

MATEX INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 198904222M)

INVESTMENT BY WAY OF SUBSCRIPTION OF SHARES IN AR BIOENERGY TECH PTE. LTD.

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**” or the “**Directors**”) of Matex International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has on 26 January 2024 entered into an investment agreement (the “**Investment Agreement**”) with AR Bioenergy Tech Pte. Ltd. (“**AR Bioenergy**”), and the shareholders of AR Bioenergy, being Ms Ye Qing (叶青) and Cave Investment Pte. Ltd., pursuant to which the Company has subscribed for 276,162 new ordinary shares (the “**New Shares**”) representing approximately 19.12% of the total number of ordinary shares (each, an “**AR Share**”) in the enlarged issued and paid-up share capital of AR Bioenergy on a fully-diluted basis (the “**Initial Subscription**”) for a total consideration of S\$1,300,000 (the “**Subscription Consideration**”) (the “**Investment**”).
- 1.2. The Investment constitutes a “discloseable transaction” under Chapter 10 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”).

2. INFORMATION ON AR BIOENERGY

All information in this announcement relating to Ms Ye Qing, Ms Jiang Ying (江滢) and/or Cave Investment Pte. Ltd. has been provided by AR Bioenergy. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

- 2.1. AR Bioenergy is a private limited company incorporated in Singapore on 2 August 2022. As at the date of the Investment Agreement and immediately prior to the Initial Subscription, AR Bioenergy has an issued and paid-up share capital of S\$1,168,376 comprising 1,168,376 AR Shares, 49.45% of which was held by Ms Ye Qing and 50.55% by Cave Investment Pte. Ltd.. The shareholders of AR Bioenergy and their respective shareholding interest in AR Bioenergy immediately before and after completion of the Initial Subscription (“**Completion**”) are as follows:

Shareholder	Number of AR Shares Held Before Completion	Shareholding Percentage Before Completion	Number of AR Shares Held After Completion	Shareholding Percentage After Completion
Ye Qing	577,815	49.45%	577,815	40.00%
Cave Investment Pte. Ltd.	590,561	50.55%	590,561	40.88%

Company	0	0.00%	276,162	19.12%
Total	1,168,376	100%	1,444,538	100%

- 2.2. Ms Ye Qing is the founder and a director of AR Bioenergy with 20 years of experience in quality and environmental management. Ms Ye Qing is a certified senior consultant in quality management by China Certification & Accreditation Association and she is also a member of Singapore Quality Institute and China Association for Quality. Prior to the founding of AR Bioenergy, she was a senior lecturer of Quality Control Circles, Fujian Province and she had also served as a consultant of China National Tobacco Corporation and State Grid Fujian Electric Power Co., Ltd.
- 2.3. Cave Investment Pte. Ltd. is a private investment holding company that is wholly owned by Ms Jiang Ying (江滢) for making investments in early-stage tech companies. Ms Jiang Ying was a senior economist in China with more than 20 years of senior management experience.
- 2.4. As of the date of this announcement, neither Ms Ye Qing nor Cave Investment Pte. Ltd. has any shareholding interests, direct or indirect, in the Company. Ms Ye Qing, Ms Jiang Ying and Cave Investment Pte. Ltd. are not associates (as defined in the Catalist Rules) of or related to the Company and its Directors and substantial shareholders, and their respective associates.
- 2.5. AR Bioenergy was incorporated to undertake the business of turning low value biomass to high value carbon and activated carbon products. As at the date of the Investment Agreement, save for the acquisition and instalment of the equipment for the production line to produce activated carbon products from biomass, the rental of the premises in Malaysia where the production line is currently being installed, the appointment of a contractor to assemble and install the production line, and the entry into a procurement of imports framework agreement with a customer in China, AR Bioenergy has yet to commence the production or the actual sale of any product or any other revenue generating business or trading. To the best of the Company's knowledge, save for customary licences or permits required for the incorporation of AR Bioenergy and the commencement of businesses, no licences or permits are required in Singapore or Malaysia for AR Bioenergy to carry on the aforementioned business. Barring any unforeseen circumstances, AR Bioenergy expects to commence production around February 2024.

3. SALIENT TERMS OF THE INVESTMENT AGREEMENT

3.1. Subscription Consideration

- 3.1.1. The Subscription Consideration is S\$1,300,000 for the Initial Subscription, which is payable fully in cash by the Company to AR Bioenergy on Completion. The Subscription Consideration was arrived at following arm's length negotiations between the Company and AR Bioenergy, and on a willing-buyer, willing-seller basis, taking into consideration, among others, the anticipated profitability of AR Bioenergy, including its sales projection in respect of the procurement of imports framework agreement mentioned in paragraph 2.5 above, and an agreed post-money valuation of AR Bioenergy of S\$6,800,000. For the avoidance of doubt, no profit guarantee, profit forecast or any covenant which quantifies the anticipated level of future profits of AR Bioenergy was provided by Ms Ye Qing, Cave Investment Pte. Ltd. and/or AR Bioenergy in relation to the Investment. Save for the Company's shareholding interests in AR Bioenergy, the Company has not agreed to any profit-sharing arrangement with AR Bioenergy, Ms Ye Qing and/or Cave Investment Pte.

Ltd. which would have been taken in consideration in the determination of the Subscription Consideration.

3.1.2. The Subscription Consideration will be funded by the Company's internal funds.

3.2. **Completion**

Completion has taken place on the date of the Investment Agreement.

3.3. **Potential Subscription of Additional New AR Shares**

3.3.1. Prior to the end of three (3) years following the Initial Subscription (or such other period as may be agreed between the Company and AR Bioenergy in writing) (the "**Initial Period**"), the Company and AR Bioenergy shall engage in good faith negotiations on increasing the Company's shareholdings in AR Bioenergy by way of subscribing for additional new AR Shares in the issued and paid-up share capital of AR Bioenergy which will result in the Company holding up to 51% of the total number of AR Shares in the enlarged issued and paid-up share capital of AR Bioenergy on a fully-diluted basis, on such terms and subject to such conditions to be mutually agreed between the Company and AR Bioenergy, including without limitation the price per such additional new AR Share, the terms and mode(s) of payment of the subscription consideration and the terms for regulating the relationship of the shareholders of AR Bioenergy and in the conduct of the business and affairs of AR Bioenergy.

3.3.2. Shareholders and potential investors should note that there is no certainty or assurance as at the date of this announcement that the negotiations on the terms and conditions relating to the subscription of additional new AR Shares as described in paragraph 3.3.1 will conclude successfully or that such subscription of additional new AR Shares will be completed. Further announcement(s) will be made by the Company as appropriate when there are material developments in this regard.

3.4. **Specific Covenants and Undertakings**

Pursuant to the Investment Agreement, among others:

3.4.1. AR Bioenergy and the Company have agreed to use best commercial efforts to collaborate in respect of the sourcing and supply of biomass feedstock by the Company to AR Bioenergy;

3.4.2. AR Bioenergy has agreed to discuss in good faith with the Company to jointly conduct research into new applications for activated carbon in various industry sectors, including but not limited to high end water and chemical filtration, and energy storage; and

3.4.3. AR Bioenergy shall appoint one (1) person nominated by the Company, and one (1) other person jointly nominated by the Company (on the one hand) and Ms Ye Qing and Cave Investment Pte. Ltd. (on the other hand), as its directors. The board of directors of AR Bioenergy shall consist of three (3) directors, with the last director to be nominated collectively by Ms Ye Qing and Cave Investment Pte. Ltd.

3.5. Put Option

- 3.5.1. The Company has been granted an option to require Ms Ye Qing and Cave Investment Pte. Ltd. to purchase all of the AR Shares held by the Company (the “**Put Option Shares**”) as at the date of the written notice given by the Company to AR Bioenergy of its intention to exercise such option (the “**Put Option**”).
- 3.5.2. The Put Option is exercisable by the Company at any time by written notice given to Ms Ye Qing and Cave Investment Pte. Ltd. during the two (2)-year period commencing after the expiry of the Initial Period (or such other period as may be agreed between Ms Ye Qing, Cave Investment Pte. Ltd. and the Company in writing), provided that the Company had not subscribed for or otherwise acquired any additional new AR Shares which would have resulted in the Company holding up to 51% of the total number of AR Shares in the enlarged issued and paid-up share capital of AR Bioenergy on a fully-diluted basis.
- 3.5.3. The purchase price for the Put Option Shares shall be determined by an internationally recognised independent valuer to be jointly appointed by Ms Ye Qing and Cave Investment Pte. Ltd. (on one hand) and the Company (on the other hand), having regard to all the circumstances as such valuer shall deem to be relevant.

4. RATIONALE FOR THE INVESTMENT

To ensure the long-term growth of the Company, the Company intends to focus on value added specialty chemicals, widen its customer base beyond the textile industry, deliver more cost-effective and eco-friendly solutions and accelerate its distribution of functional chemicals to meet immediate market demands. The Company has plans to further its research and efforts in the development of technology, process, know-how and the application of specialty chemicals and materials in the chemical industry. One of the Company’s plans is the development of the business in AR Bioenergy. As mentioned in paragraph 2.5 above, AR Bioenergy was incorporated to undertake the business of turning low value biomass to high value carbon and activated carbon products. As activated carbon is widely used in the nano-membrane filtration systems developed and used by the Company in the chemical industry, the Company intends to invest in AR Bioenergy for the purpose of augmenting the Company’s business of manufacturing, formulating and selling high value carbon and activated carbon products with primary focus on the chemical industry. The Subscription Consideration to be invested in AR Bioenergy by the Company, together with AR Bioenergy’s issued share capital, are intended to be utilised as working capital for setting up and operating AR Bioenergy’s production line in Malaysia. The Board believes that the development of value-added carbon products is a specialised and niche area with growth potential in the next few years.

5. FINANCIAL EFFECTS OF THE INVESTMENT

- 5.1. The *pro forma* financial effects of the Investment on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual or future financial performance or position of the Company or the Group immediately after Completion. They are prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December

2022 (“FY2022”), being the most recently completed financial year for which figures were available and had been announced in accordance with Rule 705(1) of the Catalist Rules.¹

5.2. Effects on Net Tangible Assets (“NTA”) per Share

Assuming that the Initial Subscription had been completed on 31 December 2022 and there was no further subscription of additional new AR Shares by the Company under or in connection with the Investment Agreement as at 31 December 2022,¹ the *pro forma* financial effects of the Investment on the consolidated NTA per share of the Company (each a “Share”) will be as follows:

As at 31 December 2022	Before Completion	After Completion
Consolidated NTA (S\$'000)	14,875,000	14,875,000
Number of Shares in the issued and paid-up capital of the Company, excluding treasury shares and subsidiary holdings	311,698,153	311,698,153
Consolidated NTA per Share (Singapore cents)	4.77	4.77

5.3. Earnings per Share

Assuming that the Initial Subscription had been completed on 1 January 2022 and there was no further subscription of additional new AR Shares by the Company under or in connection with the Investment Agreement as at 1 January 2022,¹ the *pro forma* financial effects of the Investment on the Company's earnings per Share will be as follows:

For FY2022	Before Completion	After Completion
Net profit attributable to shareholders of the Company (S\$'000)	7,273,000	7,273,000
Weighted average number of issued Shares, excluding treasury shares and subsidiary holdings	311,698,153	311,698,153
Earnings per Share (Singapore cents)	2.33	2.33

¹ Pursuant to Rule 705(1) of the Catalist Rules, the Company must announce the financial statements for the full financial year ended 31 December 2023 (“FY2023”) immediately after the figures are available, but in any event not later than 60 days after the relevant financial period. Accordingly, the Company has until 1 March 2024 to announce its unaudited financial statements for FY2023. Since the Company does not have the figures for FY2023 available as at the date of this announcement, the *pro forma* financial effects of the Investment on the Group as set out in paragraphs 5.2 and 5.3 of this announcement are presented based on the latest audited consolidated financial statements of the Group for FY2022, being the most recently completed financial year for which figures were available and had been announced in accordance with Rule 705(1) of the Catalist Rules.

5.4. **Financial Information on AR Bioenergy**²

- 5.4.1. Based on the unaudited financial statements of AR Bioenergy for its most recently completed financial year ended 31 July 2023, the net profit before tax of AR Bioenergy as at 31 July 2023 was S\$0 and the book value and net tangible asset value of AR Bioenergy as at 31 July 2023 was S\$10,000 and S\$0 respectively.
- 5.4.2. Based on the latest unaudited management accounts of AR Bioenergy for the 12-month period ended 31 December 2023, the net loss before tax of AR Bioenergy as at 31 December 2023 was S\$50,823.86, the book value of AR Bioenergy as at 31 December 2023 was S\$1,096,260.21 and the net tangible asset value of AR Bioenergy as at 31 December 2023 was S\$843,396.00.
- 5.4.3. As at the date of this announcement, there is no available open market value of the assets of AR Bioenergy, nor the New Shares as the New Shares are not listed or traded on any securities exchange. No valuation of the assets of AR Bioenergy or the New Shares was commissioned for the purpose of the Investment.

6. **RELATIVE FIGURES FOR THE INVESTMENT UNDER CHAPTER 10 OF THE CATALIST RULES**

- 6.1. Based on the latest unaudited condensed interim financial statements of the Group for the six (6) months ended 30 June 2023 (“HY2023”), and on the basis that there has been no further subscription of additional new AR Shares by the Company under or in connection with the Investment Agreement as at the date of this announcement, the relative figures for the Investment computed on the applicable bases set out in Rule 1006 of the Catalist Rules are as set out below:

Rule 1006	Bases of Calculation	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value.	Not applicable. ¹
(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group’s net loss.	0.3% ²
(c)	The aggregate value of the consideration given, compared with the Company’s market capitalisation based on the total number of issued Shares excluding treasury shares.	13.3% ³
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable. ⁴
(e)	The aggregate volume or amount of proved and probable	Not applicable. ⁵

² All financial information of AR Bioenergy referred to in this announcement is based on its unaudited financial statements for the financial year ended 31 July 2023 and its unaudited management accounts for the 12-month period ended 31 December 2023 provided to the Company. Such financial information has not been independently verified by the Company.

Rule 1006	Bases of Calculation	Relative Figures
	reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	

Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable as the Investment is not a disposal of assets.
 - (2) The net loss attributable to the owners of the Group based on the Group's latest unaudited condensed interim financial statements for HY2023 is approximately S\$1,368,000. Based on AR Bioenergy's unaudited financial statements for the financial year ended 31 July 2023, the net loss attributable to the New Shares is, for the purposes of this calculation, S\$4,100. The relative figure computed pursuant to Rule 1006(b) of the Catalist Rules would be approximately 1.0% if it is computed based on AR Bioenergy's unaudited management accounts for the 12-month period ended 31 December 2023, where the net loss attributable to the New Shares would be approximately S\$14,000.
 - (3) The aggregate value of the Subscription Consideration is S\$1,300,000, which represents approximately 13.3% of the Company's market capitalisation of S\$9,765,850 (as determined by multiplying 361,698,153 Shares in issue as at the date of this announcement by the volume weighted average price of such Shares of S\$0.027 for trades done on 25 January 2024, being the market day preceding the date of the Investment Agreement).
 - (4) Rule 1006(d) of the Catalist Rules is not applicable as no equity securities were or will be issued by the Company as part or the whole of the Subscription Consideration.
 - (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.
- 6.2. As the relative figure computed on the basis set out in Rule 1006(c) of the Catalist Rules exceeds 5% but is below 75%, the Investment constitutes a "discloseable transaction" under Chapter 10 of the Catalist Rules, and is not subject to the approval of the Company's shareholders at general meeting.
- 6.3. Notwithstanding that the computation of the relative figure on the basis set out in Rule 1006(b) of the Catalist Rules involves negative figures, the Investment falls below the percentage thresholds set out in paragraph 4.4(a) of Practice Note 10A of the Catalist Rules. Accordingly, pursuant to paragraph 4.4(a) of Practice Note 10A of the Catalist Rules, the Investment will not be subject to the approval of the Company's shareholders at general meeting under Chapter 10 of the Catalist Rules.

7. DIRECTORS' SERVICES CONTRACTS

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Investment. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8. INTEREST IN THE INVESTMENT

As at the date of this announcement, none of the Directors or controlling shareholders of the Company have any interest, direct or indirect, in the Investment other than through their respective shareholdings in the Company.

9. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Investment Agreement is available for inspection during normal business hours at the Company's registered office at 1003 Bukit Merah Central, #01-10, Singapore 159836, for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Dr Tan Pang Kee
Chief Executive Officer / Managing Director
26 January 2024

*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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**").*

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.

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