603	311,698	24,603

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

8 Earnings per share

Earnings / (loss) per share is calculated by dividing the net earnings attributable to owners of the Company of \$7,273,000 (2021: loss of \$4,930,000) by the weighted average number of ordinary shares outstanding during the year of 311,698,153 (2021: 311,698,153) shares.

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares as at 31 December 2022 and 2021.

Earnings / (Loss) per share based on loss of the year attributable to owners of the Company

	Year-ended 31 December	
	<u>2022</u> Cents	<u>2021</u> Cents
(a) Based on weighted average number of ordinary shares	2.33	(1.58)
(b) Based on a fully diluted basis	2.33	(1.58)
Weighted average number of ordinary shares in issue	311,698,153	311,698,153

Earnings / (Loss) per share was calculated based on 311,698,153 ordinary shares in issue for the year ended 31 December 2022 and the year ended 31 December 2021.

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9 Net Asset value per share

Net asset value per share (for the Group and the Company) based on the total number of shares excluding treasury shares at the end of the:

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	<u>Dec-2022</u>	<u>Dec-2021</u>	<u>Dec-2022</u>	<u>Dec-2021</u>
Net asset value per share (cents)	4.77	2.50	4.22	2.33

Net asset value per share as at 31 December 2022 was computed based on 311,698,153 ordinary shares (31 December 2021: 311,698,153 ordinary shares).

10 Investment in Subsidiaries

	Company	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Unquoted equity shares, at cost	3,608	12,650
Add: Addition	362	-
Less: Impairment losses	(3,454)	(7,531)
	<u>516</u>	<u>5,119</u>

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10 Investment in Subsidiaries (cont'd)

(a) Composition of the Group

The Group has the following investment in subsidiaries:

<u>Name of subsidiaries</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Proportion (%) of ownership interest</u>	
			<u>2022</u>	<u>2021</u>
<u>Held by the Company</u>				
Matex Holdings Pte Ltd	General wholesale trading & dyestuffs manufacturing	Singapore	100	100
Shanghai Matex Chemicals Co., Ltd	Sale of dyestuffs	PRC	60	60
Unimatex Sdn Bhd	Formulating, manufacturing and sale of dyestuffs, auxiliaries and optical brighteners	Malaysia	100	100
Matex Chemicals Technologies (Shanghai) Co., Ltd	General wholesale trading	PRC	100	100
<u>Held through a subsidiary (Matex Holdings Pte Ltd)</u>				
Dedot Trading (Shanghai) Co., Ltd	Import, export and wholesale of all kinds of garments, textile products and chemical products	PRC	100	100

Impairment on investment in subsidiaries

Management has performed an impairment assessment for subsidiaries with indicators of impairment based on their estimation of recoverable amount. Due to stringent environmental and safety compliance measures implemented by the government of the PRC in recent years, the production facilities located in the PRC had to undergo retrofitting work by phases. These have disrupted production due to restricted capacity and resulted in low sales and losses recorded by these subsidiaries.

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10 Investment in Subsidiaries (cont'd)

(b) Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

<u>Name of subsidiary</u>	<u>Principal place of business</u>	<u>Proportion of ownership interest held by NCI</u>	<u>Loss allocated to NCI during the reporting period</u>	<u>Accumulated NCI at the end of reporting period</u>
<u>31 December 2022:</u>				
Shanghai Matex Chemicals Co., Ltd	PRC	40%	(1,575)	224
<u>31 December 2021:</u>				
Shanghai Matex Chemicals Co., Ltd	PRC	40%	(630)	1,838

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statements of financial positions

	Shanghai Matex Chemicals Co., Ltd	
	<u>Dec-2022</u> \$'000	<u>Dec-2021</u> \$'000
Current		
Assets	3,873	8,382
Liabilities	(3,980)	(3,907)
Net current (liabilities) /assets	(107)	4,475
Non-current		
Assets	1,212	122
Liabilities	(546)	-
Net non-current assets	666	122
Net assets	559	4,597

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10 Investment in Subsidiaries (cont'd)

Summarised statement of comprehensive income

	Shanghai Matex Chemicals Co., Ltd	
	<u>FY2022</u>	<u>FY2021</u>
	\$'000	\$'000
Revenue	3,457	1,313
Loss before taxation	(3,938)	(1,819)
Income tax expense	-	-
Loss after tax	(3,938)	(1,819)
Other comprehensive income	-	-
Total comprehensive loss	<u>(3,938)</u>	<u>(1,819)</u>

(d) Disposal of subsidiaries

On 8 July 2022 and 29 August 2022, the Group completed the transfer of ownership of Amlly Chemicals Co., Ltd ("**ACL**") and Matex Chemicals (Taixing) Co., Ltd ("**MCT**") respectively.

Consideration

	<u>ACL</u>	<u>MCT</u>
	S\$'000	S\$'000
Consideration received in cash and cash equivalents	11,665	102
Deferred sales proceeds not received as at year end	1,157	-
Total consideration	<u>12,822</u>	<u>102</u>

Analysis of assets and liabilities over which control was lost

	<u>ACL</u>	<u>MCT</u>
	S\$'000	S\$'000
Cash and cash equivalents	3,254	52
Trade receivables	4	602
Inventories	124	1,117
Other receivables	723	2,048
Property, plant and equipment	1,242	6,381
Payables	(165)	(14,374)
Term loan	-	(4,756)
NCI	-	4,369
Net assets/(liabilities) disposed of	<u>5,182</u>	<u>(4,561)</u>

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10 Investment in Subsidiaries (cont'd)

Gain on disposal of subsidiaries

	<u>ACL</u>	<u>MCT</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Consideration	12,822	102
Less: Net assets/(liabilities) disposed of	5,182	(4,561)
Add/Less: Translation reserve	248	(225)
	7,888	4,438

11 Capital Reserve

This pertains to a non-distributable capital income arising from the restructuring of subsidiary companies in prior years.

12 Enterprise Expansion and General Reserve

This pertains to a general reserve fund and an enterprise expansion reserve fund set up by the Group's subsidiaries in the PRC, in accordance with local laws and regulations, by way of appropriation from their net profit at a rate determined by the companies. The respective board of directors of the subsidiaries have decided that 20% of the profit after taxation be appropriated each year, of which 10% be appropriated to the general reserve fund and 10% be appropriated to the enterprise expansion reserve fund.

The general reserve and the enterprise expansion reserve may be used to offset accumulated losses or increase the registered capital of the subsidiaries, subject to approval from the authorities of the PRC. The reserves are not available for dividend distribution to the shareholders.

13 Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

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- 1(a) A comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to Page 2 of this condensed interim financial statements.

- 1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

Please refer to Page 3 of this condensed interim financial statements.

- 1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

Amount repayable in one year or less, or on demand

As at 31 December 2022		As at 31 December 2021	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,411	555	1,953	321

Amount repayable after one year

As at 31 December 2022		As at 31 December 2021	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
667	765	3,518	329

Details of any collateral

Secured borrowings

As at 31 December 2022, our Group's borrowings are secured by the following:

- (i) Term loan and bills payable to banks of approximately S\$3,062k (31 December 2021: S\$5,447k) were granted to the subsidiaries of the Company and were used mainly as working capital and for financing of purchases made in the ordinary course of business; and
- (ii) The lease liabilities under the hire purchase is approximately S\$16k (31 December 2021: S\$24k) secured by the underlying assets (i.e. motor vehicles) acquired with total net book value of approximately S\$5k as at 31 December 2022 (31 December 2021: S\$25k).

Unsecured borrowings

The unsecured debt (i.e. lease liabilities) include the office rental which arises from the adoption of SFRS(I) 16 Leases.

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- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to Page 6 and 7 of this condensed interim financial statements.

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to Page 5 of this condensed interim financial statements.

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and subsidiary holdings held against the total percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Please refer to Page 14, Note 7, of this condensed interim financial statements.

There were no changes in the Company's share capital since the end of the previous period reported on, being 31 December 2021. There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 31 December 2022 and 31 December 2021.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

There were no treasury shares as at 31 December 2021 and 31 December 2022. The share capital of the Company comprises 311,698,153 ordinary shares as at 31 December 2022 (31 December 2021 : 311,698,153 ordinary shares).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company does not have any treasury shares as at 31 December 2021 and 31 December 2022.

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1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company did not hold any subsidiary holdings as at 31 December 2021 and 31 December 2022.

1 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

2 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

3A 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.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2021 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

3 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and Company have applied the same accounting policies and methods of computation for the current reporting period compared with the audited financial statements as at 31 December 2021.

4 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard changed, please make adequate disclosure and state the reasons for, and the effect of, the change.

Not applicable.

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- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Please refer to page 14, Note 8, of this condensed interim financial statements.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and**
- (b) immediately preceding financial year.**

Please refer to page 15, Note 9, of this condensed interim financial statements.

- 8 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**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of financial performance of the Group

Revenue

The Group recorded a decrease in revenue by S\$3.9m from S\$10.7m for the six months ended 31 December 2021 ("**2H2021**") to S\$6.8m for the six months ended 31 December 2022 ("**2H2022**") and a decrease of S\$6.3m from S\$20.9m for the full year ended 31 December 2021 ("**FY2021**") to S\$14.6m for the full year ended 31 December 2022 ("**FY2022**"). The decrease in revenue was due mainly to the continued impact of the COVID-19 pandemic on the textile industry in the PRC and the geopolitical issue in Sri Lanka.

Gross Profit

Gross profit margin had increased from 10.5% in 2H2021 to 15.8% for 2H2022 and from 12.6% in FY2021 to 17.2% in FY2022. The increase in gross profit margin was due mainly to favourable foreign exchange rates which resulted in cheaper purchase prices and/or higher selling prices, and higher sales to Bangladesh with higher gross profit margins.

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Review of financial performance of the Group (Cont'd)

Other income

The Group recorded an increase in other income from S\$173k in 2H2021 to S\$12.4m in 2H2022 and from S\$334k in FY2021 to S\$12.5m in FY2022. The increase in other income was due mainly to the gain from the completion of the disposal of its two subsidiaries, MCT and ACL, in 2H2022.

Selling and distribution expenses

The Group recorded a decrease in selling and distribution expenses from S\$948k in 2H2021 to S\$798k in 2H2022 and from S\$1.8m in FY2021 to S\$1.7m in FY2022, which is in line with the reduction in revenue.

General and administrative expenses

The Group recorded an increase in general and administrative expenses from S\$3.6m in 2H2021 to S\$5.7m in 2H2022 and from S\$7.4m in FY2021 to S\$9.6m in FY2022, which was due mainly to allowances for inventory obsolescences.

Net Finance Expense

The Group recorded a decrease in net finance expense of S\$307k from S\$365k in 2H2021 to S\$58k in 2H2022 and a decrease of S\$351k from S\$707k in FY2021 to S\$356k in FY2022. The decrease in net finance expense is due mainly to the repayment of loan in FY2022.

Tax

Taxation is in accordance with applicable tax rates on the taxable profits made by the profitable subsidiaries in the PRC.

Net Results

Overall, due mainly to the above movements, the Group recorded a profit before tax of S\$7.1m in 2H2022 as compared to a loss before tax of S\$3.8m in 2H2021 and a profit before tax of S\$3.7m for FY2022 as compared to a loss before tax of S\$7.0m for FY2021. The profit for the period attributable to owners of the Group is approximately S\$7.3m in FY2022, as compared to a loss of S\$4.9m in FY2021.

Review of financial position of the Group

Property, plant and equipment (“PPE”) had decreased from S\$468k as at 31 December 2021 to S\$360k as at 31 December 2022, which was due mainly to depreciation, partially offset by the purchase of PPE amounting to S\$76k.

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Review of financial position of the Group (Cont'd)

Right-of-use assets had increased from S\$453k as at 31 December 2021 to S\$1.4m as at 31 December 2022, which was due mainly to the new 3-year lease agreement entered into for the Shanghai office, partially offset by the depreciation of right-of-use assets in FY2022.

Intangible assets were fully amortised in FY2022.

Inventories had increased from S\$2.5m as at 31 December 2021 to S\$3.2m as at 31 December 2022, which was due mainly to purchase of inventories from MCT and ACL before disposal.

Current trade and notes receivables had increased from S\$2.2m as at 31 December 2021 to S\$2.5m as at 31 December 2022, which was due mainly to longer credit term offered to customers in the normal course of business.

Other receivables had increased from S\$1.2m as at 31 December 2021 to S\$5.0m as at 31 December 2022, which was due mainly to the outstanding consideration owing from the respective purchasers of MCT and ACL.

Prepayment had decreased from S\$184k as at 31 December 2021 to S\$69k as at 31 December 2022, which was in line with the reduction of sales.

Cash and cash equivalents had increased from S\$5.7m as at 31 December 2021 to S\$11.9m as at 31 December 2022, which was due mainly to the receipt of (i) proceeds of S\$6.8m received from the disposal of the two subsidiaries and (ii) repayment of outstanding intercompany payables of S\$6.0m by the purchaser of MCT. The increase in cash and cash equivalents was partially offset by the cash used in operations and the repayment of loans and borrowings.

Assets held for sale had decreased from S\$15.9m as at 31 December 2021 to S\$0 as at 31 December 2022 as a result of the completion of the disposals of MCT and ACL during FY2022.

Trade payables had reduced from S\$1.3m as at 31 December 2021 to S\$0.9m as at 31 December 2022, which was due mainly to the decrease in purchases from third party suppliers, which is in line with the reduction in sales.

Other payables and accruals had decreased from S\$5.0m as at 31 December 2021 to S\$4.1m as at 31 December 2022, which was due mainly to lower accrual of operating expenses, and salary and bonus as a result of lower revenue.

Term loan had decreased from S\$5.4m as at 31 December 2021 to S\$3.1m as at 31 December 2022, which was due mainly to the repayment in loans and borrowings.

As a result of the above, the Group's equity had increased by S\$8.1m from S\$7.1m as at 31 December 2021 to S\$15.2m as at 31 December 2022.

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Review of cash flows

Net cash used in operating activities

In FY2022, approximately S\$1.2m of net cash was used in the operating activities, which was a result of operating loss before changes in working capital of S\$4.1m, net working capital inflows of approximately S\$3.2m and net interest and tax expense of S\$0.3m.

Net cash generated from investing activities

In FY2022, the Group's net cash inflow from investing activities amounted to approximately S\$11.8m, which was due mainly to the proceeds received from the disposal of the two subsidiaries and the repayment of outstanding intercompany payables, partially offset by the purchase of PPE amounting S\$76k.

Net cash used in financing activities

In FY2022, the Group's net cash outflow from financing activities amounted to approximately S\$4.8m. This was due mainly to the increase in loans and borrowings of S\$0.5m, reduction in restricted cash of S\$1.5m and partially offset by loan repayments of S\$6.0m and lease liabilities repayment of S\$0.8m.

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

There has not been any forecast or prospect statement in relation to the Group's results previously disclosed to shareholders.

10 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 reporting period and the next 12 months.

With the protracted war in Ukraine, rising global geopolitical tensions, and the world bank cutting its 2023 global economy growth forecast from 3% to 1.7%, the likelihood of a global recession remains high. The Company is therefore expecting continued global inflation risk, potential supply chain disruptions and cost pressures, which may result in lower consumer spending and slower business.

On the other hand, with the PRC's reversal of its zero-COVID policy and hence the potential to accelerate its economic recovery from the rapid reopening of manufacturing hubs across the PRC, the Company is cautiously optimistic of such recovery and is closely monitoring the situation in the PRC.

The Company will continue to invest into emerging industries such as health and well-being, environmental and clean energy solutions, lifestyle wear with sustainable products, and solutions that the Company believes can add value to help its customers and stakeholders to differentiate and innovate.

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With an asset-light strategy, the Company aims to put more efforts into joint strategic partnerships by strengthening its distribution channels, innovating green product research and development and to streamline its manufacturing.

In relation to the Company's disposal of its two subsidiaries, MCT and ACL, both disposals have been completed in FY2022. Subsequent to the last update as set out in the Company's announcements dated 24 November 2022, as at the date of this announcement, (i) in relation to MCT, the Company had received a further RMB534k (approximately S\$102k) of the remaining outstanding consideration of RMB32m, and (ii) in relation to ACL, the Company had received the final payment of RMB6m (approximately S\$1.2m). The Company is following up closely with the purchaser of MCT on the remaining outstanding consideration.

With the proceeds received from the disposal of its two subsidiaries, the Company continues to be on the active lookout for suitable opportunities for diversification, innovation and to also establish new and complementary businesses to grow the Group's revenues and profits.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared/(recommended) for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared/(recommended) for the corresponding period of the immediately preceding financial year?

None

(c) Whether the dividend is before tax, net of tax or tax exempt

Not applicable

(d) Date payable

Not applicable

(e) Books closure date

Not applicable

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12 If no dividend has been declared/(recommended), a statement to that effect.

No dividend has been declared/(recommended) as the Group is at an operational loss after excluding its one-off gain from the disposals of its two subsidiaries. The proceeds from the disposals are intended to be used for *inter alia* repayment of loans and borrowings, general working capital purposes, as well as suitable investment opportunities.

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for interested person transactions.

During the financial year, there were interested person transactions based on the terms agreed between the parties as follows:

	Group	
	<u>FY2022</u> S\$'000	<u>FY2021</u> S\$'000
Fees incurred or paid to a law firm which a director, Mr Wang Dao Fu is a partner	33	27

14 Negative confirmation pursuant to the Rule 705(5).

Not applicable for full year results announcement.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H, under Rule 720(1)).

The Company has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules, in accordance with Rule 720(1) of Catalist Rules.

16 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Please refer to page 10 to 11, Note 4, of this condensed interim financial statements

17 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to Paragraph 8 of this announcement for a review of the performance of the Group.

MATEX INTERNATIONAL LIMITED
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AND ITS SUBSIDIARIES

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2022

Other Information Required by Catalyst Rule Appendix 7C (Cont'd)
For the Financial Year Ended 31 December 2022

18 Breakdown of sales

	Group		Change %
	<u>FY2022</u> S\$'000	<u>FY2021</u> S\$'000	
Sales reported for first half-year	7,785	10,208	(23.74)
Operating loss after tax before deducting NCI reported for first half-year	(3,354)	(3,314)	1.21
Sales reported for second half-year	6,804	10,717	(36.51)
Operating income/(loss) after tax before deducting NCI reported for second half-year	7,053	(3,758)	N.M.

20 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

(a) Ordinary

No dividends were declared for FY2021 and FY2022.

(b) Preference

Not applicable.

(c) Total

Not applicable.

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For the Financial Year Ended 31 December 2022

21 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mr Tan Pang Sim	72	Brother of Dr Tan Pang Kee, MD & CEO	Appointed as a Director of Unimatex Sdn Bhd (“USB”), a subsidiary in Malaysia since 2004; responsible for its management and development of corporate policies and procedures	NA
Mr Tan Pang Jang	52	Brother of Dr Tan Pang Kee, MD & CEO	Appointed as Senior Sales & Marketing Manager of USB since 2004; responsible for looking into the sales and marketing	NA
Mr Dro Tan Guan Liang	39	Son of Dr Tan Pang Kee, MD & CEO	Appointed as Executive Director in 2010; responsible for managing operational readiness and effectiveness, promoting Matex’ image and brand locally and abroad, all business projects work, developing cost-effective plans and project schedule.	NA
Ms Lim Kooi Yee	35	Daughter-in-law of Dr Tan Pang Kee, MD & CEO; and wife of Mr Dro Tan Guan Liang, ED	Appointed as Head of Technical; responsible for technical services, product resource and development for Singapore entities of the Group.	NA

BY ORDER OF THE BOARD

Dr Tan Pang Kee
Chief Executive Officer / Managing Director

28 February 2023