Matex

Matex International Limited
万得国际有限公司

LIVING THE CULTURE OF
COLOURS

GREEN SUSTAINABLE HEALTHY LIFE-STYLES
WITH ADVANCED TECHNOLOGIES

ANNUAL REPORT
2023

CONTENTS

This annual report 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 annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr John Chen Seow Phun
Non-Executive Chairman and Independent Director

Dr Tan Pang Kee
CEO / Managing Director

Mr Foo Der Rong
Independent Director

Mr Wang Dao Fu
Independent Director

Mr Tan Guan Liang
(Chen Guanliang)
Executive Director

Mr Yeo Hock Huat
Non-Executive and Non-Independent Director

COMPANY SECRETARIES

Ms Sharon Lim Siew Choo (ACS, ACG)
Mr Seow Han Khye

SHARE REGISTRAR

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AUDITORS

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10 Anson Road, #29-15
International Plaza
Singapore 079903

Partner-in-charge:
Mr Neo Keng Jin
(Appointed since FY2020)

PRINCIPAL BANKERS

DBS Bank Ltd
6 Shenton Way
DBS Building
Singapore 068809

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 049513

CORPORATE PROFILE

Established in September 1989 and listed on Singapore Exchange since February 2004, Matex International limited is a leading manufacturer, supplier and marketer of quality dyestuffs and specialty chemicals, colour measurement and computer aided systems to various global markets such as textile, paper, leather, detergent and polymers industry. As part of its blueprint, it aims to be a world-class integrated service provider in **CLEAN COLOUR SCIENCE TECHNOLOGIES** the **WORLD** seeks, with our Center of Excellence in Singapore for **PEOPLE, INNOVATIONS, PRODUCTS, SERVICES, TECHNOLOGIES** and **SOLUTIONS** to our Markets.

Dedicated to serve, Matex has established a network of well-trained sales and marketing professionals with a strong presence in China to support its wide base of global customers. We are widely recognized for our strength in providing excellent technical support services in order to satisfy our customers' ever changing needs. Across the years we have been awarded with numerous accolades for our efforts. Matex had been constantly ranked as one of China's top chemical companies and of recent we were recognized as Singapore Specialty Chemicals Company of the Year for our contributions.

Matex makes a concerted effort to integrate environmental and social concerns into business operations, ensuring a balanced and sustainable development of our businesses. Our world famous Megafix® reactive dye series is a testimonial of our ability to constantly develop unique, innovative products and services by combining the latest technologies through continuous research and development, with our intimate knowledge and business experience. We strive to add value to our customers' products, for higher quality, better performance, price competitiveness and eco-friendliness to achieve long term 'win-win' strategic partnerships.

OUR VISION

To be a world-class integrated service provider in clean colour science technologies the world seeks, with our center of excellence in Singapore for people, innovations, products, services, technologies and solutions to our markets.

OUR MISSION

To meet to excel as a global competent solutions provider with pools of innovative talents ready to explore business opportunities and to deliver credible and sustainable business growth.

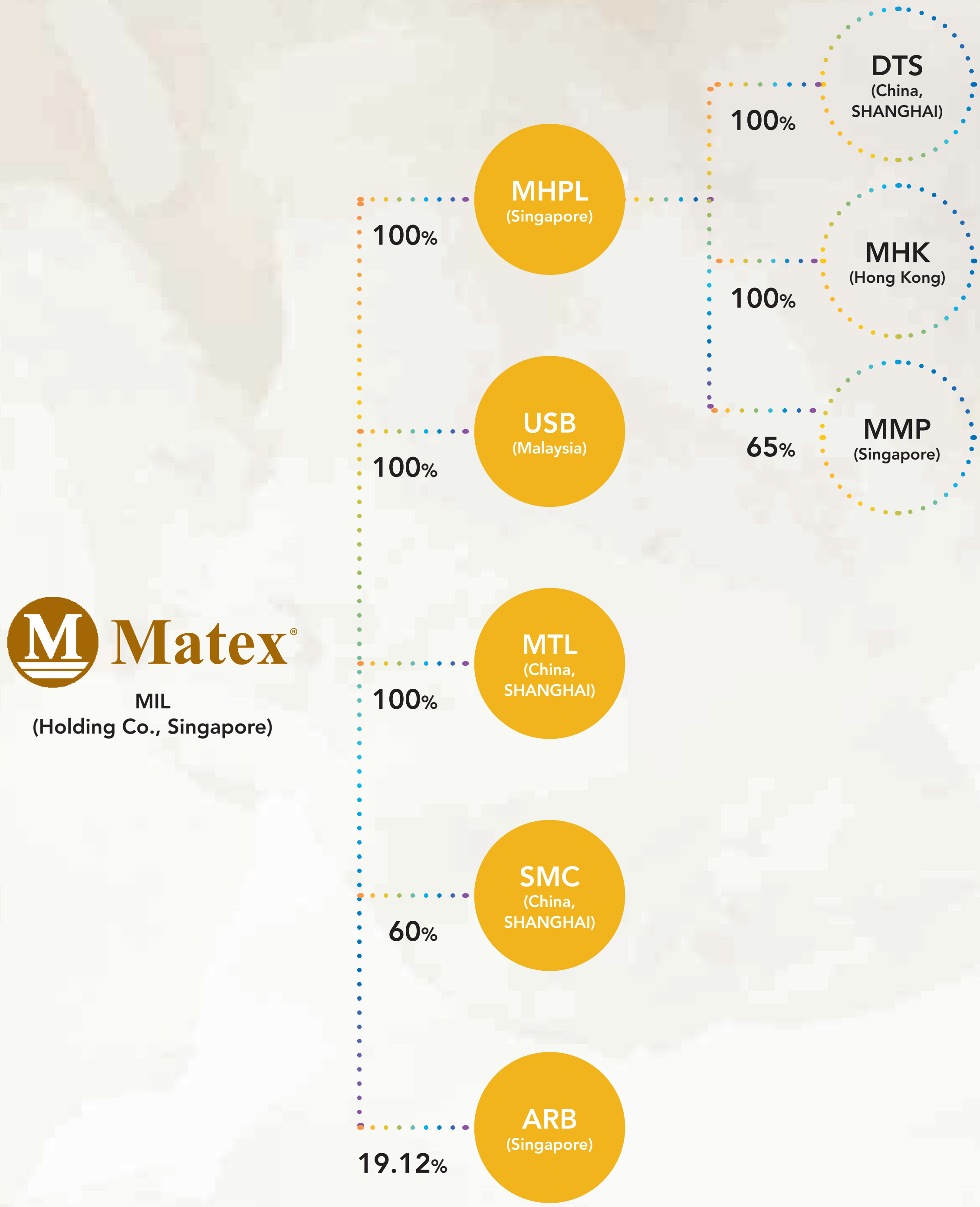
OUR VALUES

We are customer-focused for full satisfaction and we aim to be on-target to the right needs, provide on time delivery on-demand for the highest and consistent quality at affordable prices.

OUR PROMISE

To meet the needs of our customers we value add through competitive and innovative viable solutions. The needs of our employees – with our corporate values. The needs of our stakeholders – with healthy returns. And the needs of our environment – by being sustainable.

GROUP STRUCTURE



MIL – Matex International Limited
(际有限公司)

MHPL – Matex Holdings Pte Ltd
(万得控股私人有限公司)

USB – Unimatex Sdn Bhd
(全万得私人有限公司)

MTL – Matex Chemicals Technologies (Shanghai) Co., Ltd
(万得化工科技(上海)有限公司)

SMC – Shanghai Matex Chemicals Co., Ltd
(上海万得化工有限公司)

DTS – Dedot Trading (Shanghai) Co., Ltd
(帝得貿易(上海)有限公司)

MMP – MatexMega Pte. Ltd.
(incorporation date 21st March 2023)
(万兆有限公司)(成立21.03.23)

MHK – Matex Holdings (HK) Limited
(incorporation date 5th December 2023)
(万得控股(香港)有限公司)
(成立05.12.23)

ARB – AR Bioenergy Tech Pte. Ltd.
(An associate company, 19.02.24)

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

2023: Turning a New Chapter as a Sustainable Leader...
Matex ended the year 2023 in a much better cash position than the previous year and was proudly recognised as a strong Sustainability Leader among its peers by the industry at the **SOL Awards 2023**, with the ability to design, develop and deploy Sustainable Solutions like **Mebyo®: Better Hygiene Solutions for All!** This award winner made a real difference in society, cost saved and impacted by caring for its users and the planet. This is further affirmed with Matex's youth all girls team: The Green Phenomena coming up as **Champions** with their entry into the prestigious **CDL-GCNS Young SDG Leaders Award 2023**.

The Group is much encouraged and heartened by the above and will continue to build on and increase its efforts to fuel and connect growth amid three core areas namely **Health and Well-Being, Environmental Solutions and Lifestyle Wear**. It continues to work closely with its supply chain and technological partners to evolve and optimise the Group's range of products and services to meet the sustainable needs of these emerging business pillars.

We are immensely thankful to be given valuable opportunities to continue to put our solutions to good use, contribute nationally and regionally with the excellent products our customers were able to develop, commercialise and roll out amid and post the COVID-19 pandemic.

We continue to see among our local communities, especially our senior citizens and the more vulnerable, overall good usage of our **MaskPure™ AIR+ Reusable Mask**[1] which was given out by **Temasek Foundation** to Singapore's more than 5 million residents, a more sustainable product up to 7 months of potential use versus daily throw away disposable masks. We continued to partner **ST Engineering**, part of the **Temasek Group**, with further lifestyle products in their reusable **VOYAGER**[2] Mask project by further injecting colour, bio-based and organic solutions extracted from nature's peppermint and mint oil to help with round-the-clock odour control and anti-microbial protection.

AKEMI HEIQ Viroblock[3] the leading brand of a regional powerhouse and household name for home textile, continued to perform well with our distributed bio-based anti-viral solution integrated in the brand's own expanded range of differentiated products to help keep their consumers safer in the built environment with better living confidence and conditions. They further added and launched a new product line using **HEIQ Allergen Tech** to tackle issues of Allergens with our latest bio based Synbiotic Solutions incorporating a mixture of probiotics and prebiotics.

Rethink Clean, With Active Probiotics – "The Future of Hygiene" our distributed biotechnology solution **Mebyo®** continues to be featured by the Environmental Management Association of Singapore among its 1,000 odd members at the **EMAS OBC Knowledge Sharing with Technology Connect 2023**[4]. We were given good opportunities to work with esteemed building owners and cleaning companies to further extend the deployment of our probiotics to aid and resolve challenging scenarios where the need for outcome based contracting solutions with more defined key performance indicators and levels, shortage of manpower, stubborn biofilm and terrible malodour had plagued waste and refuse, wastewater sumps, bin centres, toilets, drains, etc.. for many years. Covering the airports, ports, commercial and residential buildings, bin refuge centres, hospitals, town councils, farms, elder care, places of worship and even schools among others showed the great versatility of the solution besides being very well received.

As a result of the above, Matex was invited to further share its experience at many events over the course of 2023, where some of the more notable ones include the Singapore Furniture Industries Council's (SFIC) industry dialogue on Sustainability Disruptors, TAFF/SFC Singapore Fashion Council's Industry Roundtable, GCNS CEO ROUNDTABLE SINGAPORE 2023, amid many others. This had led to Matex being known more widely across multiple pillars and industry segments as an innovative and respectable Singapore home grown company advocating and providing sustainable global solutions.

We were much blessed to be awarded and recognised at various key and prestigious events for our efforts in 2023 culminating from the continue push for better hygiene for all.

As one of SFIC **Sustainability Leaders**, we were honoured to be the only company to be recognised within the Sustainability Leaders Recognition category in their inaugural **SOL AWARDS 2023**[5].

At the Global Compact Network Singapore GCNS, **we** entered Mebyo® under the **Sustainable Solutions Category**[6] and came out an Apex Corporate Sustainability Award 2023 Winner for the 2nd time since our last win for Megapro ECO® a leading salt free cellulosic dyeing process in 2019. The Singapore Apex Corporate Sustainability Awards is one of the most prestigious awards in Singapore for corporate sustainability and recognize companies whose business operations or solutions have exemplified the Ten Principles of the United Nations Global Compact, on environment, human rights, labor, and anti-corruption. The annual award spotlights companies that have taken decisive steps to advance the SDGs and aims to inspire more organizations to share the responsibility of achieving a more sustainable future. The award in the Sustainable Solutions category specifically recognizes businesses that outperform in products or services meeting the sustainability needs of other businesses, the environment and society.

Last but not least, Matex's young leader team Springboards an all-boys/men team in 2013 came up first runner up. For 2023, after a decade, Matex is honoured to be invited again by GCNS to be a participating company in the rebranded CDL-GCNS Young SDG Leaders Award 2023. At the **CDL-GCNS Young SDG Leaders Award 2023**, Matex all girls/women team: The Green Phenomena proudly came in as Grand Champions to win the coveted competition with their highly commendable efforts edging out more than 60 over teams in the highly contested contest[7].

1 https://www.airplus-family.com/maskpure
2 https://airplus-family.store/products/voyager
3 https://akemihome.com/viroblock/
4 https://matex.com.sg/en/news_2023/news_items/198
5 https://matex.com.sg/en/news_2023/news_items/215
6 https://matex.com.sg/en/news_2023/news_items/212
7 https://matex.com.sg/en/news_2023/news_items/213

MESSAGE TO SHAREHOLDERS

Matex strongly believes in the need to drive change in our society and accelerate businesses' commitment to achieving the Sustainable Development Goals (SDGs). More importantly it wants to give back, empower and work closely with our future young leaders to make it happen.

The World Economic Forum Global Risks Report 2023[8] states that climate change mitigation and adaptation are the top two most severe global risks over the next decade. With less than three years to halt the rise of planet-warming carbon emissions and less than a decade to slash them almost in half, the race to zero requires conviction and collaboration amongst all stakeholders. As Singapore steps up on its national climate target to achieve net zero emissions by 2050, we turn to youths, shapers of tomorrow's world, to drive innovative business solutions and demand for responsible products.

Jointly organised by City Developments Limited (CDL) and UN Global Compact Network Singapore (GCNS), this annual case competition offers young people a platform to champion sustainable development and SDG integration into business for positive change. Previously known as the CDL-GCNS Young CSR Leaders Award, the competition has nurtured over 3,300 young leaders since inception in 2011. By aligning with the global goals for sustainable development, the Award seeks to educate and empower young leaders with SDG knowledge and skills, while inspiring companies in Singapore to take concrete actions for the SDGs.

We looked at addressing the SDG goals of 3.3 (Fight communicable disease), 11.6 (Reduce the adverse per capita environment impact of cities), 12.4 (Responsible management of chemicals and waste) & 12.8 (Promote universal understanding of sustainable lifestyle), to create an impactful focus of reducing antimicrobial resistance by up to 99.9%, reducing chemical discharge by 2 million litres annually and water savings, causing a reduction in carbon emissions by 1.5 million kg with our business proposal of (Match+) & (Morph+), the team did a wonderful job to articulate this and capture the hearts and minds of the esteemed jury and audience. Taking pole position and were duly rewarded a grand sum of SGD 10,000.

Such is the recognition and versatility of our distributed innovations that have helped our forward-thinking stakeholders to leverage on leading sustainable technologies to stay ahead of their competition and continue to stay relevant and plugged into the market needs, reaping the rewards and respect doing what is right.

Our e-commerce store[9] continued to curate and bring in exciting and interesting new products for the Group in the B2C segment. This complemented and added to more B2B opportunities. It will continue to be a concerted effort on our part to go digital and to reach out to a wider target audience across more industries.

These and many other examples, along with Matex's continued efforts to raise its global profile and give back can be viewed in the main link below.

Please visit: – **https://matex.com.sg/en/news_2023**

Megapro ECO® a Singapore Apex Corporate Sustainability award[10] winning sustainable solution continued its deployment in the field of sustainability for textile and manufacturing across the fashion value chain, is a system which eliminates the need for salt in exhaust dyeing of cellulosic, which can potentially impact up to 50% of global demand for better lifestyle wear.

Salt used in dyeing is otherwise hard to recover and often ends up in waste streams with severe detrimental effects to the environment. For brands and mills who are committed to recycling their waste, they have found this a refreshing solution to their immediate problems.

This is a meaningful environmental revolution which Matex continues to work closely with its global strategic brands, partners and customers to swiftly adapt in view of the pressing issues of climate change and to target the UN Sustainable Development Goals ("**SDGs**").

GOAL 3: Ensure healthy lives and promote well-being for all at all ages
GOAL 6: Ensure availability and sustainable management of water and sanitation for all
GOAL 11: Make cities and human settlements inclusive, safe, resilient and sustainable
GOAL 12: Ensure sustainable consumption and production patterns

The SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilise global efforts around a common set of goals and targets. The SDGs call for worldwide action among governments, businesses and civil society to end poverty and create a life of dignity and opportunity for all, within the boundaries of the planet.

Matex continues to be a **Bluesign® System** International Partner, committed to support Bluesign's vision to manage inputs and responsible actions. The **Bluesign® System** unites the entire textile supply chain to jointly reduce its impact on people and the environment.

Matex's products are approved by **Intertek's Green Leaf Mark Environmental Certification**, which places strong emphasis on the ban of hazardous Azo Dyes and effects limits on extractable heavy metal content.

Matex is a regular member partner at the **Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers ("ETAD")**. It was founded in 1974 as an international organisation of Responsible Companies. ETAD's Code of Ethics, which is based on the principles of responsible care, complies with all national and international chemical regulations. It bases its position on sound science, internal industrial know-how and constantly updated regulatory information.

Matex participated in the 7th China Operating Committee ("**ChOC**") of ETAD online to align common goals for safety and the environment. The committee focuses on local activities and collaborates with regulatory bodies on all legislation developments affecting the colorant industry.

Matex maintained its LEVEL 3 on site audit and **OEKO-TEX® ECO PASSPORT Certificates**, which ensured its products meet the stringent statutory requirements. The **ECO PASSPORT** certification can be used as a credible proof for sustainable

8 https://www.weforum.org/publications/global-risks-report-2023/digest/
9 https://matex-sg.myshopify.com/
10 http://matex.com.sg/en/news_2019/news_items/64

MESSAGE TO SHAREHOLDERS

textiles and leather production for both brands and manufacturers. The chemicals certified in accordance with the **ECO PASSPORT** have been tested for the presence of harmful substances in critical concentrations as listed in the **ECO PASSPORT** standard. The certification also gives transparent proof that the treated articles meet the criteria for ecologically responsible textile manufacture.

Matex partnered ZDHC Gateway in its Roadmap to Zero Discharge of Hazardous Chemicals for a more circular economy approach and is committed to help find suitable solutions for its customers to repurpose, reduce, reuse and recycle their waste into valuable resources. As a ZDHC formulator, we will also focus on advancing the industry's standards, towards a safer chemical management platform which is in line with the goals of Matex and its stakeholders to improve the lives of billions with clean technologies.

Continuing our efforts as a responsible global corporate citizen, we actively champion a growing diverse range of programmes and initiatives to give back to society as part of our ongoing corporate social responsibility ("**CSR**") initiatives. Some of these highlights in 2023 include:

1) Working closely with HEIQ Chrisal and SPECO a Singapore Startup in Ambient Hygiene Solutions, we continued our work to dispatch to various social enterprises, eldercare residences, homes, community centres, charities and religious organisations the benefits of our latest range of **Probiotic and Prebiotic Solutions**.

   We sincerely hope to continue our best outreach to raise awareness on the need for better cleaning and hygiene solutions that can clean better, more efficiently, and reduce the build-up of antimicrobial resistance or AMR which has been quite ignored as a germophobic society we have now become. Having to thoroughly clean and deep clean with existing disinfectant solutions can inherently lead to more severe underlying problems later.

   Restoring confidence, protecting the vulnerable and building growth resilience are strong and meaningful pillars to give back to these communities.

2) Releasing its **2022 Communication on Progress Report** ("**COP**") on the UN Global Compact Website. We are constantly on the lookout for better ways to reduce our impact on the environment by lowering carbon emissions and improving energy efficiencies in our daily operations.

3) Continuing to pledge its commitment to Fair Employment Practices under the framework of the **Tripartite Alliance for Fair & Progressive Employment Practices** ("**TAFEP**") organised and endorsed by the Ministry of Manpower of Singapore, National Trade Union Congress and Singapore National Employers Federation.

4) Working with various Trade Associations across Singapore

   Matex partnered Singapore Badminton Association (SBA) through its Patron Club to work together towards a vibrant ecosystem and rebuilding of the Singapore Badminton Hall at Guillemard Road.

   Matex was again presented the "SFIC Sustainability Leaders Recognition" award at the SFIC 42nd Annual Gala Dinner through its inaugural SOL Awards.

   Matex partnered Singapore Fashion Council @ "Singapore Stories 2023" Gala Kebaya Reimagined and was a key partner at the BE THE CHANGE summit.

5) Matex continues to be a part of the Innovation @ RGE-NTU SusTex.

   Four key research areas namely:

   <u>Cleaner and more energy efficient methods of recycling</u>
   Looking at greener ways of textile recycling, with a focus on cellulose-based fabrics, including rayon, viscose and cotton; minimising the degradation of fabric properties and refabricating textile waste into fibre.

   <u>Automated sorting of textile waste</u>
   Using a combination of advanced spectroscopic techniques and machine learning capabilities for identifying and sorting textile waste based on fibre composition and developing an automated system to remove accessories such as zips and buttons.

   <u>Eco-friendly dye removal</u>
   Developing eco-friendly methods of removing dye from textile waste using little to zero chlorinated chemicals and formulating greener and biodegradable dye substitutes.

   <u>New textiles</u>
   Finding alternative uses for textile byproducts and developing a new generation of eco-friendly and smart textiles with attributes such as moisture insensitivity, electrical conductivity and infrared/ultraviolet radiation reflectivity.

   Today, about 90 million tonnes of textile waste are being generated and disposed of annually, but only less than 1% of it is being recycled. With the growing global fashion industry, which is known to be the second most pollutive industry in the world, the amount of textile waste is expected to grow to over 134 million tonnes by 2030[11]. RGE, the world's largest viscose producer, and NTU Singapore, are partnering on innovation in textile recycling technology to address this global problem. Aligned with the Singapore Green Plan 2030 and Zero-Waste Vision, RGE-NTU SusTex is determined to relook at the chemistry of often complex textile materials and to engineer better sustainability and circularity into the textile value chain.

6) Matex continues to participate in "LowCarbon SG" by GCNS[12]

   In support of the Singapore Green Plan 2030, "LowCarbonSG" aims to demystify the decarbonisation process for businesses in their transition towards lower carbon operations and investments. The programme is meant to help businesses build the habit of measuring, tracking, and reporting their carbon footprint through capacity-building and recognition efforts.

   "LowCarbonSG" is helmed by Carbon Pricing Leadership Coalition (CPLC) Singapore, the decarbonisation arm of Global Compact Network Singapore (GCNS) and supported by the National Environment Agency (NEA) and Enterprise Singapore (ESG).

11 **https://www.ntu.edu.sg/mse/research/rge-ntu-sustex-research-centre**
12 **https://unglobalcompact.sg/lowcarbonsg**

MESSAGE TO SHAREHOLDERS

7) Matex went to the schools to help with their Makers Movement showcasing our dyes through simple to use tie dye kits, the idea of circular dyeing and doing more with used clothing. It was warmly received by both the students and the teaching community[13].

8) Matex supported various schools like Raffles College of Higher Education with the SDC International Competition. The Singapore heat winner Ms Verina Lie went on to become the overall grand champion internationally with her winning entry about transforming food waste to colourings for fabrics[14]. Matex also worked with the Singapore Management University, SMU and SMU Business Families Institute (BFI)[15], to share knowledge and provided materials at its MBA[16] for ESG & Sustainability in Business Families and SMU-X classes for design thinking collaboration[17].

REVIEW OF FINANCIAL PERFORMANCE

REVENUE

The Group recorded a decrease in revenue of S$7.2m from S$14.6m for the full year ended 31 December 2022 ("**FY2022**") to S$7.4m for the full year ended 31 December 2023 ("**FY2023**"). The decrease was due mainly to generally weak demand in the textile industry which had not fully recovered from the pandemic as well as high inventory level in the market prior to the pandemic.

GROSS PROFIT

Gross profit margin increased from 17.2% in FY2022 to 21.9% in FY2023 due mainly to the Company's focus on higher value-added products which generated higher margin.

OTHER INCOME

The Group recorded a decrease in other income from S$12.5m in FY2022 to S$48k in FY2023 due mainly to the absence of gain from disposal of its two subsidiaries, Matex Chemicals (Taixing) Co., Ltd ("**MCT**") and Amly Chemicals Co., Ltd ("**ACL**"), which was completed in 2H2022; as well as the decrease in Covid-19 pandemic related government grants.

SELLING AND DISTRIBUTION EXPENSES

The Group recorded a decrease in selling and distribution expenses from S$1.7m in FY2022 to S$1.1m in FY2023, in line with the reduction in revenue.

GENERAL AND ADMINISTRATIVE EXPENSES

The Group recorded a decrease in general and administrative expenses from S$9.6m in FY2022 to S$5.0m in FY2023, due mainly to the restructuring and moving towards asset-light strategy, following the completion of the disposal of MCT and ACL in the second half of FY2022.

NET FINANCE EXPENSES

The Group recorded a decrease in finance expenses of S$433k in FY2022 to S$122k in FY2023, due mainly to repayment of loan. The finance income had increased from S$77k in FY2022 to S$270k in FY2023 due mainly to interest earned on USD fixed deposit.

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 loss before tax of S$4.0m in FY2023 as compared to profit before tax of S$3.7m in FY2022. The loss attributable to owners of the Group is approximately S$3.3m in FY2023, as compared to a profit of S$7.3m in FY2022.

REVIEW OF FINANCIAL POSITION

Property, plant and equipment ("PPE") increased from S$360k as at 31 December 2022 to S$565k as at 31 December 2023, due mainly to purchase of PPE of S$298k and partially offset by depreciation.

Right-of-use assets decreased from S$1.4m as at 31 December 2022 to S$1.0m as at 31 December 2023, due mainly to the depreciation of right-of-use assets, partially offset by the purchase of right-of-use assets in FY2023.

Other long-term investment increased by S$134k as at 31 December 2023, arising from investment in unquoted equity securities.

Inventories reduced from S$3.2m as at 31 December 2022 to S$1.4m as at 31 December 2023, in line with the reduction in revenue and consumption of existing inventories.

Current trade and notes receivables decreased from S$2.2m as at 31 December 2022 to S$1.1m as at 31 December 2023, due mainly to faster repayment from customer.

Other receivables decreased from S$5.0m as at 31 December 2022 to S$0.8m as at 31 December 2023, as a result of repayment of outstanding consideration owing from the respective purchasers of MCT and ACL.

Prepayment remained around S$69k as at 31 December 2022 and 31 December 2023. Prepayments are mainly advances to suppliers to secure favorable pricing.

Total cash and cash equivalents and fixed deposits increased from S$11.9m as at 31 December 2022 to S$16.4m as at 31 December 2023 due mainly to the receipt of (i) the final payment of S$1.2m by the purchaser of ACL; (ii) repayment of outstanding intercompany payables of S$4.7m by the purchaser of MCT; and (iii) the proceeds raised from the private placement, offset partially by cash used in operations and repayment of loans and borrowings.

Trade payables decreased from S$0.6m as at 31 December 2022 to S$0.2m as at 31 December 2023, in line with the reduction in revenue and payment made to trade creditors.

Other payables and accruals increased from S$4.1m as at 31 December 2022 to S$5.6m as at 31 December 2023, due mainly to a provision made for the overpayment by the purchaser of MCT on the repayment of outstanding intercompany payables.

Term loans decreased from S$3.1m as at 31 December 2022 to S$2.3m as at 31 December 2023, due mainly to the repayment of loans and borrowings.

As a result of the above, the Group's equity decreased from S$15.1m as at 31 December 2022 to S$12.2m as at

13 https://matex.com.sg/en/news_2023/news_items/205
14 https://matex.com.sg/en/news_2023/news_items/217
15 https://matex.com.sg/en/news_2023/news_items/214
16 https://matex.com.sg/en/news_2023/news_items/200
17 https://matex.com.sg/en/news_2023/news_items/211

MESSAGE TO SHAREHOLDERS

31 December 2023. After excluding non-controlling interests, the Group's equity attributable to Owners of the Company dropped slightly from S$14.9m as at 31 December 2022 to S$12.7m as at 31 December 2023.

REVIEW OF CASH FLOW POSITION

Net cash used in operating activities

In FY2023, approximately S$456k of net cash was used in the operating activities, which was a result of operating loss before changes in working capital of S$3.6m, net working capital inflows of approximately S$2.9m and net interest and tax refund of S$165k.

Net cash generated from investing activities

In FY2023, the Group's net cash inflow from investing activities amounted to approximately S$3.8m, due mainly to the proceeds received from the disposal ACL and the repayment of outstanding intercompany payables by the purchaser of MCT, offset partially by the purchase of PPE amounting S$298k and the long-term investment of S$134k.

Net cash generated from financing activities

In FY2023, the Group's net cash inflow from financing activities amounted to approximately S$1.1m, due mainly to the proceeds from the private placement of S$1.25m and amount due to former subsidiary of S$1.2m, offset partially by loan repayment of S$665k and lease liabilities repayment of S$667k.

FUTURE OUTLOOK

In January 2024, the International Monetary Fund updated in its latest World Economic Outlook that with gradual disinflation and steadier markets reopening, the risks to global growth are broadly balanced and a soft landing is a possibility[18]. Still, there are eminent challenges across the horizon with new commodity price spikes from geopolitical shocks – including continued attacks in the Red Sea – and supply disruptions or more persistent underlying inflations that could provoke and prolong tight monetary conditions. Deepening property sector woes in China or, elsewhere, a disruptive turn to tax hikes and spending cuts could also cause potential growth disappointments.

With this backdrop, Matex continues to navigate a challenging trading environment along with its competitors and the textile industry at large. The long-lasting effects of Covid continue to linger sporadically, new wars erupting and weakened consumer confidence had resulted in much lower market demands than expected, as brands continue to reduce their current inventories and hold off from placing large orders and focused on the movement towards slower fashion: (to make things that are more sustainable and durable) as opposed to fast fashion in the decades before. These challenges are expected to remain throughout 2024, with market demand significantly reduced relative to the trading conditions of previous years.

Despite the above, new opportunities can sprout and henceforth the Company continues to prepare itself to be more circular by investing, developing, and delivering suitable product lines in 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.

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

The Company is pleased to announce that through the strategic collaboration with CSF Fund I Pte Ltd, the Company entered into an investment agreement on 26th January 2024 with AR Bioenergy Tech Pte. Ltd. ("**ARB**"), whereby the Company has subscribed for 276,162 new ordinary shares, which representing 19.12% of the total number of ordinary shares in the enlarged issued and paid-up share capital of ARB for a total consideration of S$1,300,000. ARB was incorporated to undertake the business of turning low value biomass to high value carbon and activated carbon products. Further details of the above are set out in the Company's announcement dated 26 January 2024.

While the environment ahead is clouded, Matex is clearly committed to delivering value to its shareholders. With its improved cash position, the Company continues to be on the active lookout for suitable opportunities for diversification and innovation and to also establish new and complementary businesses to grow the Group's revenues and profits.

WORDS OF APPRECIATION

Our deepest appreciation to our valued customers, business partners, associates and stakeholders for their blessed support as we worked side by side collectively throughout the years to create new possibilities.

We look forward to continue working closely with you on the road ahead to better grow sustainably and value add to help improve and empower **the lives of billions globally!**

Moving together into the new era post pandemic, our dearest Matexians, thank you again for your unwavering commitment, determination and belief in the Company. Stay empowered, equipped, with care and unity to be ready to build, steward and scale. Forward Matex!

Yours sincerely,

Dr John Chen Seow Phun
Non-Executive Chairman and Independent Director

Dr Alex Tan Pang Kee
Chief Executive Officer/Managing Director

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18 https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024

BOARD OF DIRECTORS

DR JOHN CHEN SEOW PHUN
Non-Executive Chairman & Independent Director

Dr Chen has been our Chairman and Independent Director since 11 July 2003. He was a Member of Parliament ("**MP**") from September 1988 to May 2006. He was the Minister of State for Communications from March 1997 to June 1999. From June 1999 to November 2001, he was the Minister of State for Communications & Information Technology and Minister of State for National Development. Dr Chen holds a Doctor of Philosophy ("**Ph.D**") degree in Electrical Engineering from the University of Waterloo, Canada. He taught at the National University of Singapore from 1983 to 1991. In 1991, he became the Assistant Secretary General of the National Trades Union Congress (NTUC) until 1997. Dr Chen also served as the Deputy Chairman and Managing Director of the NTUC Healthcare Cooperative Ltd from 1992 to 1997. Dr Chen has served as a board member of the Economic Development Board (EDB), the Housing & Development Board (HDB), the then Port of Singapore Authority (PSA) and Singapore Power Ltd. He is presently the Executive Chairman of Pavillon Holdings Ltd (formerly known as Thai Village Holdings Ltd) and Chairman of SAC Capital Private Limited. He also sits on the board of several public listed companies as an independent director.

MR FOO DER RONG
Independent Director

Mr Foo was appointed as an Independent Director of the Company on 10 May 2016. Mr Foo holds a Bachelor of Commerce from the then Nanyang University. Mr Foo is currently the Director of Tian International Pte Ltd. He also sits on the Board of Noel Gifts International Ltd, SLB Development Ltd and Southern Lion Sdn Bhd. He has a wealth of experience and knowledge in business development, corporate restructuring, investment strategies and operations management in a wide range of industries. He was formally the Managing Director/Chief Executive Officer of Intraco Ltd from 2013 to 2015 and the Managing Director/Chief Executive Officer of Hanwell Holdings Ltd (currently known as PSC Corporation Ltd) from 2002 to 2012. Mr Foo was the former Vice Chairman and is currently a Patron of Teck Ghee Community Club.

MR WANG DAO FU
Independent Director

Mr Wang has been our Independent Director since 11 January 2017. He graduated with a Bachelor of Law from Peking University in 1984. From August 1993 till May 2002, he had worked with various established Singapore law firms as their Chinese Legal Counsel, following which Mr Wang set up Shanghai Yuantai Law Offices in 2004 as the firm's founding partner. He has more than 30 years of PRC legal practice experience in capital market, corporate finance and mergers & acquisition. Mr Wang currently serves as director of several companies including Proceq Trading (Shanghai) Co. Ltd (China), and Sunpower Group Ltd.

BOARD OF DIRECTORS

DR TAN PANG KEE
Managing Director & Chief Executive Officer

Dr Tan founded our Company in September 1989 and was appointed as our Managing Director in early 1990. Dr Tan has more than 30 years of related experience and has been instrumental in the development of our Company since its inception. He is in charge of formulating corporate strategies and management of our growth and development. He is also involved in developing new products and identifying new markets for our Group.

Dr Tan was a member of Pro-Enterprise Panel with the Ministry of Trade & Industry from 1 January 2016 to 31 December 2017 and has also served the Textile and Fashion Industry Training Center Academic and Examination Board for a term of 5 years from 1 November 2010 to 1 November 2015. He was also appointed as the Chairman of the IPI Industry Advisory Panel with IPI Ltd from 30 April 2014 to 31 May 2016.

Dr Tan holds a Bachelor of Science degree in Chemistry from the University of London and obtained an honorary Ph.D in business administration from Honolulu University, Hawaii, USA, in 2003. Between 1967 and 1988, Dr Tan was the Regional Technical Manager of the Sandoz Division of F.E. Zuellig (Trading) Pte Ltd (1976 to 1988), Technical Supervisor of Guthrie (M.S.) Pte Ltd (1973 to 1975) and a Chemical Analyst in the Malaysia Chemistry Department (1967 to 1972).

MR DRO TAN GUAN LIANG
Executive Director

Mr Tan was appointed as our Executive Director in 2010. He is responsible for the Group's businesses, projects that cater to the branding of the Company and product innovation and development. He helps with the design, expansion and overseeing of the Group's buildings and infrastructures. He is actively involved in the Group's diversification projects that aim to complement the Group's existing core businesses. He is also appointed as Associate Council Member (Sustainability) at Textile and Fashion Federation Singapore, a non-profit organisation, and an active member of its executive and management committee dedicated to helping the Singapore textile and fashion industry and its members globalize. He is a member of the Academic & Examination Board of the Textile and Fashion Training Center ("**TaFtc**"). Prior to this, he had worked with various architectural firms in Seoul, Korea and Singapore. Mr Tan graduated with a Master of Architecture and Minor in Technopreneurship from the National University of Singapore in 2008; his research thesis focused on the global study and development of sustainable suburban communities.

BOARD OF DIRECTORS

MR JASON YEO HOCK HUAT

Non-Executive Director

Mr. Yeo was appointed as our Non-Executive Director on 10 August 2023. He holds an Executive MBA (EMBA) of National University of Singapore, in 2013 and an Executive MBA (EMBA) of Tsinghua University China, in 2020. Mr. Yeo is a successful entrepreneur, a dedicated philanthropist and a passionate advocate for social change, with over 30 years of experience in building and growing businesses in Asia Pacific and North America. He is the Founder and Chairman of JCS Group (1990 – Present), which is a Singapore-based global advanced manufacturing group with diverse businesses in renewable energy, complex equipment, agri-technology, aerospace industry, logistics industry, and medical devices. Mr. Yeo is also the Founder and Chairman of Mclean Technologies Berhad (1 June 2010 – Present).

Mr. Yeo is actively involved in business, engineering and social community services as a volunteer in the following capacities:

› Chairman, NUS Business School Chinese Alumni Association (2020 – Present)

› Chairman, Hong Kah North Constituency Community Committee (2018 – Present)

› Advisor, National Research Foundation, Singapore (2018 – Present)

KEY MANAGEMENT

MR TAN PANG SIM
Director/General Manager of Unimatex Sdn Bhd

Mr Tan has been the General Manager of Unimatex Sdn Bhd (USB) since 2000. He is in charge of the management and development of corporate policies and procedures for USB. Mr Tan holds a diploma in commercial accounting from the Singapore Commercial Accounting Institute and is an Associate Financial Planner with the Financial Planner Association of Malaysia. Having started his career as an Accountant and Office Administrator in Pacific Food Product Sdn Bhd in 1971, Mr Tan has more than 30 years of experience in company administration and management as well as financial planning. Prior to joining us, he was the Financial Controller/Director of Macinda Sdn Bhd between 1989 and 2000.

MR SEOW HAN KHYE
Chief Financial Officer and Joint Company Secretary

Mr Seow joined the Group as Financial Controller since July 2020. He has been put in-charge of finance, accounting, taxation and treasury of the Group. In addition to his financial focus, Mr Seow is actively involved in line-of-business executive and operations management. He also assists the Executive Directors to oversee the financial planning, business development and the management of strategic business investments. Prior to joining the Company, Mr Seow was the Chief Financial Officer in Luma Group. He has acquired vast amount of working experience working as Senior Management with various multi-national companies.

Mr Seow is a Fellow Member of Association of Chartered Certified Accountants.

FINANCIAL HIGHLIGHTS

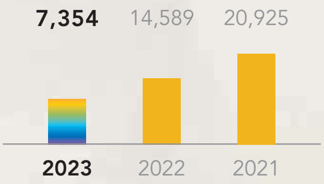
GROUP CONSOLIDATED STATEMENTS

	2023 $’000	2022 S’000	2021 S’000
Statement of Comprehensive Income ($’000)			
Revenue	**7,354**	14,589	20,925
Gross Profit	**1,608**	2,510	2,640
Net operating & financial expenses	**(5,681)**	(11,238)	(10,017)
Other Income	**48**	12,460	334
(Loss)/Profit before tax	**(4,025)**	3,732	(7,043)
Income tax	**(16)**	(33)	(29)
(Loss)/Profit after tax	**(4,041)**	3,699	(7,072)
Attributable to:			
Owners of the parent	**(3,310)**	7,273	(4,930)
Non-controlling interests	**(731)**	(3,574)	(2,142)
	(4,041)	3,699	(7,072)
(Loss)/Earnings per share (cents)*	**(0.98)**	2.33	(1.58)
Balance Sheet ($’000)			
Non-current assets	**1,735**	1,802	1,079
Current assets	**19,663**	22,452	29,141
Less : current liabilities	**(8,573)**	(7,651)	(19,223)
Net current assets	**11,090**	14,801	9,918
Non-current liabilities	**(579)**	(1,504)	(3,921)
Net Assets	**12,246**	15,099	7,076
Owners of the company	**12,701**	14,875	7,802
Non-controlling interests	**(455)**	224	(726)
Total Equity	**12,246**	15,099	7,076
Net asset value per share (cents)**	**3.51**	4.77	2.50

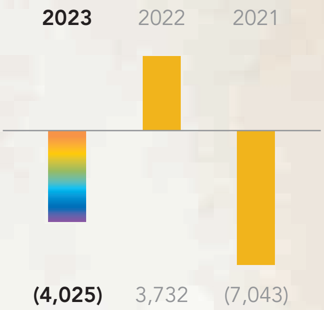
* (Loss)/Earning per share is calculated by dividing the (loss)/profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during FY2023 of 337,314,591 (2022: 311,698,153/2021: 311.698,153) shares.

** The net asset value per share as at 31 December 2023 are computed based on 361,698,153 (2022: 311,698,153/2021: 311,698,153) ordinary shares.

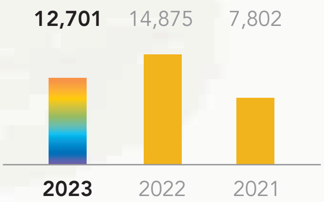
REVENUE ($’000)



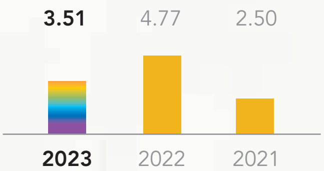
(LOSS) BEFORE TAX ($’000)



SHAREHOLDERS’ EQUITY ($’000)



NET ASSET VALUE PER SHARE (CENTS)



FINANCIAL CONTENTS

SUSTAINABILITY REPORT

ABOUT THIS REPORT

Matex International Limited ("**Matex**", "**MIL**", or the "**Company**" and together with its subsidiaries, the "**Group**"), is proud to present our Sustainability Report for the Financial Year ("**FY**") that ended 31 December 2023. Our dedication to Environmental, Social, and Governance ("**ESG**") principles is outlined in this Sustainability Report, along with our approach to tracking, evaluating, and reporting on sustainability projects. Our goal in publishing this Report is to encourage responsibility, motivate constructive change, and advance the Group's progress toward a more sustainable and responsible future by outlining its ESG accomplishments, difficulties, and upcoming projects.

Reporting Boundary and Scope

This Report is published for the period of **1 January 2023 to 31 December 2023 ("FY2023")**. It provides a comprehensive overview of the Group's sustainability initiatives and performance, covering significant operations in Singapore.

The Report encompasses details and endeavours of the parent company Matex International Limited along with its seven subsidiary companies:

1. Matex Holdings Pte Ltd ("**MHP**")
2. Shanghai Matex Chemicals Co. Ltd ("**SMC**")
3. Unimatex Sdn Bhd ("**USB**")
4. Matex Chemicals Technologies ("**Shanghai**") Co. Ltd ("**MTL**")
5. Dedot Trading (Shanghai) Co. Ltd ("**DTS**")
6. MatexMega Pte. Ltd. ("**MMP**")
7. Matex Holdings ("**HK**") Limited[1] ("**MHK**")

The Report emphasises the Group's operations and initiatives in the areas of economics, the environment, social, and governance. The important disclosures and issues have been carefully chosen based on their significance to provide consistency for comparison. This report offers insight into our strategy, aims, and targets while evaluating the Group's most important sustainability areas.

To ensure a meaningful comparison, the data in this report has been carefully examined, verified, and explained for any changes from the prior year. The purpose of the Report is to give readers a high-level understanding of the sustainability practices and policies of the Group.

The Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations have been complied with by the Group during the current reporting period. We made sure that we offered clear and thorough information on our climate-related risks and opportunities. We recognised the importance of TCFD disclosures for investors, stakeholders, and the larger global society.

The Group has adopted an operational control approach while consolidating the information. Through this carefully defined scope and boundary, we aim to present a clear and accurate account of our sustainability initiatives, challenges, and achievements.

1 MHK is a subsidiary newly setup in December 2023 and is currently dormant.

SUSTAINABILITY REPORT

Approach and Methodology

This Sustainability Report has been developed in alignment with the GRI Standards, which were selected as the reporting framework due to their comprehensive guidelines and status as a global standard for disclosing governance practices, environmental impact, social responsibility, and economic performance of organisations.

Our organisation has selected the Global Reporting Initiative ("**GRI**") framework for its sustainability reporting due to its recognition as a thorough and globally endorsed system for Environmental, Social, and Governance ("**ESG**") performance disclosure. Adopting the GRI framework aligns our sustainability reporting with international norms, improves transparency, and enables comparison with the sustainability efforts of other companies. In implementing the GRI guidelines, our company diligently gathers, evaluates, and communicates essential sustainability data. This encompasses a broad spectrum of subjects, including environmental effects and human rights. Such a detailed method furnishes our stakeholders with a clear and evolving picture of our commitment and advancements in sustainability.

In adhering to the "Comply or Explain" requirements mandated by the Singapore Exchange ("**SGX**"), this Report has been meticulously prepared in good faith and to the best of our abilities, acknowledging our ongoing efforts to enhance our data collection processes.

For the purpose of GRI Reporting, we have taken 2022 as our base year.

Assurance:

We engaged our Internal Audit Function to review the current sustainability reporting processes. The internal review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. The scope included a risk-based review of the processes relating to the sustainability governance and management; the identification, prioritisation and assessment of ESG-related risks and opportunities; reporting relevant sustainability information; and compliance against local regulatory reporting requirements. Matex has not pursued external assurance. However, as we evolve in our reporting practices, we will consider incorporating external verification in future reporting cycles.

CORPORATE PROFILE

Matex International Limited, headquartered in Singapore and established in 1989, has emerged as a leading player in the specialty chemical sector. Listed on the Singapore Exchange, we boast over three decades of experience in manufacturing, supplying, and marketing dyestuffs, specialty chemicals, colour measurement solutions, and innovative technology-aided products. Our clientele spans global markets, including the textile, paper, leather, detergent, and polymers industries.

Throughout our journey, we have earned recognition as a preferred supplier renowned for our commitment to innovation, world-class quality standards, exceptional service, cost-efficiency, and sustainability across our products and processes.

SUSTAINABILITY REPORT

As a solutions provider, Matex offers an extensive range of colourants, auxiliaries, and services, focusing on developing new sustainable product solutions, application development, process technologies, and services aimed at improving sustainability performance, reducing costs, and minimising raw material usage.

Operating globally, we have established a network of offices, centres of excellence, agencies, and production facilities in numerous countries, supported by a dedicated workforce spanning various locations worldwide.

Embracing an asset-light strategy, we concentrate on three core areas: Health and Well-Being, Environmental Solutions, and Lifestyle Wear. Collaborating closely with our supply chain partners, we continuously evolve and enhance our products and services to seize new and emerging business opportunities.

At Matex, we are steadfast in our commitment to clean, ethical business practices, technological advancements, ongoing learning, and environmental stewardship, always placing the customer at the forefront of our endeavours.

Value Chain

Established in September 1989, Matex International Limited is a prominent manufacturer, supplier, and marketer of high-quality dyestuffs and specialty chemicals, as well as a provider of computer-aided systems and colour measurement tools, to a wide range of international markets, including the textile, paper, leather, detergent, and polymer industries. The company is listed on the Singapore Exchange since February 2004. With our Centre of Excellence in Singapore for PEOPLE, INNOVATIONS, PRODUCTS, SERVICES, TECHNOLOGIES and SOLUTIONS to our Markets, it aspires to be a world-class integrated service provider in CLEAN COLOUR SCIENCE TECHNOLOGIES the WORLD desires.

In an effort to better service its large clientele of international clients, Matex has built a network of highly skilled sales and marketing experts with a strong presence in China. We are well known for our ability to meet the constantly evolving needs of our clients by offering top-notch technical support services. We have received several honours over the years for our work. One of China’s leading chemical firms, Matex has consistently been named, and we were honoured as Singapore Specialty Chemicals Company of the Year in recent years for our achievements. Matex works hard to include social and environmental issues into business processes so that our companies can grow in a sustainable and balanced manner. Our capacity to consistently create distinctive, cutting-edge goods and services by fusing the newest technologies with our in-depth expertise and business acumen-all demonstrated by our well-known Megafix® reactive dye line. In order to establish long-term, “win-win” strategic partnerships, we work to add value to our clients’ products through improved performance, price competitiveness, quality, and environmental friendliness.

SUSTAINABILITY REPORT

Group Structure:

Our Group Structure is designed to optimise both operational efficiency and sustainability across different markets and sectors. It is primarily composed of a network of subsidiaries. Each subsidiary operates with a high degree of autonomy, yet is aligned with the group's overarching sustainability goals and ethical standards. Moreover, the structure ensures that sustainability practices are embedded at every level of the organisation, enabling us to collectively contribute towards our shared goals of environmental stewardship, social responsibility, and economic viability.

Board's Message

The Board of Directors is delighted to introduce our 2023 Annual Sustainability Report, which showcases our steadfast dedication to sustainability and ethical business conduct for FY2023. This report has been meticulously compiled in line with Sections 711A and 711B of the Catalist Rules found in the Listing Manual of the Singapore Exchange Securities Trading Limited, and the whole report is in reference with the GRI Standards for guidance.

In shaping our strategic direction, the Board has integrated sustainability considerations, identifying key ESG factors that are material to our business. This involved overseeing the management and monitoring of sustainability risks and opportunities, including those related to climate change, to ensure all pertinent ESG aspects are effectively addressed. Additionally, the Board played a pivotal role in scrutinising this sustainability report before its publication, guaranteeing its accuracy and comprehensiveness in reflecting our sustainability commitments and achievements.

SUSTAINABILITY REPORT

Matex is dedicated to ensuring the sustainability of its products. Our strategy for addressing challenges involves the use of safe, efficient, and innovative methods. We rely on our skilled local teams to foster sustainable growth for both our Group and the communities in which we are active.

As a conscientious corporate organisation, we are acutely aware of our business activities' effects on both the environment and local communities. Acknowledging the significance of thriving ecosystems and social fairness, we conduct our operations with honesty, dependability, and a commitment to high-quality production that aims to reduce environmental impact.

Sustainability is regarded as a key element in our pursuit of long-term value. The Group's management has pinpointed and assessed critical ESG factors. These factors are regularly monitored and managed by the Board, which also considers them in shaping the Group's strategic direction and policies.

Our pledge to exemplary corporate governance and sustainable business practices is steadfast. We are committed to promoting best practices, transparency, responsibility, and ethical conduct, ensuring the enduring success of our business and generating lasting value for our stakeholders and communities.

Feedback

Matex is committed to enhancing our sustainability reporting and values input from all stakeholders. We invite you to share your thoughts and suggestions on our sustainability practices. For any inquiries or comments related to sustainability, please feel free to contact us at info@matex.com.sg and/or marketing@matex.com.sg.

MATEX'S ESG APPROACH

Alignment with International Initiatives

Sustainable Development Goals:

The General Assembly, which was established in 1945 under the United Nations Charter ("**UN**"), plays a pivotal role as the principal deliberative, policymaking, and representative body of the United Nations. It brings together all 193 United Nations members to provide a single forum for multilateral discussion of the entire spectrum of global issues covered by the Charter. In addition, it plays a crucial role in the processes of standard-setting and codification of international law.

SUSTAINABILITY REPORT

On 25 September 2015, the United Nations General Assembly adopted the 17 Sustainable Development Goals ("**SDGs**") as part of a new sustainable development agenda aimed at eradicating poverty, protecting the environment, and ensuring prosperity for all. Each objective has 15-year-long objectives that must be achieved. The SDGs urge governments, corporations, and civil society organisations to work together to end poverty and give everyone on Earth a life of dignity and opportunity.

As we advance towards sustainability, we will continue to assess our alignment with the SDGs and, where possible, realign our internal objectives and sustainability strategy to address the targets more effectively and comprehensively.

United Nations Global Compact:

The United Nations Global Compact ("**UNGC**") is a voluntary initiative launched by the United Nations in 2000 that encourages businesses to adopt sustainable and socially responsible policies and practices.

The UNGC has ten principles in the areas of human rights, labour rights, the environment, and anti-corruption. These principles serve as a framework for companies to align their strategies and operations with universal principles on human rights, labour, environment, and anti-corruption and to take actions that advance societal goals.

SUSTAINABILITY REPORT

In line with the Previous Year, the Group released its 2022 Communication of Progress Report ("**COP**") on the UN Global Compact Website. Our Report's references to the 10 UNGC principles are listed below:

UNGC Principle		Report Section
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	Customer Satisfaction
Principle 2	Make sure that they are not complicit in human rights abuses.	Customer Satisfaction
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Customer Privacy
Principle 4	Elimination of all forms of forced and compulsory labour.	Labour Management Relations
Principle 5	Effective abolition of child labour	Child Labour and Forced Labour
Principle 6	Elimination of discrimination in respect of employment and occupation.	Employee Care, Employment and retention of employees, Employee diversity
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges	Environmental Sustainability
Principle 8	Undertake initiatives to promote greater environmental responsibility.	Environmental Sustainability
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	Eco-Friendly Products
Anti-Corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Anti-Corruption

SUSTAINABILITY REPORT

Materiality Assessment

As part of our commitment to sustainability reporting, we conducted a thorough materiality assessment to identify the most significant sustainability challenges affecting both our operations and stakeholders. This assessment was comprehensive, drawing upon stakeholder feedback, internal data analysis, and comparisons with industry benchmarks and leading practices. Utilising a materiality matrix, we evaluated and ranked these sustainability issues based on their potential impact on our business and stakeholders, as well as their importance to our stakeholders.

The following table presents the details of the Material Topics for FY2023, along with their corresponding alignment with UNSDGs.

SDG Linkage	Material Topic	Impact	Management Approach
Environment			
	Materials	Potential depletion of natural resources, environmental pollution from extraction and processing	Implementing sustainable sourcing practices. Investing in research and development for eco-friendly materials
	Energy Management	Greenhouse gas emissions, reliance on non-renewable energy sources	Implementing energy efficiency measures. Increasing use of renewable energy sources
	Water Conservation and Management	Water pollution, water scarcity	Implementing water recycling and reuse systems. Investing in water-saving technologies
	Emissions	Air pollution, contribution to climate change	Implementing emission reduction technologies. Setting emission reduction targets

SUSTAINABILITY REPORT

SDG Linkage	Material Topic	Impact	Management Approach
Social			
4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH	Employment	Unfair labour practices, exploitation of workers	Ensuring fair wages and benefits. Providing safe and healthy working conditions
8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Labour Management Relations	Employee dissatisfaction, labour disputes	Promoting open communication and dialogue with employees. Implementing fair labour policies
3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH	Occupational Health and Safety	Workplace accidents, health hazards	Conducting regular safety training and audits. Providing personal protective equipment (“PPE”)
4 QUALITY EDUCATION	Training and Education	Skill gaps among employees, lack of employee development opportunities	Offering regular training programs and workshops. Supporting continuous learning and career advancement
5 GENDER EQUALITY; 10 REDUCED INEQUALITIES	Diversity and Equal Opportunity	Discrimination, lack of diversity in the workforce	Implementing diversity and inclusion policies. Promoting equal opportunities for all employees
3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Customer Health and Safety	Product recalls, consumer health risks	Implementing rigorous quality control measures. Providing clear product information and warnings
10 REDUCED INEQUALITIES; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Non-Discrimination	Discrimination against customers or stakeholders based on gender, race, or other factors	Implementing non-discrimination policies and procedures. Providing diversity training for staff
3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Product Safety and Quality	Defective products, safety hazards	Implementing quality assurance processes. Conducting product safety testing and certifications

SUSTAINABILITY REPORT

SDG Linkage	Material Topic	Impact	Management Approach
Governance			
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	Marketing and Labelling	Misleading advertising, greenwashing	Ensuring accurate and transparent product labelling. Implementing ethical marketing practices
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	Anti-Corruption	Bribery, unethical business practices	Implementing anti-corruption policies and procedures. Conducting regular audits and compliance checks

Stakeholder Engagement

At Matex, we understand the pivotal role of engaging with stakeholders in advancing our sustainability initiatives. Our objective is to cultivate a deeper comprehension of stakeholders' needs, expectations, and concerns through transparent and open communication channels. This approach has been instrumental in building trust and fostering positive relationships with our stakeholders. We are steadfast in our commitment to sustained engagement and collaboration.

Our organisation remains dedicated to actively involving stakeholders in our daily operations. We firmly believe that such endeavours are essential for ensuring that their needs and viewpoints guide our sustainability strategies. We are committed to continually seeking fresh avenues for meaningful engagement and collaboration.

Moreover, our senior management actively participates in industry conferences and dialogues, collaborating with pertinent associations to stay updated on industry trends and contribute to diverse sectors. These interactions play a crucial role for our organisation by offering invaluable insights into stakeholders' perspectives, identifying potential risks and opportunities, and facilitating informed decision-making and accountability.

S/N	Stakeholder	Topics of Concern	Communication Channels	Frequency of Communication
1	Customers	Products, Delivery, Returns, Pricings, Sustainable Economics Solutions, Product Safety	Sales Dept, Technical offices, Trade Fairs	Weekly, As and when, At least once a year
2	Employees	Policies, Wages, Benefits, Company Culture, Talent Management, Training	Human Resource	As and when, Matex Handbook & Notices
3	Shareholders	Company Economic Developments, Dividends, Investment Opportunities	AGM, EGM, Management, Sponsors, Board	At least once a year, As and when

SUSTAINABILITY REPORT

4	Investors	Potential Investment, Returns, New Projects	Management, Board	As and when required
5	Suppliers	Delivery, New Products, Defects, Sustainable Sourcing & Tracing	Supply Chain Dept	As and when required
6	Government & Regulators	New Policies, New Standards & Guidelines Compliance, Environment Safety & Compliance	Management, Business Development Dept & Technical Product Stewardship	As and when required
7	Communities	Projects, Givebacks, Community Development	Management, Business Development Dept	As and when required
8	Media	Feature, News Articles, Interviews	Management, Business Development Dept	As and when required
9	Consumers	Product Launch B2C, Returns, Deliveries, Product Safety	Matex E SHOP, Business Development Dept	As and when required

Events

This year, our commitment to sustainability has been recognised through prestigious accolades and community engagement initiatives.

1. Giving Back to Communities:

   Our engagement with communities included:

   - Participating in the SMU BFI 10th Anniversary, the SMU-X Masterclass, and as guest speakers for the SMU MBA program.

   - Conducting workshops and sharing sessions on carbon management with GCNS, and contributing to the HPPS Makers Movement.

   - Supporting EMAS in Knowledge Sharing Outcome-based programs.

2. Fashion for Sustainability:

   We also played a pivotal role in the SFC Kebaya Reimagined event, part of the "Be the Change" Summit. This initiative reflects our commitment to integrating sustainability into various sectors, including fashion. More information on this event can be found on the SG Fashion Council website: https://www.sgfashioncouncil.org.sg/be-the-change-summit-2023/.

These events underscore our continuous effort to make a meaningful impact on sustainability, both within our organisation and in the broader community.

SUSTAINABILITY REPORT

Partnerships

In our journey towards sustainability, the role of partnerships and commitment cannot be overstated. These partnerships are grounded in a mutual commitment to sustainability goals and are vital in amplifying our impact. We believe that by combining our resources, expertise, and visions, we can tackle environmental challenges more effectively and drive significant progress towards a more sustainable future. Matex remains steadfast in our commitments to global sustainability standards, actively participating and aligning with organisations. A few of them are as follows: Bluesign, Oeko-Tex, ETAD, ZDHC, and the GCNS SDG events. These associations underscore our ongoing dedication to environmental stewardship and responsible manufacturing practices.

1. Embracing Change with Singapore Fashion Council ("**SFC**"): Matex has formed a strategic partnership with the Singapore Fashion Council to spearhead innovative initiatives like "Be the Change" and the "Gala Kebaya Reimagined". These projects showcase our commitment to transforming the fashion industry, emphasising sustainable practices and eco-friendly fashion.

2. Educational Partnerships for Sustainable Practices: We have extended our reach to educational institutions, introducing Matex Eco Dyes in tie-dye kits and projects. This initiative is designed to educate the younger generation about eco-conscious fabric treatments and inspire a new wave of sustainable fashion enthusiasts.

3. Sustainability Recognition with SFIC: Our collaboration with the Singapore Furniture Industries Council ("SFIC") in the SOL Awards is a testament to our dedication to sustainability. This partnership highlights our efforts in pushing the boundaries of eco-friendly practices within the furniture industry.

Through these partnerships and commitments, Matex not only adheres to but also sets higher standards in sustainability, demonstrating our unwavering dedication to a greener future.

Awards and Achievements:

We are proud to highlight the significant strides we have made through various initiatives and celebrate the recognition we have received in the form of awards and achievements. Each initiative undertaken reflects our unwavering dedication to sustainability, showcasing innovative solutions and impactful strategies that have contributed to environmental protection, social responsibility, and economic growth. The awards and accolades we have garnered not only acknowledge our commitment to excellence in sustainable practices but also inspire us to set even higher standards in our journey. These achievements are a testament to the hard work and dedication of our team, and they underscore the positive influence our company has had on both the industry and the broader community.

1. The Sustainable Solutions for GCNS Apex Award, acknowledging our innovative approaches in sustainability.

2. SOL Awards Sustainability Leaders Recognition, celebrating our leadership in sustainable initiatives.

3. The Champion Young Leaders SDG Award, for our impactful contributions towards Sustainable Development Goals.

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4. At the SDC Singapore heat, we emerged as the winner and further achieved the title of World Champion in the International SDC competition.

5. Sustainability Leaders Recognition: In 2023, Matex International Limited was honoured with the SFIC Sol Award for Sustainability Leadership. This prestigious recognition was a result of Matex's efforts toward promoting sustainability.

6. 8th Singapore Apex Corporate Sustainability Award: Matex International Limited was also recognised at the 8th Singapore Apex Corporate Sustainability Awards in 2023, hosted by the UN Global Compact Network Singapore. This accolade underscores our dedication to upholding the principles of corporate sustainability outlined by the United Nations.

ENVIRONMENTAL SUSTAINABILITY

Our dedication to environmental sustainability is a fundamental aspect of our corporate identity and strategy. We are committed to minimising our environmental footprint through proactive measures that encompass resource conservation, emissions reduction, and the implementation of environmentally friendly technologies. Our initiatives are targeted towards a significant reduction in emissions, responsible water usage, and promoting recycling and reuse across our operations. We constantly monitor and evaluate our environmental performance, ensuring compliance with regulatory standards and striving for continuous improvement. By investing in renewable energy sources and sustainable practices, we are not only contributing to the health of our planet but also setting a benchmark in our industry for environmental stewardship. This commitment to the environment extends beyond our operational boundaries, as we engage and educate our employees, suppliers, and the wider community to foster a culture of sustainability.

Reduction of Carbon Emissions

At Matex, we understand the impact our operations have on the environment and are dedicated to our commitment to mitigating our carbon footprint. Continuously seeking innovative approaches, we strive to minimise emissions through the adoption of energy-efficient practices and the utilisation of renewable energy sources. Our dedication to sustainability has garnered recognition through various accolades and certifications, reinforcing our position as pioneers in sustainable practices within our industry, promoting a healthier planet and fostering a brighter future.

Our Group has made significant strides toward sustainability by transitioning from coal to the more eco-friendly fuel, natural gas. This shift has not only led to a reduction in carbon emissions but has also fostered a cleaner working environment for our employees. Consequently, our products now have a diminished carbon footprint, facilitating our customers to achieve better results toward carbon neutrality.

Recognising electricity usage as the primary contributor to our Greenhouse Gas ("**GHG**") emissions, we quantify our carbon footprint in terms of carbon dioxide equivalent ("**CO_2e**"). Our emissions encompass both Direct ("**Scope 1**") and Indirect ("**Scope 2**") emissions, excluding those from our suppliers ("Scope 3").

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To identify opportunities for emission reduction, we continuously monitor and track our primary greenhouse gas emissions, focusing on carbon dioxide ("**CO_2**") emanating from our operations. Through the implementation of carbon accounting solutions and processes, we are committed to enhancing energy efficiency and diminishing our carbon footprint across all emission scopes.

We present a comprehensive overview of our GHG emissions profile for the current reporting year.

Total GHG Emissions[2]

S/N	GHG Emission	Unit	FY2023	FY2022 (Base Year)
A	Total GHG Emission	tCO2e	87.38	103.32
	GHG Scope-wise Emissions			
	GHG Scope 1	tCO2e	14.48	12.08
	GHG Scope 2	tCO2e	72.90	91.24
	Percentage (%)			
	GHG Scope 1	Proportion	16.6%	11.7%
	GHG Scope 2	Proportion	83.4%	88.3%
B	**Intensity**[3]			
	Total GHG Emissions	tCO2e/SGD 1,000,000	11.88	8.51
	GHG Scope-wise Intensity			
	GHG Scope 1	tCO2e/SGD 1,000,000	1.96	1.00
	GHG Scope 2	tCO2e/SGD 1,000,000	9.91	7.51

Our sustainability report for FY2023 reflects a notable shift in our greenhouse gas ("**GHG**") emissions profile compared to the base year of FY2022. Total GHG emissions decreased from 103.32 tCO2e in FY2022 to 87.38 tCO2e in FY2023, demonstrating a commendable reduction in our environmental impact. This reduction is observed across both Scope 1 and Scope 2 emissions, with Scope 1 emissions increasing slightly from 12.08 tCO2e to 14.48 tCO2e. Conversely, Scope 2 emissions saw a significant decrease from 91.24 tCO2e to 72.90 tCO2e, particularly in terms of electricity consumption.

2 The calculation conducted has been aligned as per GHG protocol. EPA's GHG Emission Factors Hub (12 September 2023), EMA, IGES, and WRI emission factors have been used for GHG Emissions calculations.

3 The intensity for FY2023 has increased compared to FY2022, primarily attributed to weak demand in the textile industry and high inventory levels in the market. These factors have contributed to a higher intensity level in the current year.

SUSTAINABILITY REPORT

The proportion of Scope 1 to total GHG emissions increased from 11.7% in FY2022 to 16.6% in FY2023, while the proportion of Scope 2 emissions correspondingly decreased from 88.3% to 83.4%. In terms of intensity, the overall GHG emissions intensity saw an increase from 8.51 tCO2e/SGD 1,000,000 in FY2022 to 11.88 tCO2e/SGD 1,000,000 in FY2023. Specifically, the intensity of Scope 1 emissions nearly doubled from 1.00 tCO2e/SGD 1,000,000 to 1.96 tCO2e/SGD 1,000,000, while Scope 2 intensity rose from 7.51 tCO2e/SGD 1,000,000 to 9.91 tCO2e/SGD 1,000,000, highlighting the increased efforts and challenges in reducing our carbon footprint per unit of economic output. These changes underscore our ongoing commitment to environmental stewardship and the dynamic nature of our sustainability strategies.

Building on our base year of 2022, with a total GHG emissions intensity of 8.51 tCO2e/SGD 1,000,000, and moving to 11.88 tCO2e/SGD 1,000,000 in 2023, we have set forth our future intensity targets as follows:

- Short-term (9.00 tCO2e/SGD 1,000,000)
- Medium-term (6.00 tCO2e/SGD 1,000,000)
- Long-term (3.00 tCO2e/SGD 1,000,000)

This marks our strategic commitment to reducing our carbon footprint in alignment with global sustainability goals.

Energy Management

At Matex, we recognise the important role of energy management in our sustainability strategy. Our primary objective is to minimise our ecological footprint and lower operational expenses while maintaining the reliability and efficacy of our facilities. To realise this objective, we have instituted a variety of programs and measures aimed at enhancing energy efficiency and preservation.

Within our annual Sustainability Report, we showcase our advancements in energy management, encompassing our energy consumption, greenhouse gas emissions, and the adoption of innovative energy-saving technologies. By disseminating this data, we aim to demonstrate our dedication to ethical and sustainable business practices, while also encouraging other enterprises to prioritise energy management within their operations.

The accompanying table presents a comprehensive summary of Fuel and Electricity consumption for FY2023 organisation-wide. This data offers insights into our energy consumption trends and serves as a reference point for future initiatives focused on energy efficiency and preservation. The information provided in this table underscores our commitment to transparency and responsibility in our energy management endeavours.

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Total Energy Consumption in GigaJoules:

S/N	Energy Consumption	Unit	FY2023	FY2022 (Base Year)
A	Electricity Consumed	GJ	474.52	562.97
	Non-Renewable Source	GJ	474.52	562.97
	Renewable Source	–	–	–
B	Fuel Energy Consumed	GJ	275.67	229.03
	Total Energy Consumed	GJ	750.19	792.00
	Percentage (%)			
	Electricity	Proportion	63.2%	71.1%
	Fuel	Proportion	36.8%	28.9%
	Intensity			
	Electricity Intensity	GJ/SGD 1,000,000	64.52	46.38
	Fuel Intensity	GJ/SGD 1,000,000	37.48	18.87
	Total Energy Intensity	GJ/SGD 1,000,000	102.00	65.25

In our sustainability report, a comparative analysis of energy consumption between FY2023 and FY2022 (our base year) highlights notable trends and shifts in our energy usage patterns. During FY2023, our total energy consumption saw a slight decrease to 750.19 GJ from 792.00 GJ in FY2022. Specifically, electricity consumption dropped to 474.52 GJ in FY2023 from 562.97 GJ in the previous year, all sourced from non-renewable sources, indicating a focused reduction in our electrical energy usage. Conversely, fuel energy consumption experienced an increase, rising to 275.67 GJ in FY2023 from 229.03 GJ in FY2022.

This change in energy consumption has influenced the proportions of electricity and fuel energy used. The electricity proportion decreased from 71.1% in FY2022 to 63.2% in FY2023, while the fuel proportion increased from 28.9% to 36.8% in the same period. Furthermore, the intensity metrics provide insight into our efficiency improvements and areas needing attention. Electricity intensity saw an increase to 64.52 GJ/SGD 1,000,000 in FY2023 from 46.38 GJ/SGD 1,000,000 in FY2022, while fuel intensity almost doubled from 18.87 GJ/SGD 1,000,000 to 37.48 GJ/SGD 1,000,000. Overall, our total energy intensity also rose to 102.00 GJ/SGD 1,000,000 in FY2023 from 65.25 GJ/SGD 1,000,000 in the base year, reflecting a complex interplay between our efforts to optimise energy use and the operational challenges encountered.

For our sustainability report, we have set short, medium, and long-term electricity intensity targets from the base year of 2022, with a recorded intensity of 65.25 GJ/SGD, to a 2023 level of 102.00 GJ/SGD.

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Our future targets are structured as follows:

- Short-term (85.00 GJ/SGD)
- Medium-term (70.00 GJ/SGD)
- Long-term (50.00 GJ/SGD)

This reflects our commitment to continuous improvement in energy efficiency.

Water Management

At Matex, we understand the fundamental significance of water within both our operational framework and the communities we serve. We acknowledge the indispensable nature of effective water management for ensuring the enduring sustainability of our business and preserving this precious resource for future generations. Accordingly, we dedicatedly adhere to responsible water stewardship principles. Presented below is a comprehensive table highlighting water consumption metrics across our Group for FY2023.

Total Water Consumption:

Water Consumption	Unit	FY2023	FY2022 (Base Year)
Total Water Consumption	Cubic Metre (m^3)	767.00	998.18
Source Type			
Consumption			
Third-Party	Cubic Metre (m^3)	767.00	998.18
Percentage (%)			
Third-Party	Proportion	100.0%	100.0%
Intensity			
Total Water Consumption	Cubic Metre (m^3)/SGD 1,000,000	104.29	82.23
Source Type			
Third Party	Cubic Metre (m^3)/SGD 1,000,000	104.29	82.23

In our commitment to sustainable resource management, a careful analysis of our water consumption patterns from FY2022 to FY2023 reveals noteworthy progress. The total water consumption decreased from 998.18m^3 in FY2022 to 767.00m^3 in FY2023. This reduction underscores our efforts in enhancing water efficiency across our operations. Despite the overall decrease in water usage, it's important to note an increase in water intensity, from 82.23m^3/SGD 1,000,000 in FY2022 to 104.29 m^3/SGD 1,000,000 in FY2023. This indicates a higher water usage relative to our economic output, signalling areas for future improvement. Our water supply remained entirely sourced from third parties, maintaining a 100% proportion for both years. This consistency in our water sourcing highlights our reliance on external water supplies, reinforcing the importance of our ongoing strategies to optimise water use and reduce our environmental footprint.

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In our sustainability efforts, we have outlined short, medium, and long-term targets for water consumption intensity from our base year of 2022, with an intensity of 82.23 m^3/SGD 1,000,000, to 104.29 m^3/SGD 1,000,000 in 2023.

Our targets for the future are defined as:

- Short-term (90 m^3/SGD 1,000,000)
- Medium-term (80 m^3/SGD 1,000,000)
- Long-term (70 m^3/SGD 1,000,000)

This demonstrates our proactive approach to enhancing water efficiency across our operations.

Materials

Throughout the year, our primary products and services required a substantial amount of non-renewable materials, totalling 38.80 tons. In our continuous effort to balance operational needs with environmental responsibility, we have also integrated renewable materials into our processes, specifically in packaging. This year, we utilised 4.83 tons of renewable materials for packaging purposes. This data not only reflects our current resource consumption but also underlines our commitment to improving the sustainability of our material usage. We recognise the importance of transitioning towards more sustainable materials and are actively exploring ways to increase the proportion of renewable resources in our operations.

Eco friendly Products

1. Mebyo Probiotics for All: This innovative product promotes a balanced microbiome and combats antimicrobial resistance ("AMR"). By maintaining ecological balance in microbial communities, Mebyo Probiotics for All contributes to a healthier environment and supports our commitment to sustainability.

2. Megapro RE – Reduced Energy: Tailored for dye processes, Megapro RE significantly lowers energy consumption. This solution exemplifies our dedication to reducing the carbon footprint in manufacturing, aligning with global efforts towards energy conservation.

3. Bio-BASED HEIQ Allergen Tech: Utilised by leading home textile brands, this technology mitigates allergens, ensuring a healthier living environment. Bio-BASED HEIQ Allergen Tech is a testament to our innovation in creating sustainable products that prioritise consumer well-being.

4. MatexMega: A pioneering online, real-time digital analyser designed for the semiconductor wet processing industries. MatexMega efficiently reduces downtime and waste, embodying our commitment to sustainable industrial practices and resource conservation.

These products reflect Matex's unwavering dedication to eco-friendly solutions, balancing industrial needs with environmental stewardship.

SUSTAINABILITY REPORT

Task Force on Climate-related Financial Disclosures:

In this year's report, we are proud to announce the adoption of Phase 1 of the Task Force on Climate-related Financial Disclosures ("**TCFD**") framework. This significant step represents our commitment to transparency and accountability in addressing climate-related risks and opportunities. The TCFD framework guides us in effectively disclosing climate-related financial information, allowing stakeholders to understand the financial implications of climate change on our organisation. This section will detail how we incorporate climate-related considerations into our governance, strategy, risk management, and metrics and targets, demonstrating our proactive approach to managing climate-related issues and their impact on our business.

Recommended Disclosures	Company's Response
Governance: Disclose the organisation's governance around climate-related risks and opportunities	
Describe the board's oversight of climate-related risks and opportunities.	Here we detail the processes through which our organisation manages climate-related issues at the highest levels. The board, including specialised committees like audit and risk, is informed about climate-related issues biannually. They play a pivotal role in integrating climate considerations into our strategic review and decision-making processes, encompassing strategy, risk management, budgets, and business planning. Significantly, the board of directors is the ultimate governing body responsible for climate-related policies and strategies. They regularly evaluate and track progress against climate-related goals and targets during board meetings. Notably, there is no formal internal prioritisation process for climate-related information; the board directly enquires about the impact of company decisions on the climate and environment. Information about climate issues reaches the board primarily through these regular meetings. The board integrates this information into strategic and financial planning, ensuring climate considerations are central to our decision-making process. Moreover, the board of directors approves the release of climate-related information, which is subject to the same governance processes and controls as our financial information.

SUSTAINABILITY REPORT

Recommended Disclosures	Company's Response
Describe management's role in assessing and managing climate-related risks and opportunities.	On the management side, climate-related issues are addressed monthly, with responsibility delegated to a Senior Executive. This includes managing climate-related risks and reporting back to the board or relevant board committee. While our organisational structures for managing climate-related risks and opportunities are integrated, there is currently no segregation of functions related to this area, reflecting our holistic approach to climate governance. Management plays a pivotal role in both identifying and navigating climate-related risks and opportunities, integrating these considerations into our strategic planning and operational decision-making. They are responsible for conducting thorough assessments to understand the potential impacts on our business, ensuring that we are well-positioned to adapt and thrive in a changing climate. Through proactive engagement and innovation, management seeks to leverage climate-related opportunities while mitigating risks, aligning our business model with sustainable growth and resilience.
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	At Matex, we address the multifaceted nature of climate change, examining its impact across short, medium, and long-term horizons. • Short-term horizons: 1 to 2 years • Medium-term horizons: 3 to 5 years • Long-term horizons: More than 5 years This perspective aligns with the lifespan of our assets and infrastructure, acknowledging that climate-related challenges often evolve over extended periods. We delineate specific climate-related issues pertinent to each time frame, assessing their potential material financial impact. Our process for identifying significant risks and opportunities involves a comprehensive analysis, tailored to sectoral and geographical specifics.

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Recommended Disclosures	Company's Response
	The transition to a low-carbon economy, or transition risk, is a key consideration. This risk, varied by geography and sector, influences our strategic planning. Simultaneously, we evaluate physical risks, including changes in weather patterns and extreme weather events, understanding their potential sectoral and geographic nuances. We recognise climate change as a catalyst for opportunities. Our approach involves reevaluating products and services, supply and value chains, adaptation activities, and R&D investments, with a focus on operational strategies, including facility locations. Financial planning is deeply integrated with climate-related issues. We prioritise risks and opportunities over specific timeframes, reflecting their interdependencies and their roles in value creation. This approach encompasses operating costs, revenue projections, capital expenditures, acquisitions, divestments, and capital access. Where relevant, we incorporate climate-related scenarios into our strategic and financial planning, ensuring a holistic, forward-looking business model that remains responsive to evolving climate realities.
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Our organisation recognises the profound impact that climate-related risks and opportunities have on our business operations, strategic direction, and financial planning. Adapting to these challenges and leveraging the opportunities they present are integral to our commitment to sustainability and resilience. We are proactively embedding climate considerations into our strategic planning and risk management processes, ensuring that our business model remains robust and responsive to the evolving environmental landscape, thereby securing long-term value for our stakeholders.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our organisation is committed to assessing and enhancing the resilience of our strategy against a range of climate-related scenarios, including the critical 2°C or lower scenario, to align with global sustainability goals. We recognise the importance of this comprehensive evaluation in safeguarding our operations and ensuring long-term success in a changing climate. Detailed analysis and compliance with these scenarios will be integrated into our strategy in later stages, as part of our ongoing dedication to environmental stewardship and sustainable development.

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Recommended Disclosures	Company's Response
Risk Management: Disclose how the organisation identifies, assesses, and manages climate-related risks	
Describe the organisation's processes for identifying and assessing climate-related risks.	Here, we outline our approach to identifying and managing climate-related risks. Our risk management process involves a thorough assessment of both existing and emerging risks, including regulatory requirements related to climate change. We distinguish climate-related risks, such as potential transition and acute or chronic physical risks, from other types of risks using a comprehensive framework. Our organisation employs specific processes to evaluate the size and scope of these risks, using defined risk terminology consistent with established frameworks. We integrate climate-related financial risks into our overall risk assessment, ensuring they are given appropriate weight in comparison to other risks. Decision-making for managing climate-related risks involves a multi-layered approach. Oversight of this process is conducted by designated organisational bodies, ensuring that decisions on mitigating, transferring, accepting, or controlling risks are made effectively. Materiality in relation to climate risks is determined through a structured process, addressing all relevant categories such as transition and physical risks. **Physical Risks:** In the context of climate change, physical risks embody the direct consequences of environmental alterations on an organisation's operations and assets. These risks arise from the acute and chronic shifts in our planet's natural systems, including extreme weather events like hurricanes and floods, as well as gradual changes such as rising sea levels and shifting temperature patterns. Physical risks have tangible impacts on infrastructure, supply chains, and resource availability, necessitating a proactive approach to adaptation and resilience strategies in order to mitigate potential disruptions and losses. **Transition Risks:** Transition risks refer to the challenges that arise during the shift towards a lower-carbon economy. This transition, driven by changes in policy, technology, market preferences, and societal norms, poses significant risks to organisations that are not adequately prepared. Key aspects include regulatory changes that impose costs on carbon emissions, advancements in green technology that could render existing assets obsolete, and shifts in consumer preferences towards more sustainable products. Understanding and managing these risks are crucial for organisations to remain competitive and resilient in the face of a rapidly evolving global economic landscape.

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Recommended Disclosures	Company's Response
	Internal controls are in place to manage these risks, with processes for managing climate-related risks fully integrated into our broader risk management program. This integration ensures consistency and effectiveness, with climate-related information undergoing the same rigorous internal controls and assurance as traditional financial risks. This comprehensive approach reflects our commitment to responsible risk management in the face of climate change challenges.
Describe the organisation's processes for managing climate-related risks.	We are committed to developing and implementing processes for managing climate-related risks, acknowledging their significance in our operational and strategic framework. At this stage, detailed strategies and processes are being formulated and will be complied with and disclosed in subsequent stages of our sustainability reporting. This approach ensures that our actions are thoughtful, comprehensive, and aligned with best practices for climate risk management.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	We are in the process of integrating the identification, assessment, and management of climate-related risks into our overall risk management framework. This involves a comprehensive approach to ensure that climate considerations are seamlessly embedded in our strategic planning and operational decision-making. We aim to fully comply with these processes in the later stages of our sustainability journey, enhancing our resilience and response to climate-related challenges.
Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	We are in the process of establishing the metrics to evaluate climate-related risks and opportunities, aligning them with our strategic and risk management frameworks. These metrics are essential for us to navigate the complexities of climate change effectively. We anticipate complying with and disclosing these metrics in the later stages of our sustainability journey, ensuring transparency and accountability in our climate-related efforts.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions and the related risks.	Our organisation's GHG emissions for the reporting period are categorised into Scope 1, totalling 14.48 tons of CO2 equivalent ("**tCO2e**"), and Scope 2, amounting to 72.90 tCO2e. These figures underscore our emissions, highlighting the environmental risks associated with our operational activities. We are committed to addressing these impacts through targeted reduction strategies and sustainable practices to mitigate our carbon footprint.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	We are in the process of defining specific targets to effectively manage climate-related risks and opportunities, aiming to align our operations with best practices in sustainability and environmental stewardship. These targets will serve as benchmarks for measuring our performance in mitigating climate impact and harnessing associated opportunities. We plan to detail our strategy and compliance with these objectives in later stages, ensuring transparent communication of our progress and achievements.

SUSTAINABILITY REPORT

SOCIAL SUSTAINABILITY

Employee Care

The Group remains steadfast in its dedication to advancing Fair Employment Practices in alignment with the Tripartite Alliance for Fair & Progressive Employment Practices ("**TAFEP**"), a collaborative initiative endorsed by the Ministry of Manpower of Singapore, the National Trade Union Congress, and the Singapore National Employers Federation.

As a responsible employer, the Group prioritises the provision of a safe, secure, and supportive work environment for its employees. This commitment is upheld through the implementation of robust work safety management systems, emergency preparedness plans, and environmentally sustainable practices across all operations. Our management systems adhere to ISO 14001, ISO 9001, and OHSAS 18001:2007 standards.

In the realms of recruitment and advancement, the Group prioritises principles of fairness, meritocracy, and individual performance, devoid of discrimination based on race, gender, age, or religion, in both selection and evaluation processes.

Continuing its dedication to inclusivity and alignment with global human rights standards, Matex regularly evaluates and updates its Employee Handbook to reflect the principles outlined in the Universal Declaration of Human Rights, ensuring clarity on employee entitlements and organisational resources.

Operating within a diverse cultural landscape, characterised by varying customs and racial backgrounds, the Group's HR policies are crafted to be adaptable and culturally sensitive, in full compliance with applicable laws and regulations.

Employment and retention of employees

Matex recognises the intrinsic value of individuals as assets and investments rather than mere expenses. Consequently, the organisation places great emphasis on cultivating a culture rooted in respect and trust, which not only enriches the workforce but also enhances productivity and ensures sustainable growth.

Our Employee Handbook serves as a detailed roadmap, delineating the rights and obligations of each employee while highlighting the diverse benefits and avenues for career advancement at Matex. Additionally, during company events, our management team consistently underscores the significance of nurturing a people-centric ethos, underscoring the importance of prioritising the welfare of our employees to foster a culture of mutual respect and support within the organisation.

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a) Below is a table showcasing the total count of new employee hires during the reporting period, categorised by age and gender:

New Hires	Number of Individuals FY2023	% of Individuals FY2023	Number of Individuals FY2022	% of Individuals FY2022
Gender				
Male	2	40.0%	5	71.4%
Female	3	60.0%	2	28.6%
Age Group				
Under 30 years old	2	40.0%	1	14.3%
30 to 50 years old	3	60.0%	6	85.7%
Over 50 years old	–	–	–	–

In 2023, our organisation demonstrated a steady commitment to growth and talent acquisition, as evidenced by our hiring rate[4] of 6.9%. This year, we welcomed 5 new hires into our team, reflecting our ongoing efforts to attract and onboard skilled professionals who align with our values and contribute to our strategic objectives. This hiring rate is a testament to our dedication to reinforcing our workforce, fostering diversity, and enhancing our organisational capabilities to meet future challenges and opportunities.

Building from our base year of 2022, where we welcomed 7 new team members, to 5 new hires in 2023 with a hiring rate of 6.9%, we are setting our sights on future growth with short, medium, and long-term hiring targets. These are articulated as 8% for short-term, 10% for medium-term, and 15% for long-term, reflecting our strategic vision for talent acquisition and organisational development.

b) Below is a table illustrating the total count of employee resigned during the reporting period, categorised by age and gender:

Resigned	Number of Individuals FY2023	% of Individuals FY2023	Number of Individuals FY2022	% of Individuals FY2022
Gender				
Male	4	66.7%	5	38.5%
Female	2	33.3%	8	61.5%
Age Group				
Under 30 years old	2	33.3%	–	–
30 to 50 years old	3	50.0%	9	69.2%
Over 50 years old	1	16.7%	4	30.8%

4 Hiring Rate = New Hires/Average Headcount (Beginning + End)

SUSTAINABILITY REPORT

In 2023, our organisation experienced a turnover rate[5] of 8.3%, with 6 employees choosing to resign. This rate is an essential indicator of our workforce stability and employee satisfaction, prompting us to closely examine our workplace environment, career development opportunities, and overall employee engagement strategies. While turnover is a natural aspect of any organisation's lifecycle, understanding the underlying reasons behind these departures is crucial for us to implement effective measures aimed at improving retention and maintaining a committed and motivated workforce. Our focus remains on creating a supportive and enriching work environment that not only attracts talent but also encourages long-term career growth and satisfaction among our team members.

From our base year of 2022, where we saw 13 employees resign, to a reduced number of 6 resignations in 2023, reflecting an 8.3% turnover rate, we are committed to setting strategic short, medium, and long-term targets to further decrease turnover and enhance employee retention. Our future targets, be denoted as 8% for short-term, 6% for medium-term, and 5% for long-term, as part of our ongoing efforts to foster a supportive and engaging work environment conducive to long-term employee commitment and satisfaction.

Employee Diversity

At Matex, our unwavering commitment lies in prioritising diversity and inclusion across every aspect of our operations. We firmly uphold the belief that a diverse workforce enriches our collective perspectives and capabilities, thereby enhancing our ability to effectively serve our customers and communities. We are committed to equal opportunities for career advancement and personal development for all team members, while persistently striving to dismantle any obstacles to inclusivity. Our objective is to cultivate a culture rooted in mutual respect and empathy, ensuring that every individual is valued and empowered.

Below is the breakdown of diversity categories reflected in the composition of the Board of Directors:

Diversity Category	Number of Individuals FY2023	% of Individuals FY2023	Number of Individuals FY2022	% of Individuals FY2022
Gender				
Male	6	100.0%	5	100.0%
Female	–	–	–	–
Age Group				
Under 30 years old	–	–	–	–
30 to 50 years old	1	20.0%	1	20.0%
Over 50 years old	5	80.0%	4	80.0%

5 Turnover Rate = Resigned/Average Headcount (Beginning + End)

SUSTAINABILITY REPORT

Below is the breakdown of employee demographics and their membership status in associations:

S/N	Particulars	Number of Individuals FY2023	Number of Individuals FY2022
1	**Geography of Employee**		
	Local Employee	70	84
	Foreign Employee	2	3
2	**Employee associated with Union**		
	Union Member	–	22
	Non-Union Member	72	65
3	**Employee with Collective Bargaining**		
	Collective Bargaining	–	54
	Non Collective Bargaining	72	33

Below is a table detailing the distribution of employees across different categories, categorised by various diversity criteria for the year 2023:

Diversity Category	Total Employees	Employee Bifurcation					
		Senior Management		Managers		Non-Managers	
		Number of Individuals	%	Number of Individuals	%	Number of Individuals	%
Gender							
Male	41	5	71.43%	8	61.54%	28	56.00%
Female	29	2	28.57%	5	38.46%	22	44.00%
Total	70	7		13		50	
Age Group							
Under 30 years old	20	0	0.00%	0	0.00%	20	40.00%
30 to 50 years old	33	3	42.86%	6	46.15%	24	48.00%
Over 50 years old	17	4	57.14%	7	53.85%	6	12.00%
Total	70	7		13		50	

SUSTAINABILITY REPORT

Employee benefits

In line with our dedication to ethical and enduring business conduct, we consistently evaluate our employee benefits and privileges to guarantee their relevance to our workforce's requirements and congruence with our values. The following table illustrates the proportion of employees currently enjoying each benefit.

S/N	Particulars	% of Employees Covered FY2023	% of Employees Covered FY2022
1	Parental Leave	87.5%	100.0%
2	Compassionate Leave	77.8%	100.0%
3	Life Insurance	36.1%	39.1%
4	Performance Development Review	98.7%	37.9%
5	Health Care	97.2%	24.1%
6	Retirement provision	16.7%	21.8%
7	Disability and Invalidity coverage	30.6%	6.9%

Parental Leave

The subsequent details concern the organisation's parental leave policies and their execution. The provided table offers a comprehensive breakdown of the count of employees eligible for parental leave, along with those who have availed it and subsequently returned to work. Furthermore, the table illustrates the rate of employee retention post-parental leave.

S/N	Particulars	FY2023			FY2022		
		Male	Female	Total	Male	Female	Total
1	Employees entitled to parental leave	35	28	63	53	34	87
2	Employees that took parental leave	–	–	–	–	1	1
3	Employees that returned to work after Parental Leave ended	–	–	–	–	1	1

SUSTAINABILITY REPORT

Training and Development

In alignment with our commitment to employee development and well-being, we have implemented a range of training and education initiatives aimed at enhancing skill sets and fostering a culture of continuous learning within our workforce.

Internally, we conduct comprehensive safety training sessions for Laboratory Staff and Factory Staff on an annual to bi-annual basis, ensuring they are equipped with the necessary knowledge and protocols to operate in a safe and secure environment.

Additionally, we provide funding support for external training or educational endeavours, empowering employees to further their professional growth beyond the confines of our organisation.

Our On-the-Job Training ("OJT") Program for new hires offers invaluable hands-on experience, facilitating their seamless integration into their respective roles.

Recognising the importance of supporting employees through various career transitions, we have established comprehensive assistance programs to facilitate continued employability and manage career endings, whether resulting from retirement or termination of employment.

For individuals approaching retirement, we offer pre-retirement planning sessions to help them navigate this significant life milestone with confidence and foresight.

For those intending to continue working beyond retirement age, we provide retraining opportunities to adapt their skills to evolving industry demands.

Our severance pay policy is designed to consider employee age and years of service, as outlined in Section 4 of the Retirement and Re-employment Act, ensuring fair and equitable treatment during employment termination.

Moreover, we offer job placement services and Part-Time Re-Employment options to facilitate smooth transitions into alternative career paths. Additionally, we extend assistance, including training and counselling, to support employees in transitioning to a fulfilling non-working life, ensuring their well-being extends beyond the confines of their professional endeavours.

These initiatives underscore our commitment to nurturing a supportive and inclusive work environment where every employee can thrive, both personally and professionally. On average, we provided 7.61 hours of training per employee this year.

SUSTAINABILITY REPORT

Our training profile is shown as follows:

Training	Unit	FY2023	FY2022
Total Training Hours	Hours	548	516
Employment Position			
Board of Directors	Hours	21	–
Senior Management	Hours	57	99
Manager	Hours	140	105
Non-Manager	Hours	331	312
Gender			
Male	Hours	287	381
Female	Hours	261	135

We are pleased to confirm that all members of our Board of Directors have successfully completed a comprehensive sustainability training program, dedicating a total of 21 hours out of which 8 hours of sustainability training is constructed to deepen their understanding and expertise in this critical area. This extensive training is a testament to our commitment to integrating sustainability into the core of our governance and decision-making processes. By investing significant time and resources into educating our directors, we ensure that they are well-equipped with the knowledge and insights necessary to guide our company towards sustainable practices and strategies.

Employee Health and Safety

Our commitment to the Occupational Health & Safety Management System ("**OHSMS**") is steadfast, as evidenced by its implementation throughout our organisation.

The scope of our OHSMS encompasses our warehouse and production facilities, where a range of activities are conducted, including the loading and unloading of raw materials, equipment operation, assembly line monitoring, and packaging of finished goods. This comprehensive coverage ensures that our workforce is protected across various work environments and tasks.

In our approach to preventing or mitigating significant negative occupational health and safety impacts associated with our operations, products, or services, as well as those arising from our business relationships, we prioritise proactive measures. This includes leveraging our influence to prevent and mitigate any adverse health and safety impacts directly linked to our activities. By doing so, we aim to foster a culture of safety and well-being for all stakeholders involved in our operations.

SUSTAINABILITY REPORT

While our OHSMS encompasses a broad spectrum of workers within our organisation, it's essential to note that all factory and site workers are included in this framework. This decision is rooted in our commitment to safeguarding the health and safety of every individual involved in our operations, ensuring that no one is overlooked or left unprotected.

Furthermore, our dedication to excellence in occupational health and safety is underscored by the certifications we hold. Among these certifications, we are proud to mention our ISO Certificate of USB, which serves as a testament to our adherence to international standards and best practices in health and safety management. Through ongoing efforts and continuous improvement initiatives, we remain dedicated to upholding the highest standards of occupational health and safety across our organisation. As a testament to these efforts, we reported zero cases of injury in the reporting year.

Labour Management Relations

In adherence to our commitment to transparent and fair practices, we provide a minimum notice period of one month to employees and their representatives prior to the implementation of significant operational changes that may substantially impact them. This notice period allows ample time for effective communication, consultation, and negotiation where necessary, ensuring that all parties involved are adequately informed and have the opportunity to provide input.

Additionally, for organisations with collective bargaining agreements, the minimum notice period and provisions for consultation and negotiation are explicitly outlined within these agreements, further reinforcing our dedication to fostering collaborative and mutually beneficial relationships with our workforce.

Child Labour and Forced Labour

Our commitment to ethical business practices extends to opposition against child labour and forced labour in any form. We adhere to strict policies that ensure our operations and those of our supply chain partners are free from these unethical practices. We recognise that child labour and forced labour are not only violations of human rights but also impediments to sustainable development. Therefore, we conduct rigorous audits and maintain close surveillance of our operations and suppliers to ensure compliance with local and international labour laws and standards. Our zero-tolerance approach to child and forced labour reflects our dedication to protecting workers' rights and promoting a fair, safe, and ethical working environment. This commitment is ingrained in our corporate ethos and is a non-negotiable aspect of our business operations, aligning with our broader sustainability objectives and social responsibilities.

SUSTAINABILITY REPORT

Customer Health and Safety

Matex is dedicated to ensuring the health and safety of our customers through rigorous assessment and improvement of our products and services. We are proud to report that 100% of our subsidiaries systematically evaluate the health and safety impacts of their significant product and service categories. This comprehensive approach underlines our commitment to not only meet but exceed safety standards, continuously striving to enhance customer well-being. Our consistent and thorough evaluation process across all subsidiaries reinforces our dedication to delivering safe, reliable, and high-quality products and services to our valued customers.

Customer Retention and Satisfaction

We proudly reflect our commitment to quality and customer service excellence. This year, we have achieved a remarkable milestone in customer satisfaction, as evidenced by the complete absence of customer complaints. Our records show that we received zero complaints during the year, and consequently, there were no unresolved complaints or issues awaiting resolution. Additionally, we maintained our high standards of product quality and safety, as indicated by the fact that there were no product recalls. This flawless record underscores our dedication to delivering exceptional service and products that consistently meet, and often exceed, our customers' expectations.

Customer Privacy

At Matex, we prioritise the privacy and security of our customers' data. In line with our commitment to transparency and accountability, this section provides an overview of our efforts and challenges in protecting customer privacy.

We have received no substantiated complaints from external parties or regulatory bodies regarding breaches of customer privacy. This demonstrates our effective measures and commitment to protecting customer information.

We are pleased to report that there have been no identified incidents of data leakage, theft, or loss. Our robust security protocols and vigilant data management practices play a crucial role in maintaining this record.

Matex remains steadfast in its dedication to safeguarding customer privacy and data security. We continuously evaluate and improve our systems and processes to ensure the highest standards of data protection for our customers.

Product quality and Safety

At Matex, we prioritise Product Stewardship and clear communication about the environmental and social impacts of our products. We are dedicated to providing stakeholders with comprehensive information, enabling informed decisions regarding the handling, usage, and disposal of our products in a safe and sustainable manner.

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A key component of this commitment is our adherence to regulatory requirements such as the Material Safety Data Sheets ("MSDS"). These sheets, compliant with the United Nations Global Harmonised System ("GHS"), detail potential health hazards, product classification, hazardous ingredients, and guidance on personal protection and safe product handling. Recognising the variability in standards globally, Matex adheres to the highest applicable standards in each country where our products are manufactured or sold. We maintain and proactively distribute approximately 2,000 MSDS in the local languages of the countries we operate in, ensuring our customers are well-informed at every stage.

Furthermore, our packaging labels feature visual representations like danger and hazard pictograms, derived from the MSDS and compliant with both GHS and local standards. This consistency is maintained through our global module system, YONYOU, which directly feeds our label printers at all packaging sites.

Beyond regulatory requirements, Matex also fulfils additional customer and brand-specific needs. We provide compliance certificates to verify our products' adherence to specific industry standards in various markets. We collaborate with third parties like Bluesign Technologies Ag, ETAD, ZDHC, and the Cradle-to-Cradle Products Innovation Institute, and align with brands and retailers' specific requirements, including restricted substance lists ("**RSLs**") and manufacturing restricted substance lists ("**MRSLs**").

In essence, our approach to product quality and safety is comprehensive, ensuring that all stakeholders can trust and rely on Matex products' sustainability and safety standards. Furthermore, it's noteworthy that we have not encountered any incidents of non-compliance regarding product and service information and labeling.

Governance

Our approach to sustainability is deeply rooted in strong governance practices. We believe that effective governance is essential for achieving our sustainability objectives and maintaining the trust of our stakeholders. To this end, our governance framework is designed to ensure accountability, transparency, and ethical decision-making at all levels of our organisation. Our Board of Directors plays a critical role in overseeing our sustainability strategy, ensuring it aligns with our overall business goals and stakeholder interests. We have established clear policies and procedures to guide our operations, manage risks, and ensure compliance with legal and regulatory requirements. Regular reviews and audits are conducted to assess our performance and identify areas for improvement. By integrating sustainability considerations into our governance structures, we are committed to delivering long-term value to our stakeholders and contributing positively to the broader society and environment in which we operate.

Corporate Governance

Matex is committed to upholding good corporate governance practices and to comply with the issued Principles of the Singapore Corporate Governance Code 2012 ("the **Code**"). Good corporate governance establishes and maintains an all-rounded and importantly ethical environment, which strives to enhance the interests of all stakeholders. The Company adopts corporate governance processes that are in line with the principles of the Code.

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For Matex it continues to remind the group it should be headed by an effective Board that stays relevant to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board. Where applicable, the Board has established various self-regulatory and monitoring mechanisms to ensure that effective corporate governance is practiced.

The Code on Corporate Governance also aids in providing clear principles and guidelines to spur the company towards and to always maintain a high standard of excellence for corporate governance. To ensure that these standards are achieved and sustained in practice, active and constructive investor relations are valued and important to the company. This helps develop a common objective of a sustainable and financially sound enterprise that can offer long-term value to stakeholders.

Board of Directors:

We acknowledge the current composition of our Board of Directors, consisting of 6 members, all of whom are male. We recognise that diversity in the boardroom is crucial for fostering a range of perspectives, innovative thinking, and effective decision-making, which are essential for driving sustainable growth and success. As such, we are committed to enhancing diversity within our Board. This commitment involves not only gender diversity but also diversity in expertise, experience, and cultural background. Our aim is to build a Board that reflects a broad spectrum of insights and perspectives, aligning with our broader commitment to diversity and inclusion throughout the organisation. We believe that a more diverse Board will better position us to navigate the complexities of today's business environment and to meet our sustainability goals. Moving forward, we are dedicated to taking concrete steps to evolve our Board composition to embody these values.

Name	Designation
Dr John Chen Seow Phun	Non-Executive Chairman and Independent Director
Dr Tan Pang Kee	Chief Executive Officer / Managing Director
Mr Foo Der Rong	Independent Director
Mr Wang Daofu	Independent Director
Mr Dro Tan Guan Liang	Executive Director
Mr Yeo Hock Huat	Non-Executive Director

Compliance with Laws and Regulations

As an accountable corporate entity, we recognise the significance of adhering to regulatory mandates. Upholding a favourable reputation and cultivating trust among our stakeholders is paramount for nurturing enduring relationships.

SUSTAINABILITY REPORT

We pledge to remain committed to regulatory mandates and undertake necessary actions to ensure continual compliance. This dedication is intrinsic to our comprehensive sustainability strategy, demonstrating our unwavering resolve to conduct operations responsibly and sustainably, to the mutual advantage of all stakeholders involved.

Anti-Corruption

The Group maintains a stringent anti-corruption and anti-bribery stance, as detailed in the accessible Employee Handbook, which outlines the Group's policies and procedures regarding such violations. Employees are equipped with guidance on identifying, addressing, and reporting instances of corruption or bribery.

In its commitment to transparency and stakeholder protection, the Group continually enhances its governance protocols to ensure the independence of its Board of Directors and enhance long-term stakeholder value.

Compliance with regulations is fundamental to the Group's sustained success and the cultivation of trust among stakeholders. Upholding a positive reputation strengthens stakeholder relations, while any instances of non-compliance can adversely affect financial performance.

The Group pledges to comply with all pertinent regulations, selecting business partners and opportunities through a transparent and equitable bidding process to foster market competitiveness and prevent corruption. An online platform is utilised to monitor employee activities and projects, ensuring ethical conduct in dealings with external entities.

Encouraging ethical practices among external partners contributes to a healthier business environment. In FY2023 the Group generally adhered to the Singapore Corporate Governance Code 2012 framework.

All employees are briefed on the ramifications of corruption and bribery violations, with senior management committed to training junior and mid-level staff to prevent such occurrences. A whistleblowing system is in place, with no registered complaints to date.

The Group remains steadfast in upholding the highest standards of corporate governance.

Non-Discrimination

Matex cultivates an environment that values freedom of expression and inclusivity, boasting a workforce comprising individuals from diverse nationalities, religious backgrounds, and educational backgrounds. The Human Resources department and senior management collaborate closely to ensure all employees enjoy equitable access to resources and are treated with fairness and respect.

Moreover, Matex advocates for ethical workplace standards among its external partners, fostering a positive and collaborative business atmosphere. In pursuit of transparency and accountability, the Group has instituted a whistleblowing system to address potential concerns. As of now, no grievances have been lodged through this channel.

SUSTAINABILITY REPORT

The Group remains committed in its dedication to fostering a workplace culture that embraces diversity, equity, and inclusion, evident in the absence of reported discrimination incidents throughout the year. All employees are encouraged to report any discrimination they encounter or witness, with the Company implementing robust processes and mechanisms to support them. The lack of discrimination cases reported underscores the Company's unwavering commitment to providing a secure and inclusive work environment for all its employees.

GRI CONTENT INDEX

Matex International Limited has reported the information cited in this GRI content index for the 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI Reference		Disclosure	Reference
General Standard Disclosure			
The organisation and its reporting practices	2-1	Organisational details	Corporate Profile
	2-2	Entities included in the organisation's sustainability reporting	Reporting Boundary and Scope
	2-3	Reporting period, frequency and contact point	Reporting Boundary and Scope Feedback
	2-5	External assurance	Assurance
Activities and workers	2-6	Activities, value chain and other business relationships	Value Chain
	2-7	Employees	Employee Diversity
Governance	2-9	Governance structure and composition	Board of Directors Corporate Governance Report – AR
	2-10	Nomination and selection of the highest governance body	Corporate Governance Report – AR
	2-11	Chair of the highest governance body	Corporate Governance Report – AR
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Report – AR
	2-13	Delegation of responsibility for managing impacts	Corporate Governance Report – AR
	2-14	Role of the highest governance body in sustainability reporting	Corporate Governance Report – AR
	2-15	Conflicts of interest	Corporate Governance Report – AR

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GRI Reference		Disclosure	Reference
	2-16	Communication of critical concerns	Corporate Governance Report – AR
	2-17	Collective knowledge of the highest governance body	Corporate Governance Report – AR
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report – AR
	2-19	Remuneration policies	Corporate Governance Report – AR
	2-20	Process to determine remuneration	Corporate Governance Report – AR
	2-21	Annual total compensation ratio	Corporate Governance Report – AR
Strategy, policies and practices	2-22	Statement on sustainable development strategy	Sustainable Development Goals
	2-27	Compliance with laws and regulations	Compliance with laws and regulations
	2-28	Membership associations	Partnerships
Stakeholder Engagement	2-29	Approach to stakeholder engagement	Stakeholder Engagement
	2-30	Collective bargaining agreements	Employee Diversity
Disclosures on Material Topics	3-1	Process to determine material topics	Materiality Assessment
	3-2	List of material topics	Materiality Assessment
	3-3	Management of material topics	Materiality Assessment
Economic			
Anti-corruption	205-1	Operations assessed for risks related to corruption	Anti-Corruption
	205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption
	205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption
Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	Non-Discrimination

SUSTAINABILITY REPORT

GRI Reference		Disclosure	Reference
Environment			
Materials	301-1	Materials used by weight or volume	Materials
Energy	302-1	Energy consumption within the organisation	Energy Management
	302-3	Energy intensity	Energy Management
Water	303-1	Interaction with water as shared resource	Water Management
	303-3	Water withdrawal	Water Management
	303-5	Water consumption	Water Management
Emissions	305-1	Direct (Scope 1) GHG emissions	Reduction of Carbon Emissions
	305-2	Energy indirect (Scope 2) GHG emissions	Reduction of Carbon Emissions
	305-4	GHG emissions intensity	Reduction of Carbon Emissions
Social			
Employment	401-1	New employee hires and employee turnover	Employment and retention of employees
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee benefits
	401-3	Parental leave	Employee benefits
Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	Labour Management Relations
Occupational Health and Safety	403-1	Occupational health and safety management system	Employee Health and Safety
	403-8	Workers covered by an occupational health and safety management system	Employee Health and Safety
	403-9	Work-related injuries	Employee Health and Safety
	403-10	Work-related ill health	Employee Health and Safety

SUSTAINABILITY REPORT

GRI Reference		Disclosure	Reference
Training and Education	404-1	Average hours of training per year per employee	Training and Development
	404-2	Programs for upgrading employee skills and transition assistance programs	Training and Development
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Benefits
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Board of Directors
Customer Health and Safety	416-1	Incidents of non-compliance concerning the health and safety impacts of products and services	Product quality and Safety Customer Health and Safety
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	Product quality and Safety

CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**") and the management (the "**Management**") of Matex International Limited (the "**Company**") and its subsidiaries (the "**Group**") are committed to achieving high standards of corporate governance to ensure investor confidence in the Group as a trusted business enterprise. The Board and the Management of the Company continue to uphold good corporate governance practices to enhance long-term sustainability of the Group's business, performance, and shareholders' interests.

This Report describes the Group's corporate governance structures and practices for the financial year ended 31 December 2023 ("**FY2023**"), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") and the accompanying Practice Guidance. This Report is required as part of the continuing obligations of the Company pursuant to the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited's ("**SGX-ST"**).

The Board is pleased to confirm that for FY2023, the Group has adhered to the principles and provisions as set out in the Code and in respect of any deviation from any provisions of the Code, it has explicitly stated the provision from which it has varied, explained the reason for variation, and explained how the practices it had adopted are consistent with the intent of the relevant principle.

A. BOARD MATTERS
B. REMUNERATION MATTERS
C. ACCOUNTABILITY AND AUDIT
D. SHAREHOLDER RIGHTS AND ENGAGEMENT
E. MANAGING STAKEHOLDERS RELATIONSHIP

A. BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: ***The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.***

Provision 1.1. – ***Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.***

The Board assumes responsibility for stewardship of the Group and is primarily responsible for the protection and enhancement of long-term value and returns for shareholders. It has oversight responsibility over the management of the business and affairs of the Group. The Board also sets the tone for the Group where ethics and values are concerned.

The Company is headed by an effective Board of six (6) directors (the "**Directors**"), comprising two (2) executive Directors ("**Executive Directors**"), one (1) non-independent and non-executive Director and three (3) independent and non-executive Directors (the "**Independent Directors**") (including the Chairman). Together, the Directors have a wide range of business, legal and financial experience that collectively contribute to the success of the Group.

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The Board acts objectively in the best interests of the Company and is collectively responsible and works with Management for the long-term success of the Company, to protect and enhance long-term value and returns for shareholders.

The Board also:

1. provides leadership and guidance on the overall strategic direction, oversees the proper conduct of the business, performance and affairs of the Group and ensures that the necessary financial, human and operational resources are in place for the Group to meet its objectives;

2. sets appropriate tone-from-the-top in relation to ethics, values and desired organizational culture;

3. ensures proper accountability within the Company;

4. sets objective performance criteria to evaluate the Board, individual Directors and Board Committees' performance and succession planning process;

5. reviews the adequacy and effectiveness of the Group's risk management and internal controls framework including financial, operational, compliance and information technology controls and establishing risk appetite and parameters to safeguard shareholders' interests and the Group's assets;

6. reviews and approves key operational and business initiatives, major funding proposals, significant investment and divestment proposals and other corporate actions and strategic initiatives proposed by Management;

7. reviews the Group's operating and financial performance and approves the Group's annual budgets and capital expenditure and the release of the Group's half year and full year financial results;

8. approves all Board appointments/re-appointments and appointment of key management personnel (persons having authority and responsibility for planning, directing and controlling the activities of the Company) ("**Key Management Personnel**" or "**KMP**"), evaluates their performance and reviews their remuneration packages;

9. establishes goals and priorities for Management and reviews Management's performance by monitoring the achievement of these goals;

10. approves the nominations by the Nominating Committee;

11. reviews recommendations made by the Audit Committee on the appointment, re-appointment or removal of the Group's Chief Financial Officer, and the external and internal auditors;

12. reviews recommendations made by the Remuneration Committee and approves the remuneration packages for the Board and KMP;

CORPORATE GOVERNANCE REPORT

13. identifies the key stakeholder groups and recognises that their perceptions affect the Company's reputation;

14. sets the Company's values and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders are understood and met; and

15. considers sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Independent Judgement

All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group. The Directors have the appropriate core competencies and diversity of experience that enable them to contribute effectively. They are able to objectively raise issues and seek clarification as and when necessary, from the Board and the Management on matters pertaining to their area of responsibilities, actively help the Management in the development of strategic proposals and overseeing the effective implementation by the Management to achieve the objectives.

Conflicts of Interest

Every Director is required to disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as practicable after the relevant facts have come to his/her knowledge. On an annual basis, each Director is also required to submit details of his/her associates for the purpose of monitoring interested person transactions. When there is an actual or potential conflicts of interest, the concerned Director shall, abstain from voting, and recuse himself from discussions and decisions involving the issues of conflict.

Sanctions-related risks

In view of recent geopolitical developments, while the Company is currently not subject to any sanctions-related laws, the Board and the Audit Committee will continue to monitor such developments and assess the Company's risk of becoming subject to, or violating, any sanctions law. The Board and the Audit Committee will also ensure timely and accurate disclosure to the SGX-ST and other relevant authorities on such risks where applicable, and if deemed necessary, engage relevant professional advisers to assist them in such matters.

CORPORATE GOVERNANCE REPORT

Provision 1.2 – *Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.*

Upon the appointment of a new Director, the Company will provide a formal letter to the new Director, setting out his duties and obligations. Appropriate orientation programmes and briefings are conducted for all new Directors to familiarise them with the Company's business, board processes, internal controls and governance practices. The Company will also arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities of a director of a listed company and in areas such as accounting, legal and industry-specific knowledge as appropriate. The training of the directors will be arranged and funded by the Company.

Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attend appropriate courses and seminars that will be arranged and funded by the Company. The external auditors, Moore Stephens LLP ("**External Auditor**") during their presentation of the audit plan annually, will update the Directors on the new or revised financial reporting standards. Regular updates on developments and amendments to the Companies Act, corporate governance and listing rules are circulated by the Sponsor and the Company Secretary to the Board. In addition, the Executive Directors will regularly update Board members on the business and strategic developments of the Group as well as overview of industry trends at scheduled Board meetings and ad hoc Board meetings.

Further, in line with the requirement of the Task Force for Climate-related Financial Disclosures ("**TCFD**") and climate-related disclosures, all Directors of the Company, save for the First-time Director, Mr. Yeo Hock Huat, have attended the mandatory training on Environmental, Social and Governance ("**ESG**").

Provision 1.3 – *The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.*

The Group has adopted internal guidelines governing matters that require the Board's approval which has been clearly communicated to the Management.

The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to Board Committees and specific KMP via a structured Delegation of Authority matrix, which is reviewed on a regular basis and revised when necessary.

CORPORATE GOVERNANCE REPORT

The matters which require Board's approval include:

- material acquisition and disposal of assets/investments;
- corporate/financial restructurings or corporate exercise;
- incorporation of new entities;
- issuance of shares, declaration of dividends and other returns to shareholders;
- risk appetite and risk tolerance for different categories of risk;
- nomination of Directors and KMP;
- matters as specified under the Catalist Rules in relation to interested person transactions;
- announcement of the Group's half year and full year results and the release of the annual reports; and
- any other matters as prescribed under the relevant legislations and regulations, as well as the provisions of the Company's Constitution.

Provision 1.4 – ***Board committees, including Executive Committees if any, are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities are disclosed in the company's annual report.***

To assist in the execution of its responsibilities, the Board had established 3 Board Committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"), and delegates specific areas of responsibilities to these Board Committees. Each of these Board Committees functions within clearly written terms of reference ("**TOR**"), setting out their compositions, authorities and duties, which have been approved by the Board. The effectiveness of each Board Committee is also constantly being monitored by the Board. The composition of the Board Committees for FY2023 is set out below:

	Board Committees		
Directors	**AC**	**NC**	**RC**
John Chen Seow Phun ("**Dr John Chen**")	Chairman	Member	Member
Tan Pang Kee ("**Dr Alex Tan**")	–	–	–
Dro Tan Guan Liang	–	–	–
Foo Der Rong	Member	Chairman	Member
Wang DaoFu	Member	Member	Chairman
Yeo Hock Huat ("**Mr Jason Yeo**")	–	–	–

The Board Committees have the delegated power to deliberate on any issue that arises in their specific areas of responsibilities within their respective TOR and report to the Board with their decisions and/or recommendations. The ultimate responsibility and authority for the decisions and actions on all matters rest with the Board. Each Board Committee's activities and roles are further elaborated in Provisions 4.1, 6.1 and 10.1.

CORPORATE GOVERNANCE REPORT

Provision 1.5 – *Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.*

The number of meetings held by the Board and Board Committees and attendance records taken during FY2023 are as follows:

	Board Meetings		Nominating Committee Meeting		Remuneration Committee Meeting		Audit Committee Meetings		General Meetings	
Name of Director	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**
Dr John Chen	2	2	2	2	1	1	2	2	2	2
Dr Alex Tan	2	2	2	2*	1	1*	2	2*	2	2
Dro Tan Guan Liang	2	2	2	2*	1	1*	2	2*	2	2
Jason Yeo#	2	1*	2	0	1	0	2	1*	2	0
Foo Der Rong	2	2	2	2	1	1	2	2	2	2
Wang DaoFu	2	2	2	2	1	1	2	2	2	2

* By Invitation

\# Mr. Jason Yeo was appointed as Non-Independent Non-Executive Director on 10 August 2023

All Directors attend and actively participate in Board and Board Committee meetings, and have ensured sufficient time and attention are given to the affairs of the Company. The Directors' involvement and participation are further elaborated in Provision 1.6 below.

Provision 1.6 – *Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.*

Management recognises that the flow of relevant, adequate, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively.

CORPORATE GOVERNANCE REPORT

Management provides the Board with half-yearly accounts, as well as relevant background or explanatory information relating to the matters that would be discussed at Board meetings, prior to the scheduled meetings. Presentations are also made by the senior executives on the performance and strategies of the Group's various businesses at these meetings. This allows the Board to have a good understanding of the Group's operations and be actively engaged in robust discussions with the Group's senior executives. Directors are entitled and encouraged to request for further explanation, briefings, or discussions on any aspect of the Group's operations or business from Management to aid them in their understanding and discussion.

Other than formal Board meetings, all Directors are also furnished with updates and material developments of the Group as and when necessary. Directors can also request to visit the Group's operating facilities and meet with Management to gain a better understanding of the Group's business operations and corporate governance practices. As and when required, Board members meet to exchange views outside the formal environment of Board meetings and may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad hoc meetings are also convened whenever circumstances require. The Constitution of the Company provides for Board and Board Committee meetings to be held by way of telephonic and videoconferencing.

Provision 1.7 – *Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.*

The Directors have separate and independent access to the Management and the Company Secretary and where required, can obtain additional information to facilitate informed decision-making. Information includes background or explanatory materials related to matters to be reviewed and matters under review by the Board, copies of disclosure documents, budgets, forecasts, and internal financial statements. Any material variance between the projections and actual results in respect of budgets, is also disclosed and explained.

Minutes of all Board Committee meetings are circulated to the Board so that Directors are aware of and kept updated on the proceedings and matters discussed during such meetings.

The Company Secretary that attends Board and Board Committees meetings is responsible for ensuring that Board procedures are observed, and that applicable rules and regulations are complied with. The Company Secretary also periodically updates the Board on relevant regulatory changes affecting the Company. The appointment and removal of the Company Secretary are subject to the approval of the Board.

The Company has in place the procedure to enable the Directors, whether as a group or individually, to obtain independent professional advice at the Company's expense as and when necessary in the furtherance of their duties. Independent advisors include, *inter alia*, legal, financial, tax, board compensation and M&A functions. The appointment of such professional advisor is subject to the approval of the Board.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

Principle 2: ***The board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.***

Provision 2.1 – ***An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.***

Provision 2.2 – ***Independent directors make up a majority of the Board where the Chairman is not independent.***

Provision 2.3 – ***Non-executive directors make up a majority of the Board.***

The Board presently comprises six (6) Directors, three (3) of whom (Including the Chairman) are Independent Directors, one (1) is non-independent non-executive Director and two (2) are Executive Directors. Majority of the Board is made up of non-executive Directors and the Chairman is independent, which is in compliance with the Code and Catalist Rule 406(3)(c). The composition of the Board is as follows:

Dr John Chen	(Chairman, Independent and Non-Executive Director)
Dr Alex Tan	(Chief Executive Officer and Managing Director)
Mr Foo Der Rong	(Independent and Non-Executive Director)
Mr Wang DaoFu	(Independent and Non-Executive Director)
Mr Dro Tan Guan Liang	(Executive Director)
Mr Jason Yeo	(Non-Independent and Non-Executive Director)

The NC reviews annually the independence of each Director by taking into account the existence of relationships or circumstances, including those provided in the Code. Every Independent Director is required to complete a confirmation of independence form drawn up based on the Principle 2 of the Code for the NC to review and recommend to the Board.

Taking into consideration the foregoing, Dr John Chen, Mr Foo Der Rong and Mr Wang DaoFu, have confirmed their independence.

After due consideration, (with each Independent Director abstaining from the discussion and decision-making process with respect to his independence), the NC has determined that each of the Independent Directors has demonstrated independence in character and judgement in the matter, in which he has discharged his responsibilities as a director of the Company.

Taking into account the views of the NC and the annual confirmation from the Independent Directors, the Board considers each of the Independent Directors to be independent.

CORPORATE GOVERNANCE REPORT

The Company recognises that Independent Directors may over time develop significant insights into the Group's business and operations and can continue to provide noteworthy and valuable contributions objectively to the Board as a whole. The independence of the Independent Directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form, such as the number of years which they have served on the Board.

The dates of initial appointment and last re-election of each Director are set out below:

Name of Director	Position	Date of Initial Appointment	Date of last re-election
Dr John Chen	Chairman and Independent and Non-Executive Director	11 July 2003	28 April 2021
Dr Alex Tan	Chief Executive Officer and Managing Director	23 March 1990	29 April 2022
Mr Foo Der Rong	Independent and Non-Executive Director	10 May 2016	27 April 2023
Mr Wang DaoFu	Independent and Non-Executive Director	11 January 2017	29 April 2022
Mr Dro Tan Guan Liang	Executive Director	1 March 2010	27 April 2023
Mr. Jason Yeo Hock Huat	Non-Independent and Non-Executive Director	10 August 2023	NA

Pursuant to Rule 406(3)(d)(iv) of the Catalist Rules, a director of the issuer for an aggregate period of more than nine (9) years will not be independent. The NC noted that none of the Independent Directors, save for, Dr John Chen, has served on the Board for 9 or more years from the date of his first appointment. The NC noted that Dr John Chen's long and commendable role on the Board as an Independent Director and as Chairman of the AC and Member of the NC and RC in discharging his duties professionally, ethically and with integrity. Dr. John Chen will retire as Chairman and Independent and Non-Executive Director by rotation pursuant to Article 89 of the Company's Constitution at the forthcoming annual general meeting ("**AGM**"). His retirement from the Board will take effect upon the conclusion of the AGM. Accordingly, Dr. John Chen will cease to be the Chairman of the AC and a member of the NC and RC of the Company.

In view of Dr. John Chen's forthcoming retirement, the NC has identified a suitable replacement independent director, and will be recommending to the Board for approval, including a reconstitution of the board composition and committees to ensure the appropriate board independence in accordance with the Code.

CORPORATE GOVERNANCE REPORT

Provision 2.4 – *The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.*

The Company's Board Diversity Policy upholds the principle that an effective Board is one constituted with the right core competencies, with an appropriate balance and mix of skills, experience, knowledge, among other aspects of diversity. A diverse board will have a broad range of views and perspectives which are essential to foster constructive discussions and promote effective decision-making. The NC reviews and assesses the size and composition of the Board and Board Committees, and recommends the appointment of new directors to the Board for approval. The diversity of the Directors' experience in business and industry skills and expertise, and other relevant aspects of diversity (such as age, gender, tenure, board independence and cultural ethnicity) allows for the useful exchange of ideas and views to avoid groupthink and foster constructive debate. The Board notes that gender diversity on the Board is also one of the recommendations under the Code to provide an appropriate balance of diversity. Although there is currently no female Director appointed to the Board, the Board has started to search and identify suitable female candidates to come on-board. The search has taken longer than anticipated and the Board hopes to have a female Board member on board in the future. The NC reviews its targets for diversity from time to time and may recommend changes or additional targets to achieve greater diversity. In addition, the NC reviews the Company's Board Diversity Policy from time to time, as appropriate, to ensure its continued effectiveness and relevance, and any revisions, where necessary, will be recommended to the Board for approval.

The NC will review the size and composition of the Board and Board Committees annually to ensure that the Board and Board Committees have an appropriate level of independence and diversity of thought and background in their respective compositions to enable the Board and Board Committees to make decisions in the best interests of the Company. The NC and the Board, taking into account the nature of operations of the Group, consider the current size of the Board and Board Committees to be adequate for effective decision-making, and based on the current composition, the Board and Board Committees are able to exercise objective judgement on corporate affairs and provide sufficient diversity of expertise to lead and govern the Company effectively. The NC and the Board are satisfied that no individual member of the Board dominates the Board's decision-making and that there is sufficient accountability and capacity for independent decision-making. The profile and information of the Directors as at the date of this report are set out under the "Board of Directors" section of this Annual Report.

Provision 2.5 – *Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.*

The Independent and Non-Executive Directors exercise objective judgment on the Group's affairs independently from Management. The Independent and Non-Executive Directors also contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternate perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgment to bear on business activities and transactions that involve conflicts of interest and other complexities.

CORPORATE GOVERNANCE REPORT

The Independent and Non-Executive Directors meet among themselves without the presence of the Management when necessary to discuss matters in relation to the corporate development of the Group to ensure effective and independent review of the Management and provide feedback to the Board and/or Chairman as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: ***There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

Provision 3.1 – ***The Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.***

Provision 3.2 – ***The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.***

The Board is chaired by Dr John Chen, an Independent and Non-Executive Director. Dr Alex Tan, the Chief Executive Officer and Managing Director ("**CEO&MD**"), is assisted by the Management.

There is a clear separation of responsibilities between the Chairman and the CEO&MD, to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. The Chairman and the CEO&MD are not related to each other.

The responsibilities of the Chairman are as follows:

- Leading the Board in a strategic effective and decisive way;
- Setting the agenda and ensuring adequate time is available to discuss all agenda items, in particular, strategic issues;
- Ensuring that the Board is properly organised, functioning effectively and meeting its obligations and responsibilities;
- Promoting a culture of openness and debate within the Board;
- Ensuring that the Directors receive complete, adequate, and timely information;
- Encouraging constructive relationships within the Board and between the Board and Management;
- Ensuring effective communication with the shareholders and stakeholders;
- Ensuring Non-Executive and Independent Directors contribute effectively and their contributions are taken into account by the Board; and
- Promoting high standards of corporate governance.

CORPORATE GOVERNANCE REPORT

The responsibilities of the CEO&MD are as follows:

- Developing, with the Board, a consensus for the Company's vision and mission;
- Making strategic proposals for the Company and the Group to the Board;
- Overseeing the implementation and execution of the Board's strategies and policies;
- Assuming the executive responsibility of the day-to-day management of the Company, with the support of the Management; and
- Ensuring that the Board is informed about Company's key activities and issues.

Provision 3.3 – *The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.*

Given the Chairman's independence, separation of roles between the Chairman and CEO&MD, the Board is of the view that there are adequate safeguards and checks in place to ensure the objective assessment of the Group's ongoing affairs. The current structure also facilitates a decision-making process by the Board that is based on the collective decision of all Directors, without any concentration of power or influence residing in any one individual. In view of this, the appointment of a Lead Independent Director is not considered by the Board to be necessary.

BOARD MEMBERSHIP

Principle 4: *The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.*

Provisions 4.1 – *The Board establishes a Nominating Committee ("NC") to make recommendations to the Board on relevant matters relating to: (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors; (c) the review of training and professional development programmes for the Board and its directors; and (d) the appointment and re-appointment of directors (including alternate directors, if any).*

Provision 4.2 – *The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.*

Nominating Committee

The Company's NC presently comprises Mr Foo Der Rong, Mr Wang DaoFu and Dr John Chen who are all Independent Directors. Hence, the Company is in compliance with Provision 4.2 of the Code.

The NC is responsible for *inter alia* establishing a formal and transparent process for the appointment of new directors and the re-appointment of Directors retiring by rotation, as well as to assess the effectiveness of the Board and the overall contribution of each Director towards the effectiveness of the Board.

CORPORATE GOVERNANCE REPORT

The NC's responsibilities as set out in its TOR include the following:

a) to make recommendations to the Board on all Board appointments, and re-appointment of Directors or alternate Directors (if any), having regard to that Director's contribution and performance (e.g. attendance, preparedness, participation and candour) where applicable;

b) to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;

c) to review succession plans for Directors, in particular, the appointment and/or replacement of the Executive Chairman, the CEO and KMP;

d) to review the size and composition of the Board with the objective of achieving a balanced board in terms of the mix of experience and expertise;

e) to decide on how the Board's performance may be evaluated and recommend objective performance criteria for the Board's approval;

f) to assess the effectiveness of the Board as a whole, and the contribution of each Director to the effectiveness of the Board;

g) to review and make recommendations to the Board on training and professional development programs for the Board and its Directors;

h) to ensure complete disclosure of key information of Directors in the Company's annual reports as required under the Code;

i) to review the independence of the Directors annually; and

j) to carry out such other duties as may be agreed to by the NC and the Board.

Provision 4.3 – *The company discloses the process for the selection, appointment, and reappointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.*

Pursuant to Catalist Rule 720(4) and the Company's Constitution, all Directors are required to submit themselves for re-nomination and re-election at least once every 3 years, and at least one-third of the Directors for the time being to retire from office by rotation. New Directors appointed during the year are subject to retirement and re-election at the following AGM of the Company.

CORPORATE GOVERNANCE REPORT

Dr John Chen, Mr Wang Dao Fu and Mr. Jason Yeo are subject to re-nomination pursuant to Catalist Rule 720(4) and Article 89 and Article 88 of the Company's Constitution respectively at the forthcoming AGM of the Company. Mr Wang and Mr. Jason Yeo, being eligible for re-appointment, have offered themselves for re-election. Dr John Chen has communicated his wish to retire from the board. His retirement from the Board will take effect upon the conclusion of the AGM. Accordingly, Dr. John Chen will cease to be the Chairman of the AC and a member of the NC and RC of the Company upon his retirement.

Each of these Directors, being interested in the matter, had abstained from all discussions and recommendations in respect of their own re-election. Mr Wang Dao Fu is considered independent pursuant to Catalist Rule 704(7).

Having regard to the above and taking into consideration the retiring Directors' attendance, participation and contribution to the business and operations of the Company as well as Board processes, the NC had recommended their nominations for re-election at the forthcoming AGM of the Company. The Board concurred with the NC's recommendation.

In general, in the event that there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC will review the proposed changes and will make the appropriate recommendations to the Board.

In this regard, the NC will, in consultation with the Board and the Company's professional advisors, examine the existing strengths, and capabilities of the existing Board and the KMP. In addition, the NC will consider the contributions (such as the skills, knowledge and experience) of the existing Directors and the KMP as well as taking into account the future needs of the Company. Through this process, the NC, together with the Board, may seek new candidates. New Directors are appointed by way of a Board Resolution or at Board of Directors' Meetings, after the NC has reviewed the resumé of the proposed director, conducted appropriate interviews and recommended the appointment to the Board. In its search and selection process for new Directors, other than through formal search, the NC also taps on the resources of Directors' personal contacts and recommendations of potential candidates and appraises the nominees to ensure that the candidates possess relevant experience and have the calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group.

The NC had reviewed, taking into account the individual performance assessment and their actual conduct on the Board and concluded that each Director had adequately carried out their duties as a Director of the Company and spent sufficient time and attention on the Company's affairs despite having multiple board representations and principal commitments.

The NC believes that putting a maximum limit on the number of directorships a director can hold is arbitrary, given that time requirement for each directorship varies and thus should not be prescriptive. The NC considers that the multiple board representations held presently by some Directors do not impede their performance in carrying out their duties to the Company and in fact, enhances the performance of the Board as it broadens the experience and knowledge of the Board.

CORPORATE GOVERNANCE REPORT

Information regarding the Directors nominated for re-appointment, including the information required under Appendix 7F of the Catalist Rules is given in the "Board of Directors" section, pages 91 to 99 of this Annual Report.

Provision 4.4 – *The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.*

The NC is guided by the definition and criteria of independence as set out in the Catalist Rules and the Code in determining if a Director is independent.

The NC has on an annual basis, and as and when circumstances require, determined if a Director was independent pursuant to the circumstances set forth in Provision 2.1 and any other salient factors of the Code. Further details on the NC's evaluation are set out on pages 63 to 64 of the Annual Report under Provision 2.1.

Each Independent Director is required to complete a Confirmation of Independence form drawn up based on Principle 2 of the Code for the NC's review and recommendation to the Board. None of the Independent Directors has any relationship with the Company, its related corporations, its substantial shareholders or its officers, save for the provision of legal services by Shanghai Yuantai Law Offices, a law firm in China in which Mr Wang Daofu is a partner of, which was required by the Company for its business activities in China. For FY2023, the Company did not engage the services of YuanTai Law Offices. In view of this, Chinese walls within Shanghai Yuantai Law offices where the services were provided by another lawyer and not by Mr Wang Daofu, the NC is of the view that Mr Wang Daofu is considered to be independent.

Accordingly, the Board concurred with the NC's view that the three (3) Independent Directors are independent in character and judgement and there were no circumstances which would likely affect or appear to affect their judgement.

During FY2023, there was no appointment of alternate Directors on the Board.

CORPORATE GOVERNANCE REPORT

Provision 4.5 – ***The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.***

To ensure that the new Directors are aware of their duties and obligations, a formal letter of appointment explaining their duties and obligations as Director is provided to every new Director upon appointment. The formal letter of appointment sets out the time commitment required of the Director and the Director's roles and responsibilities, including disclosure requirements and best practices relating to dealings in securities under applicable laws and regulations.

Where a Director has multiple Board representations, the NC will determine if the Director has been able to devote sufficient time and attention to the Company's affairs and if he has been adequately carrying out his duties as a Director. The recommendation of the NC for the nomination of a Director for re-election is then made to the Board. The Board will review the NC's recommendation.

The NC is of the view that the number of directorships a Director can hold and his principal commitments should not be prescriptive as the time commitment for each board membership may vary. The NC will review the number of listed company board representations which each Director holds on an annual basis or from time to time when the need arises. In this respect, the NC believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board affirms and supports this view.

During the year, the NC had reviewed the directorships and principal commitments disclosed by each Director and was of the view that the existing directorships and principal commitments of the respective Directors have not impinged on their abilities to discharge their duties. The Board concurred with the NC.

CORPORATE GOVERNANCE REPORT

The table below sets out the disclosure of directorships and chairmanships held over the preceding three years in other listed companies as well as other principal commitments of each respective Director:

Key Information of Directors

Name of Director	Board appointment whether executive or non-executive	Past Directorships in other listed companies and other major appointments over the preceding three years	Present Directorships in other listed companies and other major appointments
Dr John Chen	Non-executive/ Independent	• HLH Group Ltd • Fu Yu Corporation Ltd • Hiap Seng Engineering Ltd • Tianjin Lanting Leasing Co. Ltd (fka Pavillon Financial Leasing Co. Ltd) • Pavillon Business Development (Shanghai) Co. Ltd • Fengchi IOT Management Co. Ltd	• OKP Holdings Ltd • PSC Corporation Ltd (fka Hanwell Holdings Ltd) • Tat Seng Packaging Group Ltd • Pavillon Holdings Ltd • Sinostar Pec Holdings Ltd • JLM Foundation Ltd • SAC Capital Private Limited • Cosco Shipping International (Singapore) Co. Ltd
Dr Alex Tan	Executive	Nil	Nil
Mr Dro Tan Guan Liang	Executive	Nil	Nil
Mr Foo Der Rong	Non-executive/ Independent	• At-Sunrice GlobalChef Academy Pte Ltd • Aedge Group Limited • Aedge Holdings Pte Ltd • Pavillon Holdings Ltd.	• Southern Lion Sdn Bhd • Noel Gifts International Ltd • Tian International Pte Ltd • SLB Development Ltd
Mr Wang DaoFu	Non-executive/ Independent	• Dazhou Commercial Bank • TH Straits 2015 Pte Ltd • SGD Investment Pte Ltd • MOBO Information Technology Pte Ltd • Suzhou Diezhi Network Technology Co., Ltd.	• Poceq Trading (Shanghai) Co. Ltd • Sunpower Group Ltd

CORPORATE GOVERNANCE REPORT

Mr Jason Yeo Hock Huat	Non-executive/ Non-independent	• 1V Capital Pte Ltd • JPS Advance Technology Pte Ltd • MEMSing Pte Ltd	• IFF International Pte Ltd • JCS Biotech Pte Ltd • JCS Greentech Pte Ltd • JCS Group Pte Ltd • JCS INVB Pte Ltd • JCS INVC Pte Ltd • JCS INVD Pte Ltd • JCS INVF Pte Ltd • JCS INVG Pte Ltd • JCS INVH Pte Ltd • JCS INVJ Pte Ltd • JCS INVK Pte Ltd • JCS Venture Lab Pte Ltd • JCS-Vanetec Pte Ltd • Komme International Pte Ltd • KORLS Arts & Tech Innovation Pte Ltd • KRU Energy Asia Pte Ltd • La Cura Mobility Pte Ltd • MClean Precision Pte Ltd • MClean Technologies Berhad • MClean Technologies Pte Ltd • Rangkaian Iltzam Sdn Bhd • Singapore Dragon Art Gallery Pte Ltd • Singapore Tea Museum Private Limited • Jiangxi JCS Energy Co., Ltd • JCS BIOTECH LTD • Shen Yao Holdings Limited • JCS Aerospace International • JCS Aerospace Technology • Yu Hang Jia Shi (Shanghai) Aerospace Technology Pte Ltd • Yu Hang Jie Shi Aerospace Industry (Shanghai) Pte Ltd

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE

Principle 5: *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.*

Provision 5.1 – *The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.*

Provision 5.2 – *The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.*

Based on the recommendation by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution of the Chairman and each individual Director. Such processes aim to *inter alia* assess whether each Director continues to contribute effectively and demonstrate commitment to the role.

In evaluating the Board's performance, the NC considers a set of quantitative and qualitative performance criteria. The performance criteria for the Board evaluation are in respect of board size and composition, board process, board information and accountability, board performance and board committee performance in relation to discharging its principal functions and responsibilities and financial targets, and deliberation of the Company's long-term strategy. The individual Directors' performance criteria were in relation to their industry knowledge and/or functional expertise, contribution and workload requirements, sense of independence and attendance at the board and committee meetings.

The NC evaluated the performance of the Board as a whole taking into consideration the above criteria. The NC considered the Board, the Board Committee and the individual Director's performance to be satisfactory. The Board concurred with the NC's recommendation.

B. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: *The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and KMP. No Director is involved in deciding his or her own remuneration.*

Provision 6.1 – *The Board establishes a Remuneration Committee ("RC") to review and make recommendations to the Board on: (a) a framework of remuneration for the Board and key management personnel; and (b) the specific remuneration packages for each director as well as for the key management personnel.*

CORPORATE GOVERNANCE REPORT

Provision 6.2 – ***The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.***

Provision 6.3 – ***The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.***

Provision 6.4 – ***The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.***

Remuneration Committee

The Company's RC presently comprises Mr Wang DaoFu, Mr Foo Der Rong and Dr John Chen, who are all Independent Directors, and hence in compliance with Provision 6.2 of the Code.

The RC's recommendations are made in consultation with the Chairman and CEO&MD and submitted for endorsement by the Board.

No Director or member of the RC is involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

RC reviews and makes recommendations to the Board on the framework of remuneration for the Board and key management personnel and the specific remuneration packages for each of the Directors and senior management. There are appropriate and meaningful measures in place for the purpose of assessing the performance of Directors and senior management staff.

In determining the remuneration packages of Executive Directors and senior management, the RC will ensure that the Executive Directors and senior management are adequately but not excessively rewarded. In consultation with the Board, the RC will consider amongst other things, their responsibilities, skills, expertise, and contribution to the Company's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

In reviewing and recommending the remuneration of the Independent Directors, the RC will consider, in consultation with the Board, the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Independent Directors. The RC will ensure that the Independent Directors are not over-compensated to the extent that their independence may be compromised.

The RC reviews the Company's obligations arising in the event of termination of Executive Directors and senior management's contracts of service to ensure such contracts of service contain fair and reasonable termination clauses.

The Company does not engage any remuneration consultants.

CORPORATE GOVERNANCE REPORT

LEVEL AND MIX OF REMUNERATION

Principle 7: ***The level and structure of remuneration of the Board and KMP are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the company.***

Provision 7.1 – ***A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.***

Provision 7.2 – ***The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.***

Provision 7.3 – ***Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.***

In setting remuneration packages, the RC takes into account the pay and employment conditions within the same industry and in comparable companies, as well as the Company's relative performance and the performance of individual Directors. The RC also ensures that the remuneration policies support the Company's objectives and strategies.

The RC will also consider the performance of the Group as well as that of the Executive Directors and key management personnel, aligning their interests with those of shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. It ensures that remuneration package is appropriate to attract, retain and motivate the Executive Directors and KMP to provide good stewardship of the Group and successfully manage the Group for the long term.

Executive Directors do not receive directors' fees. The remuneration policy for Executive Directors and KMP consists fixed cash and annual variable components. The fixed component includes salary and other allowances. The variable component comprises performance-based bonus which forms a significant proportion of the total remuneration package of the Executive Directors and is payable on the achievement of individual and corporate performance targets.

The service contracts for the two Executive Directors contain a fixed appointment period of three years and clauses relating to early termination. The Executive Directors' contract is renewable and would be subject to the RC and the Board's approval. None of the service contracts has any onerous removal clauses.

Independent Directors and non-executive directors, including the Chairman, have no service contract with the Company and their terms are specified in the Constitution of the Company. Independent Directors and non-executive directors are paid a basic fee for serving as a Director and any of the Board Committees roles. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account. Such fees are subject to the approval of the shareholders as lump sum payment at the AGM of the Company.

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The Company currently has no employee share option schemes or other long-term incentive scheme in place.

There are, at present, no contractual provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors and executive officers in exceptional circumstances such as misstatement of financial results, or misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

Principle 8: *The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance, and value creation.*

Provision 8.1 – *The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.*

Directors

The table below sets out the Directors' remuneration and breakdown for FY2023:

Name of Director	Salary	Bonus/Profit sharing	Other benefits(1)	Fees	Total
	$	$	$	$	$
Dr Alex Tan	298,092	–	10,417	–	308,509
Mr Dro Tan Guan Liang	228,444	–	6,076	–	234,520
Dr John Chen	–	–	–	50,400	50,400
Mr Foo Der Rong	–	–	–	33,600	33,600
Mr Wang DaoFu	–	–	–	33,600	33,600
Mr Jason Yeo	–	–	–	13,255	13,255
Total	**526,536**	**–**	**16,493**	**130,855**	**673,884**

Note:

(1) Other benefits refer to benefits-in-kind such as the provision of a Company car for the use of the Director.

CORPORATE GOVERNANCE REPORT

Top 3 KMP (who are not Directors or CEO&MD of the Company)

The table below sets out the top 3 KMP's remuneration in bands of S$250,000 and breakdown for FY2023:

	Salary	Bonus	Other Benefits[2]	TOTAL
Remuneration Band[1] & Name of Key Management Personnel	**99.74%**	**–**	**0.26%**	**100.00%**
Below $250,000				
Seow Han Khye	100.00%	–	–	100.00%
Lok Fong Meng	100.00%	–	–	100.00%
Tan Pang Sim	98.65%	–	1.35%	100.00%

Notes:

(1) Remuneration amounts are inclusive of salary, bonus, incentives, and Central Provident Fund contributions.
(2) Other benefits refer to allowances.

Due to sensitivities and confidentiality reasons, the Company believes that disclosure of the KMPs' remuneration in bands of S$250,000 should be sufficient to provide an insight into the link between their compensation and performance. Further details are deemed to be not in the interest of the Company due to the competitiveness of the industry for key talents. The aggregate remuneration paid to the aforesaid KMPs in FY2023 amounted to S$326,474.

Provision 8.2 – *The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.*

The Company's Executive Director, Mr Dro Tan Guan Liang, is the son of the CEO&MD, Dr Alex Tan. His remuneration is disclosed above.

Mr Tan Pang Sim and Mr Tan Pang Jang, General Manager and Regional Sales Manager of Unimatex Sdn. Bhd. (a wholly-owned subsidiary of the Company) respectively, are brothers of Dr Alex Tan. Madam Lim Kooi Yee, Technical Head of Department of the Company, is the daughter-in-law of Dr Alex Tan and spouse of Mr Dro Tan Guan Liang. Each of Mr Tan Pang Sim, Mr Tan Pang Jang and Madam Lim Kooi Yee's remuneration package for FY2023 is less than S$100,000.

The basis of determining the remuneration of the related employees is the same as the basis of determining the remuneration of other unrelated employees.

CORPORATE GOVERNANCE REPORT

Provision 8.3 – ***The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.***

Apart from the remuneration disclosed above, the Company does not have any share-based compensation scheme or any long-term incentive scheme involving the offer of shares or options in place.

C. ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: ***The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

Provision 9.1 – ***The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.***

The Board has overall responsibilities for the governance of risk and exercises oversight of the significant risks in the Group's business. The Board ensures that the Management maintains a sound system of internal controls and effective risk management policies to safeguard shareholders' interests and the Group's assets and in this regard, is assisted by the AC which reviews the adequacy and effectiveness of the Group's internal controls and risk management systems.

The Board did not establish a separate board risk committee to review and assess the internal controls systems and risk management framework. The Board is currently assisted by the AC, internal and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies.

The Company's internal auditor, CLA Global TS Risk Advisory Pte. Ltd. ("**Internal Auditor**") reports to the AC on the Group's risks profile on a yearly basis, conducts a review of the adequacy and effectiveness of the Company's internal controls, evaluates results and proposes counter measures to mitigate the identified potential risks.

The Board has adopted an Enterprise Risk Management ("**ERM**") framework that comprises five (5) principal risk categories, namely strategic, financial, operational, information technology control and compliance risks.

The ERM framework is reviewed regularly taking into account changes in the Group's business and operating environment as well as evolving corporate governance requirements.

The identification and management of risks are delegated to the CEO&MD and KMP, who assume ownership and day-to-day management of these risks. CEO&MD and KMP are responsible for the effective implementation of the risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board. Key business risks are proactively identified, addressed and reviewed on an ongoing basis. Identified risks that affect the achievement of the Group's business objectives are compiled in the Group Risks Register and are ranked according to the likelihood and consequential impact on the Group as a whole.

CORPORATE GOVERNANCE REPORT

The main risks arising from the Group's financial operations are liquidity risk, foreign currency risk, credit risk, equity price risk and interest rate risk. Details on these risks are set out in the Notes to the Financial Statements. These risks are monitored by AC and the Board on a yearly basis.

The Internal Auditor has reviewed key internal controls as part of the internal audit plan and has independently reported its assessment to the AC and the Board on the adequacy, effectiveness and integrity of the Group's internal controls and risk management systems.

The Internal Auditor presents its findings to the AC on a yearly basis. The internal audit report, comprising details of any non-compliance or internal control weaknesses and significant deficiencies noted during the audit, the corresponding recommendations for improvement and the CEO&MD and/or KMP's responses, were submitted and presented to the AC. The AC will then review the adequacy and effectiveness of the risk management and internal control system.

Provision 9.2 – *The Board requires and discloses in the company's annual report that it has received assurance from: (a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.*

For the financial year under review:–

(a) Written assurance was received from CEO&MD and CFO that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) Written assurance was received from CEO&MD, Executive Director and CFO that the Group's risk management and internal controls systems in place were adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations.

Based on the internal control and risk management systems established and maintained by the Group, the review performed by the external and internal auditors and the review by the AC of the implementation of the recommendations of the internal and external auditors as aforesaid, the Board, with the concurrence of the AC, is of the opinion that the internal control and risk management systems maintained by the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2023 to address the risks that the Group considers relevant and material to its operations, while noting that no system of internal control could provide absolute assurance against the occurrence of errors, fraud, or other irregularities.

The AC, CEO&MD, Executive Director and CFO will continue to review and strengthen the Group's controls environment and allocate more resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

Principle 10: ***The Board has an Audit Committee which discharges its duties objectively.***

Provisions 10.1 – ***The duties of the AC include: (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems; (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements; (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors; (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.***

Provision 10.2 – ***The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.***

Provision 10.3 – ***The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.***

Provision 10.4 – ***The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.***

Audit Committee

The Company's AC presently comprises Dr John Chen, Mr Foo Der Rong and Mr Wang DaoFu, all of whom are Independent Directors. The AC Chairman, Dr John Chen and Mr Foo Der Rong, have recent and relevant accounting or related financial management expertise or experience. Hence, Provision 10.2 of the Code has been complied with.

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation, and hence, is in compliance with Provision 10.3 of the Code.

CORPORATE GOVERNANCE REPORT

The AC has the explicit authority to investigate any matter within its TOR. It has full access to, and the co-operation of the Management and full discretion to invite any Executive Director or KMP to attend its meetings. The AC members have industry knowledge and professional expertise in the financial or business spheres, and have adequate resources, including access to external consultants and auditors, to discharge their responsibilities properly.

The AC met twice during FY2023 and all the Executive Directors were invited to attend the meetings.

The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge their responsibilities.

The AC's key functions as set out in its TOR include the following:

- review with the Company's external auditors their audit plan, their evaluation of the system of internal accounting controls in the course of the external audit, their letter to the Management and the Management's response and results of the Company's audit conducted by internal and external auditors;

- review the reports of the Company's external auditors as well as the independence and objectivity of the external auditors;

- review the co-operation given by the Company's officers to the external auditors;

- review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations which has or is likely to have a material adverse impact on the Group's operating results or financial position and the Management's response;

- make recommendations to the Board on the proposal to the shareholders on the appointment, re-appointment and removal of external auditors and approve the remuneration and terms of engagement of the external auditors;

- review the financial results announcements and annual financial statements, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;

- review the significant reporting issues and judgements so as to ensure integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

- review the material internal control procedures, comprising financial, operational, compliance and information technology controls and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the external auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the external auditors may wish to discuss (in the absence of the Management, where necessary);

- approve the Group's internal audit plans;

CORPORATE GOVERNANCE REPORT

- monitor the implication of outstanding internal control weaknesses highlighted by the internal and external auditors;
- review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules (including any entrusted loans that may be provided to interested persons prior to such loans being entered into to ensure that (i) the terms and (ii) the grant of the entrusted loans (taking into account various factors that may include but are not limited to the rationale for the grant, the creditworthiness of the borrower and the interest rate payable to the Group) are not prejudicial to the Group and the shareholders);
- review and consider transactions in which there may be potential conflicts of interest between the Group and the interested persons and recommend whether those who are in a position of conflict should abstain from participating in any discussions or deliberations of the Board or voting on resolutions of the Board or the shareholders in relation to such transactions as well as to ensure that proper measures to mitigate such conflicts of interest have been put in place;
- review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review will be disclosed in the annual reports or if there are material findings, to be immediately announced via SGXNet;
- review and recommend to the Board hedging policies and instruments, if any, to be implemented by the Company;
- review the effectiveness of the Company's internal audit function, if applicable;
- undertake such other reviews and projects as may be requested by the Board, and report to the Board its finding from time to time on matters arising and requiring the attention of the AC;
- undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time;
- review the assurance from the CEO and CFO on the financial records and financial statements;
- review at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit functions;
- review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns; and
- review the consolidated financial statements of the Company, including the consolidated statement of financial position and statement of changes in equity of the Company before their submission to the Board.

CORPORATE GOVERNANCE REPORT

External Audit

The AC reviews the scope and results of the audit carried out by the External Auditor, as well as the cost effectiveness of the audit and the independence and objectivity of the External Auditor. The AC always seeks to balance the maintenance of objectivity of the External Auditor and its ability to provide professional advice and solutions. The AC undertook the review of the independence and objectivity of the External Auditor, Moore Stephens LLP ("**MS**"), through discussions with MS as well as reviewing the non-audit services provided and the fees paid to it. Based on the review, the AC is of the opinion that MS is, and is perceived to be, independent for the purpose of the Group's statutory audit. The fees payable to the MS are set out below:

	S$'000	**%**
Audit fees	89	100.00
Non-audit fees	–	–
Total	**89**	**100.00**

In reviewing the nomination of MS for re-appointment for the financial year ending 31 December 2024, the AC has considered the adequacy of the resources, experience, and competence of MS, and has taken into account the Audit Quality Indicators relating to MS at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The AC also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

On the basis of the above, the AC is satisfied with the standard and quality of work performed by MS. It has recommended to the Board that MS be nominated for re-appointment as external auditor of the Company at the forthcoming AGM of the Company. The Company has complied with the requirements of Catalist Rules 712, 715 and 716 in relation to the appointment of its external auditor.

Internal Audit

The primary role of internal audit is to assist the AC by evaluating the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high-risk areas, to ensure that the Company maintains sound systems of internal controls and risk management.

The Company's internal audit functions are outsourced to CLA Global TS Risk Advisory Pte. Ltd. since 2016. The AC is satisfied that the Internal Auditor is staffed with professionals with relevant qualifications and experience to perform its function effectively.

The Internal Auditor reports primarily to the Chairman of the AC and has unrestricted access to the documents, records, properties and personnel of the Company and of the Group.

CORPORATE GOVERNANCE REPORT

The AC examines the internal audit plan, determines the scope of audit examination and approves the internal audit budget. It also oversees the implementation of the improvements required on internal control weaknesses identified and ensures that Management provides the necessary co-operation to the Internal Auditor.

The AC annually reviews the adequacy, effectiveness and independence of the Internal Auditor and is satisfied with the aforesaid aspects.

Whistle-Blowing Policy

The AC also reviews arrangements by which staff of the Company and external parties may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The Group has in place a whistle-blowing policy ("**Policy**") to ensure independent investigations of such matters and for appropriate follow up action.

The Policy is aimed at encouraging the reporting of such matters in good faith, with the confidence that staff of the Company and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

There was no whistle blowing report received during FY2023.

Provision 10.5 – *The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.*

The AC meets with the External Auditor and the Internal Auditor, at least once a year, without the presence of the Management, to review any matter that might be raised. These meetings enable the auditors to raise any issues in the course of their work directly to the AC.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

Provision 11.1 – *The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.*

Provision 11.2 – *The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.*

CORPORATE GOVERNANCE REPORT

Conduct of General Meetings

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders. Notices for general meetings are announced via SGXNet. In line with changes to the Catalist Rules, the Company has implemented electronic transmission of documents to shareholders. The notices, together with relevant documents (such as the annual report, letter to shareholders or circular) will be published on both SGXNet and the Company's corporate website at www.Matex.com.sg. All shareholders of the Company will receive the notice of AGM and proxy form.

In order to provide ample time for the shareholders to review the annual report for the financial year ended 2023 ("**Annual Report 2023**"), the notice of AGM together with the Annual Report 2023 are distributed to all shareholders at least 14 days before the scheduled AGM date on 26 April 2024. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon. The Company will endeavour to address substantial and relevant questions related to the ordinary resolution to be tabled for approval at the AGM.

All shareholders are entitled to vote in accordance with the established voting rules and procedures at the AGM. Each share is entitled to one vote.

An external firm shall be appointed as the scrutineer for the AGM voting process, which is independent of the firm appointed to undertake the electronic poll voting process. This is in compliance with the Catalist Rule 730A(a).

Through the service provider's poll voting system, the total number of votes cast for and against and the respective percentages on each resolution are tallied and instantaneously displayed on the screen after each poll conducted during the AGM.

Substantially separate items are each tabled at the general meetings via separate resolutions, including the election or re-election of each Director.

Detailed information on each item in the AGM agenda is provided in the explanatory notes to the Notice of AGM in the Annual Report 2023.

Provision 11.3 – *All directors attend general meetings of shareholders, and the external auditors are also presented to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.*

At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the Directors and the KMP questions regarding matters affecting the Company.

CORPORATE GOVERNANCE REPORT

The Chairman and the Chairpersons of the AC, NC and RC were present at the last eAGM in 2023. All Directors will endeavour to be present at the Company's forthcoming 2024 AGM to address shareholders' questions relating to the work of these Committees.

The Company's External Auditor, Moore Stephens LLP, will be present at the AGM and are available to assist the Directors in addressing any relevant queries by shareholders relating to the conduct of the audit and the preparation and content of its auditor's report.

Provision 11.4 – *The company's Constitution (or other constitutive documents) allows for absentia voting at general meetings of shareholders.*

If shareholders are unable to attend the meetings, the Constitution of the Company allows for shareholders who are not relevant intermediaries to appoint up to two proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries may appoint more than two proxies to attend, speak and vote at general meetings. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 48 hours before the time set for the general meetings.

Subject to the Company's Constitution and any applicable legislation, the Board may, at its sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

Provision 11.5 – *The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.*

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the resolutions tabled for approval and/or ask the Directors or the Management questions regarding the Company and its operations. Minutes of the general meetings which include substantial and relevant comments and queries from shareholders relating to the agenda of the general meetings together with the responses from the Board and Management are prepared and confirmed as true record of the proceedings of the general meetings. The minutes of the general meetings will be published on the Company's corporate website and the SGXNet as soon as practicable, and no later than one month from the date of the meeting.

Provision 11.6 – *The company has a dividend policy and communicates it to shareholders.*

The Company does not have a formal dividend policy. The form, frequency and amount of any proposed dividends will take into consideration the Group's profit growth, cash position, positive cash generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Company endeavours to pay dividends and where dividends are not paid, the Company will disclose its reason(s) accordingly.

The Company did not declare any dividends for FY2023 as the Group was in an operational loss.

CORPORATE GOVERNANCE REPORT

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: ***The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.***

Provision 12.1 – ***The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.***

Provision 12.2 – ***The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.***

Provision 12.3 – ***The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.***

Disclosure of information on a timely basis

The Board is mindful of its obligations to provide shareholders with timely disclosure of material information presented in a fair and objective manner.

The Company does not practice selective disclosure. In line with the continuing obligations of the Company pursuant to the Catalist Rules, the Board's policy is that all shareholders will be equally informed of all major developments and/or transactions impacting the Group.

Half yearly and yearly results of the Company are published through the SGXNet, news releases and the Company's website. All information on the Company's new initiatives will be first disseminated via SGXNet. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the period as prescribed by the SGX-ST and are available on the SGXNet and the Company's website at www.Matex.com.sg.

The Company sincerely welcomes the views of its shareholders and has in place an investor relations policy where its website provides an enquiry form that allows the Company to learn about shareholders' requirements and queries. The Group provides shareholders with an assessment of the Company's performance, position and prospect on a half-yearly basis. This is carried out via half-yearly announcement of results and other ad-hoc announcements primarily via SGXNet. The Company's Annual Report and other Information are also accessible via the above channels. In addition, shareholders are given the opportunity to submit their questions in advance prior to any AGM or EGM, or may ask questions "live" at the general meetings and the Company will endeavour to address substantial and relevant questions related to the resolutions to be tabled for approval at the general meetings.

CORPORATE GOVERNANCE REPORT

E. MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: ***The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.***

Provision 13.1 – ***The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.***

Provision 13.2 – ***The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.***

ENGAGEMENT WITH STAKEHOLDERS

The Group has regularly engaged its stakeholders through various mediums and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns to improve services and products' standards, as well as to sustain business operations for long term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are able to impact the Group's business and operations.

Six (6) stakeholder groups have been identified through an assessment of their significance to the business operations, namely, suppliers, customers, employees, community, investors, and regulators.

The Company has undertaken a process to determine the environmental, social and governance (ESG) issues which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

Having identified the stakeholders and the material issues, the Company has mapped out the key areas of focus in relation to the management of the respective stakeholder relationships.

Please refer to the Sustainability Report on pages 17 to 55 of this Annual Report for further details.

Provision 13.3 – ***The company maintains a current corporate website to communicate and engage with stakeholders.***

All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNet, press releases and the Company's website. The Company does not practice selective disclosure of material information. All materials on the half year and full year financial results are available on the Company's website at www.Matex.com.sg. The comprehensive website, which is updated regularly, contains various information on the Group and the Company which serves as an important resource for investors and all stakeholders.

CORPORATE GOVERNANCE REPORT

F. OTHER CORPORATE GOVERNANCE MATTERS

DEALING IN SECURITIES

In compliance with Catalist Rule 1204(19) on best practices in respect of dealing in securities, the Group has in place an internal compliance policy which prohibits the Company's Directors, KMP and their connected persons from dealing in the Company's shares during the period beginning one (1) month immediately preceding the announcement of the Company's half year and full year results respectively ("**Prohibited Periods**"), or if they are in possession of unpublished price-sensitive information of the Group.

In addition, Directors, KMP and connected persons are required to comply with and observe laws on insider trading even when dealing in the Company's shares outside the Prohibited Periods. They are also refrained from dealing in the Company's shares on short-term considerations.

All Directors are required to seek Board's approval before trading in the Company's shares and are also required to notify the Company Secretary of any change in his interest in the Company's shares within two business days of the change.

There was no trading of the Company's shares by insiders during FY2023.

MATERIAL CONTRACTS

Pursuant to Catalist Rule 1204(8), no material contracts had been entered into by the Company and its subsidiaries involving the interests of any Director or controlling shareholder, which are either still subsisting at the end of the financial year or if not then subsisting, entered into during the financial year.

INTERESTED PERSON TRANSACTIONS

To ensure compliance with Chapter 9 of the Catalist Rules, in FY2023, the AC and the Board met half yearly to review if the Company will be entering into any interested person transactions ("**IPTs**").

If the Company is intending to enter into an IPT, the AC and the Board will ensure that the transaction is carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The Group does not have a general mandate from shareholders for IPTs pursuant to Catalist Rule 920.

During FY2023, the Company paid fees of NIL (FY2022: S$33,000) to a law firm which the Director, Mr Wang Dao Fu is a partner.

Save for the above, there were no IPTs entered into by the Group during FY2023.

NON-SPONSOR FEES

In compliance with Catalist Rule 1204(21), there were no non-sponsor fees paid to the Company's sponsor, RHT Capital Pte. Ltd., during FY2023.

CORPORATE GOVERNANCE REPORT

APPENDIX – INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Name of Director	**Wang DaoFu ("Mr Wang")**	**Jason Yeo Hock Huat ("Mr Jason Yeo")**
Date of appointment	11 January 2017	10 August 2023
Date of last election	29 April 2022	–
Age	62	60
Country of principal residence	Singapore	Singapore
The Board's comments on the NC's recommendation for re-election	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Wang's performance as a Non-Executive and Independent Director of the Company.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Jason Yeo's performance as an Non – Independent Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.	Non-Executive
Job title	Non-Executive and Independent Director, Chairman of Remuneration Committee, Member of Nominating Committee and Audit Committee	Non-Executive Non-Independent Director
Professional qualifications	Bachelor of Law of Peking University in Beijing, China	Executive MBA, Tsinghua University Executive MBA, National University of Singapore Diploma (Mechanical Engineering in Factory Automation), Ngee Ann Polytechnic

CORPORATE GOVERNANCE REPORT

Name of Director	Wang DaoFu ("Mr Wang")	Jason Yeo Hock Huat ("Mr Jason Yeo")
Working experience and occupations(s) during past 10 years	January 2004 to Present: Founding Partner, Yuan Tai Law Offices November 2009 to Present: Director, Proceq Trading (Shanghai) Co. Ltd (China) January 2013 to December 2016: Independent Director, Jiangsu Jiangnan Agriculture Commercial Bank October 2014 to 2023: Director, MOBO Information Technology Pte Ltd January 2015 to 2019: Director, TH Straits 2015 Pte Ltd April 2015 to 2022: Director, SGD Investment Pte Ltd January 2016 to December 2018: Director, Bank of Dazhou January 2017 to October 2021: Independent Director, Suzhou Diezhi Network Technology Co., Ltd. June 2019 to Present: Non-Executive and Independent Director, Sunpower Group Ltd.	Mr Yeo Hock Huat (Jason) is the Founder and Chairman of JCS Group (1990 – Present). JCS Group is a Singapore-based advanced manufacturing group with diverse businesses in renewable energy, complex equipment, agro-technology, aerospace industry, logistics industry, and medical devices. JCS Group is headquartered in Singapore with operations in Asia Pacific and North America. Mr Yeo is also the Founder and Chairman of MClean Technologies Berhad (1 June 2010 – Present) (listed on BURSA, Malaysia) which provides precision cleaning and washing solutions for components of hard disk drive, media cassettes, trays, as well as medical devices and other components that require high level of precision cleaning.

CORPORATE GOVERNANCE REPORT

Name of Director	Wang DaoFu ("Mr Wang")	Jason Yeo Hock Huat ("Mr Jason Yeo")
		Mr Yeo is also actively involved in business, engineering and social community services as a volunteer in the following capacities: Chairman, NUS Business School Chinese Alumni Association (2020 – Present) Chairman, Hong Kah North Constituency Community Committee (2018 – Present) Panelist, Advanced Manufacturing and Engineering Advisory Panel, Ministry of Trade and Industry, Singapore (2017 – Present) Advisor, National Research Foundation, Singapore (2018 – Present) Consultant, NUS Enterprise, Singapore (2015 – Present) First Vice President, NUS Business School Chinese Alumni Association (2015 – 2019)
Shareholdings interest in the listed issuer and its subsidiaries	NIL	Yes. Mr Yeo is deemed interested in the 50,000,000 ordinary shares of the Company held by CSF Fund I Pte. Ltd., representing 13.82% shareholding interest in the Company.
Any relationship (including immediate family relationships) with any existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflicts of interest (including any competing business)	None	Mr Yeo is the Founder, Chairman and sole shareholder and Director of JCS Group Pte. Ltd. ("**JCS**"). As announced by the Company on 8 November 2023, the Group had signed an memorandum of understanding JCS.
Undertaking (in the format set out in Appendix 7H under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE REPORT

Name of Director	Wang DaoFu ("Mr Wang")	Jason Yeo Hock Huat ("Mr Jason Yeo")
Other Principal Commitments including Directorships	Past (for the last 5 years) • Dazhou Commercial Bank • TH Straits 2015 Pte Ltd • Suzhou Diezhi Network Technology Co., Ltd. • SGD Investment Pte Ltd • MOBO Information Technology Pte Ltd Present • Proceq Trading (Shanghai) Co. Ltd • Sunpower Group Ltd	Past (for the last 5 years) 1V Capital Pte Ltd (resigned on 23/11/2022) JPS Advance Technology Pte Ltd (Strike off on 07/11/2022) MEMSing Pte Ltd (Strike off on 08/05/2023) Present IFF International Pte Ltd JCS Biotech Pte Ltd JCS Greentech Pte Ltd JCS Group Pte Ltd JCS INVB Pte Ltd JCS INVC Pte Ltd JCS INVD Pte Ltd JCS INVF Pte Ltd JCS INVG Pte Ltd JCS INVH Pte Ltd JCS INVJ Pte Ltd JCS INVK Pte Ltd JCS Venture Lab Pte Ltd JCS-Vanetec Pte Ltd Komme International Pte Ltd KORLS Arts & Tech Innovation Pte Ltd KRU Energy Asia Pte Ltd La Cura Mobility Pte Ltd MClean Precision Pte Ltd MClean Technologies Berhad MClean Technologies Pte Ltd Rangkaian Iltzam Sdn Bhd Singapore Dragon Art Gallery Pte Ltd Singapore Tea Museum Private Limited Jiangxi JCS Energy Co., Ltd JCS BIOTECH LTD Shen Yao Holdings Limited JCS Aerospace International JCS Aerospace Technology Yu Hang Jia Shi (Shanghai) Aerospace Technology Pte Ltd Yu Hang Jie Shi Aerospace Industry (Shanghai) Pte Ltd

CORPORATE GOVERNANCE REPORT

Name of Director	Wang DaoFu ("Mr Wang")	Jason Yeo Hock Huat ("Mr Jason Yeo")
The general statutory disclosures of the Directors are as follows:		
Question		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was partner or at any time within 2 years from the date, he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or any equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, that business trust, on the ground of insolvency?	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Wang DaoFu ("Mr Wang")	Jason Yeo Hock Huat ("Mr Jason Yeo")
(c) Whether there is any unsatisfied judgement against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings of which he is aware) for such purpose	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Wang DaoFu ("Mr Wang")	Jason Yeo Hock Huat ("Mr Jason Yeo")
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	Dated 26 February 2019, the Court of Appeal of Singapore published a court decision pertaining to an appeal case filed by Abhilash s/o Kunchian Krishnan ("**Abhilash**") against Mr. Jason Yeo and JCS-Vanetec Pte Ltd ("**JCSV**"). Abhilash initially brought this action against JCSV and YHH, alleging that Mr Jason Yeo had conducted affairs of JCSV in a manner oppressive to him, and in disregard of his interests as a shareholder. Abhilash sought an order that his shareholding in JCSV be purchased by Mr Jason Yeo on a fair market valuation. The High Court accepted the net asset basis valuation of Mr Jason Yeo's expert as the fair market valuation of JCSV. Abhilash appealed the decision, which was dismissed by the court.
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Wang DaoFu ("Mr Wang")	Jason Yeo Hock Huat ("Mr Jason Yeo")
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Wang DaoFu ("Mr Wang")	Jason Yeo Hock Huat ("Mr Jason Yeo")
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No No	No No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceeding, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency whether in Singapore or elsewhere?	No	No

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The directors present their statement together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2023 and statement of financial position as at 31 December 2023 and statement of changes in equity of the Company for the financial year ended 31 December 2023.

In the opinion of the directors:

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 Directors

The directors of the Company in office at the date of this statement are:

Dr John Chen Seow Phun
Dr Tan Pang Kee
Mr Foo Der Rong
Mr Tan Guan Liang (Chen Guanliang)
Mr Wang Dao Fu
Mr Yeo Hock Huat (appointed on 10 August 2023)

2 Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3 Directors' Interests in Shares and Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, 1967, an interest in shares of the Company as stated below:

	Direct interest		Deemed interest	
	At the beginning of the financial year	At the end of the financial year	At the beginning of the financial year	At the end of the financial year
Ordinary shares of the Company				
Dr John Chen Seow Phun	140,000	140,000	–	–
Dr Tan Pang Kee	87,972,630	87,972,630	–	–
Mr Tan Guan Liang (Chen Guanliang)	826,000	826,000	–	–
Mr Yeo Hock Huat	–	–	–	50,000,000

By virtue of Section 7 of the Singapore Companies Act 1967, Dr Tan Pang Kee is deemed to have an interest in all the subsidiaries to the extent held by the Company.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2024.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

4 Share Options

(a) Option to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) Option exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5 Audit Committee

The audit committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the half yearly financial results and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor (if any);
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5 **Audit Committee** (Continued)

The AC, having reviewed all non-audit services provided by the external auditor to the Group (if any), is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

6 **Auditors**

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the board of directors:

Dr Tan Pang Kee
Director

Mr Tan Guan Liang
(Chen Guanliang)
Director

Singapore
1 April 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MATEX INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Matex International Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MATEX INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key Audit Matter	**Our audit performed and responses thereon**
Valuation of trade receivables	
We refer to Note 2.14, Note 3.2(a), Note 15 and Note 29(a) to the financial statements. As at 31 December 2023, the carrying amount of the Group's trade receivables amounted to S$931,000, net of allowance for expected credit loss ("ECL") of S$2,265,000. During the current financial year, the Group writes back ECL of S$238,000 on these trade receivables. We focus on this area because there are judgements and estimates involved in the application of the ECL model and loss allowance provision.	We obtained understanding of the credit policy of the Group and evaluated the process for monitoring of trade receivables. We reviewed the Group's control over the receivables collection processions, analysed the aging of trade receivables and reviewed the Group's loss allowance against trade receivables and its disclosures about the degree of estimation involved in arriving at the expect credit loss. We found the estimates used by management in deriving the expected credit loss model and impairment provision adequate.
Valuation of inventories	
We refer to Note 2.16, Note 3.2(b) and Note 14 to the financial statements. The carrying amount of the Group's inventories amounted to S$1,378,000 as at 31 December 2023. Inventories are carried in the financial statements at the lower of cost and net realisable value. During the current financial year, the Group writes down inventories of S$335,000. There are judgements and estimates involved in determining the amount of write down for slow-moving and obsolete inventories by considering factor such as the condition and age of inventories, future market demand, environmental regulations requirements and pricing competition.	We designed and performed the following key procedures, among others: – We checked and analysed the ageing of the inventories, reviewed the historical trend on whether there were significant inventories written off or reversal of the allowances for inventories obsolescence. – We evaluated management's process in determining the write down of inventory, taking into consideration inventory ageing, physical condition of the inventories, past and expected future sales. – We evaluated and tested management's assessment of inventories to state them at the lower of cost and net realisable value. We found the estimates used by management in deriving the write down for inventory obsolescence to be within a reasonable range.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MATEX INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MATEX INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MATEX INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Neo Keng Jin.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
1 April 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 $'000	Group 2022 $'000
Revenue	4	**7,354**	14,589
Cost of sales		**(5,746)**	(12,079)
Gross profit		**1,608**	2,510
Other income		**48**	12,460
Selling and distribution expenses		**(1,070)**	(1,653)
Administrative expenses		**(4,961)**	(9,622)
Other operating expenses		**(36)**	(150)
Finance income	5	**270**	77
Finance expenses	5	**(122)**	(433)
Write back of loss allowance on trade receivables		**238**	543
(Loss)/profit before taxation	7	**(4,025)**	3,732
Income tax expense	8	**(16)**	(33)
(Loss)/profit for the year		**(4,041)**	3,699
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss			
Currency translation difference		**(62)**	(24)
Other comprehensive loss for the year, net of tax		**(62)**	(24)
Total comprehensive (loss)/income for the year		**(4,103)**	3,675
(Loss)/profit attributable to:			
Owners of the Company		**(3,310)**	7,273
Non-controlling interests		**(731)**	(3,574)
		(4,041)	3,699
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(3,424)**	7,096
Non-controlling interests		**(679)**	(3,421)
		(4,103)	3,675
(Loss)/earning per share (cents per share)			
– Basic and diluted	26	**(0.98)**	2.33

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023	2022	2023	2022
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	9	**565**	360	**160**	2
Right-of-use assets	10	**1,036**	1,442	**200**	5
Investment in subsidiaries	12	**–**	–	**1,279**	516
Other long-term investment	13	**134**	–	**134**	–
		1,735	1,802	**1,773**	523
Current assets					
Inventories	14	**1,378**	3,244	**–**	–
Trade and notes receivables	15	**1,067**	2,204	**579**	679
Other receivables and deposits	16	**781**	5,011	**2,094**	3,285
Prepayments		**68**	69	**53**	51
Fixed deposits	17	**5,269**	–	**5,269**	–
Cash and bank balances	17	**11,100**	11,924	**3,746**	8,878
		19,663	22,452	**11,741**	12,893
Total assets		**21,398**	24,254	**13,514**	13,416
Current liabilities					
Trade payables	18	**235**	590	**–**	–
Other payables and accruals	19	**5,625**	4,079	**259**	260
Contract liabilities	4	**10**	16	**–**	–
Lease liabilities	10	**615**	565	**18**	–
Term loans	20	**2,088**	2,401	**–**	–
		8,573	7,651	**277**	260
Net current assets		**11,090**	14,801	**11,464**	12,633

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Non-current liabilities					
Deferred tax liabilities	21	**66**	59	**–**	–
Other payables	19	**13**	13	**–**	–
Term loan	20	**247**	661	**–**	–
Lease liabilities	10	**253**	771	**101**	–
		579	1,504	**101**	–
Net assets		**12,246**	15,099	**13,136**	13,156
Equity					
Share capital	22	**25,853**	24,603	**25,853**	24,603
Capital reserve	23	**294**	294	**–**	–
Enterprise expansion reserve	24	**4,349**	4,349	**–**	–
General reserve	24	**4,349**	4,349	**–**	–
Translation reserve	25	**(70)**	44	**–**	–
Accumulated losses		**(22,074)**	(18,764)	**(12,717)**	(11,447)
		12,701	14,875	**13,136**	13,156
Non-controlling interests		**(455)**	224	**–**	–
Total equity		**12,246**	15,099	**13,136**	13,156

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Company								
	Share capital $'000	Capital reserve $'000	Enterprise expansion reserve $'000	General reserve $'000	Translation reserve $'000	Accumulated losses $'000	Equity attributable to owners of the Company, total $'000	Non-controlling interests $'000	Equity total $'000
Group									
Opening balance as at 1 January 2023	**24,603**	**294**	**4,349**	**4,349**	**44**	**(18,764)**	**14,875**	**224**	**15,099**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(3,310)**	**(3,310)**	**(731)**	**(4,041)**
Other comprehensive (loss)/income for the year	**–**	**–**	**–**	**–**	**(114)**	**–**	**(114)**	**52**	**(62)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(114)**	**(3,310)**	**(3,424)**	**(679)**	**(4,103)**
Issue of ordinary shares	**1,250**	**–**	**–**	**–**	**–**	**–**	**1,250**	**–**	**1,250**
Closing balance as at 31 December 2023	**25,853**	**294**	**4,349**	**4,349**	**(70)**	**(22,074)**	**12,701**	**(455)**	**12,246**
Opening balance as at 1 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)/income for the year	–	–	–	–	(177)	–	(177)	153	(24)
Total comprehensive (loss)/income for the year	–	–	–	–	(177)	7,273	7,096	(3,421)	3,675
Disposal of subsidiaries (Note 12)	–	–	(68)	(68)	(23)	136	(23)	4,371	4,348
Closing balance as at 31 December 2022	24,603	294	4,349	4,349	44	(18,764)	14,875	224	15,099

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Share capital $'000	Accumulated losses $'000	Total $'000
Company			
Opening balance as at 1 January 2023	**24,603**	**(11,447)**	**13,156**
Loss for the year	**–**	**(1,270)**	**(1,270)**
Issue of ordinary shares	**1,250**	**–**	**1,250**
Closing balance as at 31 December 2023	**25,853**	**(12,717)**	**13,136**
Opening balance as at 1 January 2022	24,603	(17,336)	7,267
Profit for the year	–	5,889	5,889
Closing balance as at 31 December 2022	24,603	(11,447)	13,156

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 $'000	2022 $'000
Cash flows from operating activities		
(Loss)/Profit before taxation	**(4,025)**	3,732
Adjustments:		
Interest expense on borrowings and lease liabilities	**122**	433
Interest income	**(270)**	(77)
Write back of loss allowance on trade receivables	**(238)**	(543)
Loss on disposal of property, plant and equipment	**5**	226
Property, plant and equipment written off	**–**	99
Right-of-use assets written off	**4**	–
Depreciation of property, plant and equipment	**80**	641
Depreciation of right-of-use assets	**591**	428
Gain on de-recognised of lease contract	**–**	(1)
Amortisation of intangible assets	**–**	160
Inventories written down	**335**	2,478
Net gain on disposal of assets held-for-sale	**–**	(12,326)
Exchange differences	**(172)**	682
Operating cash flows before changes in working capital changes	**(3,568)**	(4,068)
Decrease in inventories	**1,498**	290
Decrease in trade and notes receivables	**1,306**	2,447
Decrease/(Increase) in other receivables and prepayments	**255**	(3,434)
(Decrease)/Increase in trade and other payables	**(107)**	3,915
Decrease in contract liabilities	**(5)**	(30)
Cash used in operations	**(621)**	(880)
Interest paid	**(122)**	(433)
Interest received	**270**	77
Income tax refunded	**17**	62
Net cash flows used in operating activities	**(456)**	(1,174)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(298)**	(76)
Proceeds from disposal of property, plant and equipment	**15**	–
Purchase of other long-term investment	**(134)**	–
Net cash inflow on disposal of subsidiaries	**1,157**	8,461
Repayment from former subsidiary	**3,078**	3,380
Net cash flows generated from investing activities	**3,818**	11,765

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 $'000	2022 $'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares from placement		**1,250**	–
Decrease in restricted cash		**–**	1,500
Proceeds from loans and borrowings		**–**	464
Payment of principal portion of lease liabilities		**(667)**	(827)
Repayment of loans and borrowings		**(665)**	(5,956)
Amount due to former subsidiary		**1,199**	–
Net cash flows generated from/(used in) financing activities		**1,117**	(4,819)
Net increase in cash and cash equivalents		**4,479**	5,772
Effect of exchange rate changes on cash and cash equivalents		**(34)**	(303)
Cash and cash equivalents at the beginning of the year		**11,924**	6,455
Cash and cash equivalents at the end of the year	17	**16,369**	11,924

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 12 to the financial statements.

The financial statements for the financial year ended 31 December 2023 were approved and authorised for issue by the board of directors in accordance with a resolution of the directors on the date of the Directors' Statement.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (the "SFRS(I)") and the provision of the Singapore Companies Act 1967. The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

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

2.2 Adoption of new and amended standards and interpretations

(a) Adoption of New and Revised SFRS(I) issued which are effective

On 1 January 2023, the Group has adopted the new or amended SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INTs") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INTs. The adoption of the new or amended SFRS(I) and SFRS(I) INTs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Adoption of New and Revised SFRS(I) issued but not yet effective

At the date of authorisation of these financial statements, the following standards that have been issued and are relevant to the Group and Company but not yet effective:

		Effective for annual financial periods beginning on or after
Amendments to SFRS(I) 1-1	*Amendments to SFRS(I) 1-1 Presentation of Financial Statements – Classification of Liabilities as current or non-current*	1 January 2024
Amendments to SFRS(I) 1-1	*Amendments to SFRS(I) 1-1 Presentation of Financial Statements – Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 16	*Amendments to SFRS(I) 16 Lease – Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 1-7 and 7	*Statement of Cash Flows and Financial Instruments: Disclosures: Supplier Finance Arrangements*	1 January 2024
Amendments to SFRS(I) 1-21	*The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28	*Amendments to SFRS(I) 10 and SFRS(I) 1-28 Investments in Associates and Joint Ventures – Sale or contribution of assets between an investor and its associate or joint venture*	Deferred indefinitely, early application is still permitted

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest (including any components of other comprehensive income attributable to them);
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained in the former subsidiary at its fair value;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate; and
- recognises any resulting difference in profit or loss.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether an integrated set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create output. The Group has an option to apply a 'fair value concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test can be applied on a transaction-by-transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the Group elects not to apply the test, a detailed assessment must be performed applying the normal requirements in SFRS(I) 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising from the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated using the straight-line method against the cost (in the case of People's Republic of China ("PRC") subsidiary companies, less estimated residual value of the fixed asset at 10% of cost), over their estimated useful lives. The estimated useful lives have been taken as follows:

Leasehold properties	5 to 91 years
Plant and equipment	3 to 10 years
Renovation, electrical and fittings	5 to 10 years
Motor vehicles	5 to 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Land use rights

Land use rights relate to property in the PRC.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over the lease term of 20 years.

An assessment of the carrying value of land use rights is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

Gains or losses arising from the retirement or disposal of land use rights are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Intangible assets relate to software and is amortised on a straight-line basis over a period of 5 years.

2.10 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 **SUMMARY OF MATERIAL ACCOUNTING POLICIES** (CONTINUED)

2.11 **Impairment of non-financial assets** (Continued)

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.12 **Subsidiaries**

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.13 **Financial instruments**

(a) *Financial assets*

Initial recognition and measurement

Debt instruments

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(a) *Financial assets* (Continued)

Initial recognition and measurement (Continued)

Equity instruments

Financial assets that are equity instruments comprise mainly investment in equity securities. The Group classified these assets as fair value through profit or loss (FVPL), except for those that the Group has designated as Fair Value through Other Comprehensive Income (FVOCI). The FVOCI designation is irrevocable, and is not permitted for held-for-trading financial assets and financial assets that represent contingent consideration in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Subsequent measurement

Investment in debt instruments at amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Equity instruments

Subsequent to initial recognition, all equity investments are measured at fair value. Changes in the fair value of FVPL equity instruments are recognised in profit or loss, while changes in the fair value of FVOCI equity investments are recognised in other comprehensive income. All dividend income is recognised in profit and loss, except for dividends from FVOCI equity instruments that clearly represent a recovery of the cost of investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(a) *Financial assets* (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset that is a debt instrument, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, for a financial asset that is a debt instrument at FVOCI, the cumulative gain or loss previously accumulated in the fair value adjustment reserve is reclassified to profit or loss.

On derecognition of an equity instrument at FVOCI, this difference is instead recognised directly in equity as part of retained earnings. Cumulative gains and losses previously accumulated in equity are also transferred directly to retained earnings upon derecognition of FVOCI equity investments.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

(b) *Financial liabilities* (Continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and fixed deposits. Cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

(a) Raw materials: purchase costs on a weighted average basis;

(b) Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using current pre-tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in provision due to passage of time is recognised as a finance cost.

2.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.19 Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. In addition, the subsidiary companies in the PRC pay fixed contributions to the retirement insurance and medical insurance schemes organised by the social security bureau and have no further payment obligations once the contributions have been paid. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.21 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

(i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Office premises	3 to 5 years
Land use rights	20 years
Motor vehicles	5 years
Office equipment	10 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 **SUMMARY OF MATERIAL ACCOUNTING POLICIES** (CONTINUED)

2.21 **Leases** (Continued)

As lessee (Continued)

(i) *Right-of-use assets* (Continued)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.11.

(ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

The Group produces and supplies dyestuffs, auxiliaries and textile chemical products to manufacturers mainly in the textile industry.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation is satisfied at a point in time and accordingly, revenue is recognised at a point in time.

Revenue is recognised when the goods or services are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the transaction price which comprises the contractual price. There are no variable considerations that would modify transaction price and accordingly, no significant judgement is involved in estimating the revenue.

2.23 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred income tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 **SUMMARY OF MATERIAL ACCOUNTING POLICIES** (CONTINUED)

2.23 **Taxes** (Continued)

(b) *Deferred tax* (Continued)

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 Taxes (Continued)

(b) *Deferred tax* (Continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2.24 Contingencies

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the 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 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 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.

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 information about the ECLs on the Group’s trade receivables is disclosed in Note 29(a) to the financial statements.

The carrying amount of the Group and the Company’s trade receivables as at 31 December 2023 are $931,000 (2022: $1,157,000) and $579,000 (2022: $679,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(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 at the end of the reporting period is disclosed in Note 14 to the financial statements.

The carrying amount of the Group's inventories as at 31 December 2023 is $1,378,000 (2022: $3,244,000).

(c) *Impairment of non-financial assets (property, plant and equipment and right-of-use 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 key assumptions applied in the determination of the value in use of property, plant and equipment and right-of use assets are disclosed in Note 9 and 10 to the financial statements respectively.

The carrying amount of the Group's property, plant and equipment and right-of-use assets as at 31 December 2023 is $565,000 and $1,036,000 (2022: $360,000 and $1,442,000) respectively.

4 REVENUE

(a) *Disaggregation of revenue*

	Group	
	2023	**2022**
	$'000	**$'000**
Primary geographical markets		
People's Republic of China ("PRC")	**5,040**	10,520
Malaysia	**834**	1,342
Singapore	**1,480**	2,727
Sale of goods at a point in time	**7,354**	14,589

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4 **REVENUE** (CONTINUED)

(b) *Receivables and contract liabilities*

Information about receivables and contract liabilities from contracts with customers is disclosed as follows:

	Group		
	2023	**2022**	**1 January 2021**
	$'000	**$'000**	**$'000**
Receivables from contract with customers (Note 15)	**931**	1,157	1,778
Contract liabilities	**10**	16	18

Contract liabilities relate primarily to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers. Contract liabilities are recognised as revenue as the Group performs under the contract.

Significant changes in contract liabilities are explained as follows:

	Group	
	2023	**2022**
	$'000	**$'000**
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**16**	18
Increase due to cash received, excluding amounts recognised as revenue during the year	**(10)**	(16)

5 **FINANCE (EXPENSES)/INCOME**

	Group	
	2023	**2022**
	$'000	**$'000**
Finance income		
– Interests from fixed deposits and bank balances	**270**	77
Finance expenses		
– Interest on term loans	**(75)**	(383)
– Interest on lease liabilities	**(47)**	(50)
	(122)	(433)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6 PERSONNEL EXPENSES

The following personnel expenses include directors' remuneration.

	Group	
	2023	**2022**
	$'000	**$'000**
Salaries and bonuses	**3,173**	3,511
Defined contribution plans	**143**	147
Other personnel expenses	**86**	396
	3,402	4,054

7 (LOSS)/PROFIT BEFORE TAXATION

This is determined after charging the following:

	Group	
	2023	**2022**
	$'000	**$'000**
Amortisation of intangible assets (Note 11)	**–**	(160)
Depreciation of property, plant and equipment	**(80)**	(641)
Depreciation of right-of-use assets	**(591)**	(428)
Inventories recognised as an expense in cost of sales (Note 14)	**(5,746)**	(12,079)
Audit fees paid to:		
– Auditor of the Company	**(89)**	(89)
– Other auditors (network firm)	**(6)**	(73)
– Other auditors (non-network firm)	**(45)**	(103)
Non-audit fees paid to:		
– Auditor of the Company	**–**	–
– Other auditors (non-network firm)	**(3)**	(2)
Personnel expenses (Note 6)	**(3,402)**	(4,054)
Inventories written down (Note 14)	**(335)**	(2,478)
Foreign exchange loss	**(254)**	(372)
Loss on disposal of property, plant and equipment	**(5)**	(226)
Property, plant and equipment written off	**–**	(99)
Right-of-use assets written off	**(4)**	–
Net gain on disposal asset-held-for-sale (included in other income)	**–**	12,326
Gain on derecognised of lease contract	**–**	1
Transportation expense	**(19)**	(87)
Government grants	**7**	30

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8 INCOME TAX EXPENSE

The major components of income tax expense for the year ended 31 December are:

	Group	
	2023	**2022**
	$'000	**$'000**
Statement of comprehensive income:		
Current income tax:		
– Current income taxation	**9**	39
– Under-provision in respective of previous years	**–**	9
Deferred tax		
– Current year charge (Note 21)	**7**	(15)
Income tax expense recognised in the statement of comprehensive income	**16**	33

Relationship between tax expense and accounting (loss)/profit

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 2022 is as follows:

	Group	
	2023	**2022**
	$'000	**$'000**
(Loss)/profit before taxation	**(4,025)**	3,732
Tax at domestic tax rate of 17% (2022: 17%)	**(684)**	634
Adjustments:		
Non-deductible expenses	**417**	939
Income not subject to taxation	**(43)**	(1,998)
Difference in tax rates applicable to overseas operations	**(167)**	(668)
Utilisation of deferred tax assets previously not recognised	**(76)**	(166)
Deferred tax assets not recognised	**569**	832
Deferred tax assets not recognised for disposal group	**–**	451
Under-provision in respect of previous years	**–**	9
Income tax expense recognised in the statement of comprehensive income	**16**	33

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties $'000	Plant and equipment $'000	Renovation, electrical and fittings $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Group						
Cost						
At 1 January 2023	**1,352**	**13,664**	**1,021**	**939**	**457**	**17,433**
Additions	**–**	**66**	**2**	**170**	**60**	**298**
Disposals/written off	**(18)**	**(14)**	**(4)**	**(287)**	**–**	**(323)**
Exchange differences	**(3)**	**(9)**	**(3)**	**(6)**	**–**	**(21)**
At 31 December 2023	**1,331**	**13,707**	**1,016**	**816**	**517**	**17,387**
Cost						
At 1 January 2022	1,368	13,677	1,043	943	457	17,488
Additions	–	–	1	–	–	1
Disposals/written off	–	–	(16)	–	–	(16)
Exchange differences	(16)	(13)	(7)	(4)	–	(40)
At 31 December 2022	1,352	13,664	1,021	939	457	17,433
Accumulated depreciation and impairment loss						
At 1 January 2023	**1,233**	**13,622**	**839**	**922**	**457**	**17,073**
Charge for the year	**3**	**16**	**46**	**15**	**–**	**80**
Disposals/written off	**3**	**(14)**	**(4)**	**(282)**	**–**	**(303)**
Exchange differences	**(11)**	**(9)**	**(3)**	**(5)**	**–**	**(28)**
At 31 December 2023	**1,222**	**13,615**	**878**	**650**	**457**	**16,822**
At 1 January 2022	1,233	13,612	798	920	457	17,020
Charge for the year	3	22	62	4	–	91
Disposals/written off	–	–	(15)	–	–	(15)
Exchange differences	(3)	(12)	(6)	(2)	–	(23)
At 31 December 2022	1,233	13,622	839	922	457	17,073
Net carrying amount						
At 31 December 2022	119	42	182	17	–	360
At 31 December 2023	**109**	**92**	**138**	**166**	**60**	**565**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9 **PROPERTY, PLANT AND EQUIPMENT** (CONTINUED)

	Leasehold properties $'000	Plant and equipment $'000	Renovation, electrical and fittings $'000	Motor vehicles $'000	Total $'000
Company					
2023					
Cost					
As at 1 January 2023	**162**	**527**	**1**	**282**	**972**
Additions	**–**	**1**	**–**	**170**	**171**
Disposal	**–**	**(9)**	**–**	**(282)**	**(291)**
As at 31 December 2023	**162**	**519**	**1**	**170**	**852**
Accumulated depreciation					
At 1 January 2023	**162**	**525**	**1**	**282**	**970**
Charge for the year	**–**	**2**	**–**	**11**	**13**
Disposal	**–**	**(9)**	**–**	**(282)**	**(291)**
At 31 December 2023	**162**	**518**	**1**	**11**	**692**
Net carrying amount					
At 31 December 2023	**–**	**1**	**–**	**159**	**160**
2022					
Cost					
At 1 January 2022 and 31 December 2022	162	527	1	282	972
Accumulated depreciation					
At 1 January 2022	162	523	1	282	968
Charge for the year	–	2	–	–	2
At 31 December 2022	162	525	1	282	970
Net carrying amount					
At 31 December 2022	–	2	–	–	2

Cash outflow on property, plant and equipment

The cash outflow on the acquisition of property, plant and equipment by the Group during the year amounted to $298,000 (2022: $76,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment of assets

During the current financial year, the Group carried out a review of the recoverable amount of its production facility and equipment, which is defined as the cash generating units ('CGUs') due to losses incurred.

There is no additional impairment loss recognised for the financial years ended 31 December 2023 and 31 December 2022.

The recoverable amounts were computed based on value in use using a discounted cash flow projection. The post-tax discount rates used were 13.38% and 17.95% (Singapore), 18.12% (Malaysia) and 15.14% (PRC) (2022: 10.55% (Singapore), 10.38% (Malaysia) and 10.35% (PRC)).

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for various items of leasehold land, office premises, motor vehicles and office equipment used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group	Office premises $'000	Land use rights[1] $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
2023					
Cost					
At 1 January 2023	3,223	384	111	20	3,738
Additions	–	–	215	–	215
Disposal	–	–	(20)	–	(20)
Exchange differences	(49)	(14)	(5)	–	(68)
At 31 December 2023	3,174	370	301	20	3,865
Accumulated depreciation and impairment loss					
At 1 January 2023	1,797	384	101	14	2,296
Depreciation charge for the year	566	–	21	4	591
Disposal	–	–	(16)	–	(16)
Exchange differences	(23)	(14)	(5)	–	(42)
At 31 December 2023	2,340	370	101	18	2,829
Net carrying amount					
At 31 December 2023	834	–	200	2	1,036

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Group	Office premises $'000	Land use rights[(1)] $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
2022					
Cost					
At 1 January 2022	1,980	422	118	20	2,540
Additions	1,366	–	–	–	1,366
Exchange differences	(123)	(38)	(7)	–	(168)
At 31 December 2022	3,223	384	111	20	3,738
Accumulated depreciation and impairment loss					
At 1 January 2022	1,559	422	94	12	2,087
Depreciation charge for the year	383	–	14	2	399
Exchange differences	(145)	(38)	(7)	–	(190)
At 31 December 2022	1,797	384	101	14	2,296
Net carrying amount					
At 31 December 2022	1,426	–	10	6	1,442

(1) The land use rights held by the Group relate to property at Plot 43/1 Hong Si Cun, Tang-Zhen Pudong, Shanghai, the PRC. The land use rights have 20 years tenure commencing from 2006. As at 31 December 2023, the remaining amortisation period of the land use rights in Tang-Zhen Pudong is 3 years.

Company – right-of-use assets and lease liabilities

As at 31 December 2023, the right-of-use assets and lease liabilities of the Company comprise motor vehicle with a carrying amount of $200,000 (2022: $5,000).

Assets pledged as security

The Group's motor vehicles with a carrying amount of $200,000 (2022: $5,000) are mortgaged to secure the Group's finance lease liabilities.

Impairment of assets

During the current financial year, the Group carried out a review of the recoverable amount of its right-of-use assets due to losses incurred. There is no additional impairment loss recognised for the financial years ended 31 December 2023 and 31 December 2022. The recoverable amount is computed based on value in use using a discounted cash flow projection. The post-tax discount rate used is 15.14% (2022: 10.35%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Impairment of assets (Continued)

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 20 and the maturity analysis of lease liabilities is disclosed below and in Note 29(b).

The following are the amounts recognised in profit or loss:

	Group	
	2023	**2022**
	$'000	**$'000**
Depreciation of right-of-use assets	**591**	428
Interest on lease liabilities	**47**	50

Total cash outflows for leases amounted to S$667,000 (2022: S$827,000).

Future minimum lease payments are disclosed as follows:

	Group	
	Minimum payments 2023 $'000	**Present value of payments 2023 $'000**
Not later than one year	**642**	**615**
One to six years	**276**	**253**
Total minimum lease payments	**918**	**868**
Less: amounts representing finance charges	**(50)**	**–**
Present value of minimum lease payments	**868**	**868**

	Group	
	Minimum payments 2022 $'000	**Present value of payments 2022 $'000**
Not later than one year	610	565
One to six years	799	771
Total minimum lease payments	1,409	1,336
Less: amounts representing finance charges	(73)	–
Present value of minimum lease payments	1,336	1,336

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Future minimum lease payments are disclosed as follows: (Continued)

	Company	
	Minimum payments 2023 $'000	Present value of payments 2023 $'000
Not later than one year	22	18
One to six years	121	101
Total minimum lease payments	143	119
Less: amounts representing finance charges	(24)	–
Present value of minimum lease payments	119	119

	Company	
	Minimum payments 2022 $'000	Present value of payments 2022 $'000
Not later than one year	–	–
Total minimum lease payments	–	–
Less: amounts representing finance charges	–	–
Present value of minimum lease payments	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11 INTANGIBLE ASSETS

	Group Software $'000	Company Software $'000
2023		
Cost		
At 1 January 2023 and 31 December 2023	**1,035**	**807**
Accumulated amortisation		
At 1 January 2023 and 31 December 2023	**1,035**	**807**
Net carrying amount		
At 31 December 2023	**–**	**–**
2022		
Cost		
At 1 January 2022 and 31 December 2022	1,035	807
Accumulated amortisation		
At 1 January 2022	877	647
Amortisation	160	160
Exchange difference	(2)	–
At 31 December 2022	1,035	807
Net carrying amount		
At 31 December 2022	–	–

Amortisation of intangible assets is charged to general and administrative expenses in the consolidated statement of comprehensive income.

Software pertains to an enterprise-wide information system designed to coordinate information on resources, and activities needed to enable the conduct of the business. As at 31 December 2023 and 2022, there is no remaining amortisation period of software.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12 INVESTMENT IN SUBSIDIARIES

	Company	
	2023	**2022**
	$'000	**$'000**
Unquoted equity shares, at cost	**4,733**	3,970
Less: Impairment losses	**(3,454)**	(3,454)
	1,279	516

(a) *Composition of the Group*

The Group has the following investment in subsidiaries:

Name of subsidiaries	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2023 %	2022 %
Held by the Company				
Matex Holdings Pte Ltd ("MHPL")[3]	General wholesale trading & dyestuffs manufacturing	Singapore	**100**	100
Shanghai Matex Chemicals Co., Ltd ("SMC")[2]	Sale of dyestuffs	PRC	**60**	60
Unimatex Sdn Bhd ("USB")[1]	Formulating, manufacturing and sale of dyestuffs, auxiliaries and optical brighteners	Malaysia	**100**	100
Matex Chemicals Technologies (Shanghai) Co., Ltd ("MTL")[2]	General wholesale trading	PRC	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) *Composition of the Group* (Continued)

Name of subsidiaries	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2023 %	2022 %
Held through a subsidiary				
Dedot Trading (Shanghai) Co., Ltd ("DTS")(2)	Import, export and wholesale of all kinds of garments, textile products and chemical products	PRC	**100**	100
MatexMega Pte. Ltd. ("MMP")(4)	Manufacture and repair of measuring devices, process control equipment and related products	Singapore	**65**	–
Matex Holdings (HK) Limited ("MHK")(5)	Wholesale trade of variety of goods without a dominant product	Hong Kong	**100**	–

(1) Audited by Moore Stephens Associates PLT, Malaysia (a member firm of Moore Global Network Limited);
(2) Audited by Shanghai ZhongHui, Certified Public Accountants in the PRC;
(3) Audited by AccAssurance LLP, Chartered Accountants in Singapore;
(4) Incorporated on 21st March 2023; audited by AccAssurance LLP, Chartered Accountants in Singapore;
(5) Incorporated on 5th December 2023, currently dormant

During the current financial year, the Company has subscribed additional 4,000,000 shares in Matex Chemicals Technologies (Shanghai) Co., Ltd ("MTL") at a par value of CNY1 per share which is equivalent to approximately S$763,000.

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 China 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.

As at 31 December 2023, an impairment loss of S$3,454,000 (2022: S$3,454,000) was made on the investment in subsidiaries. Recoverable amount of the equity investments, based on value in use calculation, was projected to be below each Company's cost of investment. Cash flows in the value in use calculation were discounted between 13.4% and 15.1% (2022: 10.3% and 10.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(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.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Loss allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period
31 December 2023:				
Shanghai Matex Chemicals Co., Ltd	**PRC**	**40%**	**(731)**	**(490)**
31 December 2022:				
Shanghai Matex Chemicals Co., Ltd	PRC	40%	(1,575)	224

(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 ("SMC")	
	2023	**2022**
	$'000	**$'000**
Current		
Assets	**3,592**	3,873
Liabilities	**(5,530)**	(3,980)
Net current liabilities	**(1,938)**	(107)
Non-current		
Assets	**772**	1,212
Liabilities	**(59)**	(546)
Net non-current assets	**713**	666
(Net liabilities)/Net assets	**(1,225)**	559

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) *Summarised financial information about subsidiaries with material NCI* (Continued)

Summarised statement of comprehensive income

	SMC	
	2023	**2022**
	$'000	**$'000**
Revenue	**3,355**	3,457
Loss before taxation	**(1,827)**	(3,938)
Income tax expense	**–**	–
Loss after tax	**(1,827)**	(3,938)
Other comprehensive income	**–**	–
Total comprehensive loss	**(1,827)**	(3,938)

(d) *Disposal of subsidiaries*

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

Consideration received

	ACL	**MCT**	**Total**
	$'000	**$'000**	**S$'000**
Consideration received in cash and cash equivalents	11,665	102	11,767
Deferred sales proceeds not received as at year end	1,157	–	1,157
Total consideration	12,822	102	12,924

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) *Disposal of subsidiaries* (Continued)

Analysis of assets and liabilities over which control was lost

	ACL $'000	MCT $'000	Total S$'000
Cash and cash equivalents	3,254	52	3,306
Trade and other receivables	4	602	606
Inventories	124	1,117	1,241
Other receivables	723	2,046	2,769
Property, plant and equipment	1,242	6,381	7,623
Payables	(165)	(14,374)	(14,539)
Term loan	–	(4,756)	(4,756)
Non-controlling interest	–	4,371	4,371
	5,182	(4,561)	621

Gain on disposal of subsidiaries

	ACL $'000	MCT $'000	Total S$'000
Consideration	12,822	102	12,924
Net assets disposed of	(5,182)	4,561	(621)
Translation reserve	248	(225)	23
	7,888	4,438	12,326

13 OTHER LONG-TERM INVESTMENT

	Group and Company 2023 $'000	 2022 $'000
Equity investment measured at fair value through other comprehensive income		
Unquoted equity security	**134**	–

The investment in an unquoted equity security represents the interest in Ucars Pte. Ltd., a company that is engaged in wholesales of motor vehicles except motorcycles, scooters and internet search engines. The investment has been classified as equity investment at FVOCI, which the Group considers to be reflective of the Group's investment policy to hold it for long-term strategic benefits instead of short-term fair value gains.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14 INVENTORIES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Statement of financial position				
Raw materials	**385**	1,035	**–**	–
Work-in-progress	**2**	69	**–**	–
Finished goods	**991**	2,140	**–**	–
Total inventories at lower of cost and net realisable value	**1,378**	3,244	**–**	–
Statement of comprehensive income:				
Inventories recognised as an expense in cost of sales	**5,746**	12,079	**–**	–
Inventories written down charged to the income statement	**335**	2,478	**–**	–

15 TRADE AND NOTES RECEIVABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
– Third parties	**931**	1,157	**–**	–
– Amount due from a subsidiary	**–**	–	**579**	679
	931	1,157	**579**	679
Notes receivables	**136**	1,047	**–**	–
Total trade and notes receivables	**1,067**	2,204	**579**	679
Add:				
Other receivables (Note 16)	**716**	4,936	**8**	1,164
Deposits (Note 16)	**41**	41	**1**	1
Amount due from subsidiaries (Note 16)	**–**	–	**2,085**	2,120
Cash and bank balances (Note 17)	**11,100**	11,924	**3,746**	8,878
Fixed deposits (Note 17)	**5,269**	–	**5,269**	–
Total financial assets carried at amortised cost	**18,193**	19,105	**11,688**	12,842

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15 TRADE AND NOTES RECEIVABLES (CONTINUED)

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies (other than the respective functional currency of the Group entities) at 31 December are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollar	**228**	225	**579**	679

The notes receivables are with financial institutions in the PRC which are non-interest bearing and have repayment terms ranging from 1 to 12 months (2022: 1 to 12 months). All note receivables are trade-related.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Movement in allowance accounts:				
At 1 January	**2,622**	3,310	**883**	1,377
Written-back	**(238)**	(543)	**(283)**	(494)
Exchange differences	**(119)**	(145)	**–**	–
At 31 December	**2,265**	2,622	**600**	883

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16 OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Other receivables	**716**	4,936	**8**	1,164
Deposits	**41**	41	**1**	1
Tax recoverable	**24**	34	**–**	–
Amounts due from subsidiaries	**–**	–	**2,085**	2,120
	781	5,011	**2,094**	3,285

The amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand and are to be settled in cash.

As at 31 December 2022, other receivables comprised mainly deferred sale proceeds of S$1,157,000 (Note 12) and amount due from a former subsidiary of S$3,078,000. The amount due from a former subsidiary was unsecured, interest-free and repaid during the current financial year.

17 CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash at banks and on hand	**11,100**	11,924	**3,746**	8,878
Fixed deposits	**5,269**	–	**5,269**	–
	16,369	11,924	**9,015**	8,878

Cash at bank earned interest at rates based on daily bank deposit rates ranging from 0.05% to 0.25% (2022: 0.05% to 0.25%) per annum.

Fixed deposits were placed with financial institutions for varying periods of between 1 month to 3 months depending on the immediate cash requirements of the Group. The fixed deposits earned interest at fixed deposit rates ranging from 0.25% to 5.25% (2022: 0.15% to 0.30%) per annum.

Cash and cash equivalents denominated in currencies (other than the respective functional currency of the Group entities) at 31 December are as follows:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
United States Dollar	**8,526**	8,988	**8,276**	8,683

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18 TRADE PAYABLES

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade payables	**235**	590	**–**	–
Add:				
Other payables and accruals* (Note 19)	**5,638**	4,092	**259**	260
Lease liabilities (Note 10)	**868**	1,336	**119**	–
Term loans (Note 20)	**2,335**	3,062	**–**	–
Less:				
Provision for unutilised leave	**(38)**	(47)	**(21)**	(30)
Total financial liabilities at amortised cost	**9,038**	9,033	**357**	230

* including non-current amounts

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Trade payables denominated in currencies (other than the respective functional currency of the Group entities) at 31 December are as follows:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
United States Dollar	**46**	31	**–**	–

19 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Other payables	**5,286**	3,664	**23**	8
Accrued operating expenses	**190**	224	**141**	163
Accrued payroll related expenses	**162**	204	**95**	89
	5,638	4,092	**259**	260

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19 OTHER PAYABLES AND ACCRUALS (CONTINUED)

Other payables and accruals are presented as follows:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Current liabilities	**5,625**	4,079	**259**	260
Non-current liabilities	**13**	13	**–**	–
	5,638	4,092	**259**	260

Other payables are non-interest bearing and are generally settled on 30 to 90 days' terms.

Other payables comprise mainly dividend payable to minority interest shareholder of S$2,511,000 (2022: S$2,511,000) and amount due to a former subsidiary of $1,199,000 (2022: Nil). The amount due to a former subsidiary is unsecured, interest-free and repayable on demand.

20 TERM LOANS

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
SGD loan	**661**	1,326	**–**	–
Chinese Renminbi ("RMB") loans	**1,674**	1,736	**–**	–
	2,335	3,062	**–**	–

The term loans are presented as follows:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Current	**2,088**	2,401	**–**	–
Non-current	**247**	661	**–**	–
	2,335	3,062	**–**	–

SGD loan: The temporary bridging loans of $2,000,000 at the interest rate of 2.50% and $750,000 at the interest rate of 4.25% were drawn down by a subsidiary. The $2,000,000 loan is repayable over 5 years and is secured by corporate guarantee provided by the Company. The $750,000 loan is repayable over 3 years and is secured by corporate guarantee provided by the Company and joint and several guarantees of the directors. The S750,000 loan has been fully repaid on 9 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20 **TERM LOANS** (CONTINUED)

RMB loans: These loans are drawn down by subsidiaries in the PRC. They are repayable within 12 months from the date of draw down but can be rolled over at the bank's discretion. These loans are due between February 2024 and May 2024. Other than RMB2,000,000 (S$424,000) loan which is at an interest rate of 20 basis point below bank's prime rate, the other RMB loan bear the same rate as bank's prime rate. The loan is secured by corporate guarantee provided by the Company and joint and several guarantees of the directors.

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes				
	1 January 2023 $'000	**Net cash flows $'000**	**Addition S$'000**	**Accretion of interest for lease liabilities $'000**	**Foreign exchange movement $'000**	**Others $'000**	**31 December 2023 $'000**
Term loans	**3,062**	**(665)**	**–**	**–**	**(62)**	**–**	**2,335**
Lease liabilities (Note 10)							
– current	**565**	**(667)**	**104**	**47**	**(49)**	**615**	**615**
– non-current	**771**	**–**	**111**	**–**	**(14)**	**(615)**	**253**
Total	**4,398**	**(1,332)**	**215**	**47**	**(125)**	**–**	**3,203**

			Non-cash changes				
	1 January 2022 $'000	**Net cash flows $'000**	**Addition S$'000**	**Accretion of interest for lease liabilities $'000**	**Foreign exchange movement $'000**	**Others $'000**	**31 December 2022 $'000**
Term loans	5,447	(2,710)	–	–	87	238	3,062
Lease liabilities (Note 10)							
– current	326	(827)	596	50	54	366	565
– non-current	348	–	771	–	18	(366)	771
Total	6,121	(3,537)	1,367	50	159	238	4,398

The 'other' column relates to transfer to liabilities held for sale and reclassification of non-current portion of lease liability to current.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21 DEFERRED TAX

Deferred tax liabilities as at 31 December relate to the following:

	Group	
	2023	**2022**
	$'000	**$'000**
Undistributed earnings of subsidiaries	**66**	59

An analysis of the deferred tax liabilities is as follows:

	Group	
	2023	**2022**
	$'000	**$'000**
At 1 January	**59**	74
Movement in deferred taxes:		
– current financial year	**7**	(15)
At 31 December	**66**	59

Unrecognised tax losses and deductible temporary differences

The Group has unutilised tax losses and deductible temporary differences of approximately $37,141,000 (2022: $34,130,000) and $409,000 (2022: $520,000) respectively and the Company has unutilised tax losses of $17,382,000 (2022: $17,795,000) that are available for offset against future taxable incomes of the entities in which the tax losses arose, for which no deferred tax asset was recognised due to uncertainty of its recoverability. The use of these tax losses and deductible temporary differences are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the entities operate. The tax losses have no expiry date except for the tax losses from the PRC as shown below.

Year incurred	**Expiry date**	**Unrecognised tax losses $'000**
2019	31 December 2024	2,545
2020	31 December 2025	1,817
2021	31 December 2026	2,419
2022	31 December 2027	2,302
2023	31 December 2028	2,149

The unabsorbed tax losses from the PRC which expired during the current year was $2,932,000 (2022: $2,715,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21 **DEFERRED TAX** (CONTINUED)

Temporary differences relating to investments in subsidiaries

At the end of the reporting period, $66,000 (2022: $59,000) of deferred tax liabilities have been recognised for taxes that would be payable on the undistributed earnings of the Group's subsidiaries.

22 SHARE CAPITAL

	Group and Company			
	2023		**2022**	
	Number of shares '000	**$'000**	**Number of shares '000**	**$'000**
Issued and fully paid ordinary shares:				
At beginning of the year	**311,698**	**24,603**	311,698	24,603
Issue of ordinary shares	**50,000**	**1,250**	–	–
At end of the year	**361,698**	**25,853**	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.

23 CAPITAL RESERVE

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

24 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25 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.

26 (LOSS)/EARNING PER SHARE

(Loss)/Earning per share is calculated by dividing the net losses attributable to owners of the Company of $3,310,000 (2022: net profit of $7,273,000) by the weighted average number of ordinary shares outstanding during the year of 337,314,591 (2022: 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 2023 and 2022.

27 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year by the Group other than the compensation of key management personnel below.

Compensation of key management personnel

	Group	
	2023	**2022**
	$'000	**$'000**
Short-term employee benefits	**876**	760
Defined contribution plans	**46**	46
Other short-term benefits	**78**	75
	1,000	881
Comprise amounts paid to:		
– Directors of the Company	**674**	549
– Other key management personnel	**326**	332
	1,000	881

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28 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, auxiliaries and textile chemical products.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28 SEGMENT INFORMATION (CONTINUED)

	PRC		Other Asia Pacific Countries		Elimination		Note	Group	
	2023	2022	2023	2022	2023	2022		2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
Revenue									
External customers	**5,040**	10,520	**2,314**	4,069	**(342)**	–		**7,354**	14,589
Inter-segment	**276**	5,961	**66**	356	**(342)**	(6,317)	A	**–**	–
Total revenue	**5,316**	16,481	**2,380**	4,425				**7,354**	14,589
Results									
Interest income	**61**	75	**209**	2	**–**	–		**270**	77
Depreciation and amortisation	**(457)**	(868)	**(214)**	(361)	**–**	–		**(671)**	(1,229)
Interest expense	**(77)**	(275)	**(45)**	(158)	**–**	–		**(122)**	(433)
Other non-cash (expenses)/ income	**(357)**	(2,337)	**6**	21	**11**	10	B	**(340)**	(2,306)
Segment (loss)/gain	**(1,951)**	(8,303)	**(2,102)**	11,601	**28**	434	C	**(4,025)**	3,732
Income tax expense	**(13)**	(24)	**(3)**	(9)	**–**	–		**(16)**	(33)
Assets									
Additions to non-current assets	**62**	1,367	**585**	1	**–**	–	D	**647**	1,368
Segment assets	**9,531**	10,473	**16,261**	17,872	**(4,394)**	(4,091)	E	**21,398**	24,254
Segment liabilities	**8,255**	7,953	**4,386**	5,211	**(3,489)**	(4,009)	F	**9,152**	9,155

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28 **SEGMENT INFORMATION** (CONTINUED)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash income/(expenses) consist of loss on disposal of plant and equipment and inventories written down as presented in the respective notes to the financial statements.

C The following items are added to segment (loss)/gain to arrive at "(loss)/profit before taxation" presented in the consolidated statement of comprehensive income:

	2023 $'000	2022 $'000
Loss from inter-segment sales	**28**	11
General and administrative expenses	**–**	423
	28	434

D Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets and other long-term investment.

E The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2023 $'000	2022 $'000
Inter-segment assets	**(1,407)**	(611)
Intercompany balances	**(2,987)**	(3,480)
	(4,394)	(4,091)

F The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2023 $'000	2022 $'000
Inter-segment liabilities	**66**	59
Intercompany balances	**(3,555)**	(4,068)
	(3,489)	(4,009)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees on policies for managing each of these risks and they are summarised below. It is, and has been, throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure (excluding assets/liabilities held for sales) to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risks arises primarily from trade receivables. For other financial assets (including cash and cash equivalents and notes receivables), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

It is the Group's and the Company's policy to provide credit terms to creditworthy customers where credit terms granted are usually due within 30 to 90 days from the date of billing. Receivable balances are monitored on an ongoing basis. The Group has strict credit policy for new customers by requesting for 20% to 30% of the contractual sum as advance payment for PRC customers. The Group and the Company do not expect to incur material credit losses except as provided for in the financial statements.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and the Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, after a year they fall due for customers located in the PRC and after 180 days for customers located in Asia Pacific, which are derived based on the Group's and the Company's historical information.

The Group and the Company consider available reasonable and supportive forwarding-looking information which includes the following indicators:

– Internal credit rating

– External credit rating

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk* (Continued)

The Group and the Company consider available reasonable and supportive forwarding-looking information which includes the following indicators: (Continued)

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

– Actual or expected significant changes in the operating results of the borrower

– Significant increases in credit risk on other financial instruments of the same borrower

– Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

– Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and the Company and changes in the operating results of the borrower.

Regardless of the analysis above, a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– There is significant difficulty of the issuer or the borrower

– A breach of contract, such as a default or past due event

– It is becoming probable that the borrower will enter bankruptcy or other financial re-organisation

– There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group and the Company categorise a receivable for potential write-off when a debtor fails to make contractual payments more than a year past due. It is a common practice in the Group's industry for payments to be made 3 to 12 months after the offered credit term, particularly for PRC, where it is common for debtors to make payment after the due date. Financial assets are potentially written off after 5 years when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group and the Company continue to engage enforcement activity such as sending demand or lawyer letters to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk* (Continued)

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade receivables

The Group and the Company provide for lifetime expected credit losses for its trade receivables using a provision matrix. The provision rates are determined based on Group's historical credit loss experience, that is taking 10 years average of impairment made during the year over the net trade receivables as at each year end. Information regarding loss allowance movement of trade receivables is disclosed in Note 15 to the financial statements. The expected credit losses also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

PRC:

	Current	Less than 3 months due	3 months to 6 months due	6 to 12 months due	More than 12 months due	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2023						
Gross carrying amount	241	117	1	–	2,345	2,704
Loss allowance provision	–	–	–	–	(2,261)	(2,261)
Net carrying amount	241	117	1	–	84	443

Other Asia Pacific:

	Current	Less than 3 months due	3 months to 6 months due	6 to 12 months due	More than 12 months due	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2023						
Gross carrying amount	283	150	51	–	8	492
Loss allowance provision	–	–	(2)	–	(2)	(4)
Net carrying amount	283	150	49	–	6	488

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk* (Continued)

Trade receivables (Continued)

PRC:

	Current $'000	Less than 3 months due $'000	3 months to 6 months due $'000	6 to 12 months due $'000	More than 12 months due $'000	Total $'000
At 31 December 2022						
Gross carrying amount	424	120	21	16	2,351	2,932
Loss allowance provision	–	–	–	(12)	(2,351)	(2,363)
Net carrying amount	424	120	21	4	–	569

Other Asia Pacific:

	Current $'000	Less than 3 months due $'000	3 months to 6 months due $'000	6 to 12 months due $'000	More than 12 months due $'000	Total $'000
At 31 December 2022						
Gross carrying amount	383	201	–	4	259	847
Loss allowance provision	–	–	–	–	(259)	(259)
Net carrying amount	383	201	–	4	–	588

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. One way is to increase its market shares outside PRC.

There is no credit risk concentration other than those described below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk* (Continued)

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

Group

The Group determines concentrations of credit risk by monitoring the geographical profile of its trade receivables on an on-going basis. The Group provides expected credit loss for its trade receivables. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2023		**2022**	
	$'000	**% of total**	**$'000**	**% of total**
By geographical region:				
PRC	**443**	**48**	569	49
Other Asia Pacific countries	**488**	**52**	588	51
	931	**100**	1,157	100

Company

At the end of the reporting period, approximately 100% (2022: 71%) of the Company's trade and other receivables were balances with subsidiaries.

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, finance lease and stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with few different banks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) *Liquidity risk* (Continued)

The Group monitors its liquidity risk and maintains adequate level of cash and cash equivalents to finance the Group's operations.

Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less $'000	**One to five years $'000**	**Total $'000**
Group			
2023			
Financial assets:			
Trade, notes and other receivables	**1,824**	**–**	**1,824**
Cash and bank balances	**11,100**	**–**	**11,100**
Fixed deposits	**5,269**	**–**	**5,269**
Total undiscounted financial assets	**18,193**	**–**	**18,193**
Financial liabilities:			
Trade and other payables	**5,873**	**–**	**5,873**
Lease liabilities	**642**	**276**	**918**
Term loans	**2,292**	**355**	**2,647**
Total undiscounted financial liabilities	**8,807**	**631**	**9,438**
Total net undiscounted financial assets/(liabilities)	**9,386**	**(631)**	**8,755**
2022			
Financial assets:			
Trade, notes and other receivables	7,181	–	7,181
Cash and bank balances	11,924	–	11,924
Total undiscounted financial assets	19,105	–	19,105
Financial liabilities:			
Trade and other payables	4,682	–	4,682
Lease liabilities	610	799	1,409
Term loans	2,493	663	3,156
Total undiscounted financial liabilities	7,785	1,462	9,247
Total net undiscounted financial assets/(liabilities)	11,320	(1,462)	9,858

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29 **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (CONTINUED)

(b) *Liquidity risk* (Continued)

	One year or less $'000	One to five years $'000	Total $'000
Company			
2023			
Financial assets:			
Trade and other receivables	**2,673**	**–**	**2,673**
Cash and bank balances	**9,015**	**–**	**9,015**
Total undiscounted financial assets	**11,688**	**–**	**11,688**
Financial liabilities:			
Trade and other payables	**259**	**–**	**259**
Lease liabilities	**22**	**121**	**143**
Total undiscounted financial liabilities	**281**	**121**	**402**
Total net undiscounted financial assets/(liabilities)	**11,407**	**(121)**	**11,286**
2022			
Financial assets:			
Trade and other receivables	3,964	–	3,964
Cash and bank balances	8,878	–	8.878
Total undiscounted financial assets	12,842	–	12,842
Financial liabilities:			
Trade and other payables	260	–	260
Total undiscounted financial liabilities	260	–	260
Total net undiscounted financial assets	12,582	–	12,582

(c) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily USD. These give rise to foreign currency risk. However, the Group tries to match the timing of its receipts and payments in the same foreign currency in an effort to reduce foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) *Foreign currency risk* (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit before taxation with a reasonably possible change in the USD against the respective functional currencies of the Group's entities, with all other variables held constant.

		Group	
		2023	**2022**
		(Decrease)/Increase	
		Loss before tax	**Profit before tax**
		$'000	**$'000**
USD/SGD	– strengthened 3% (2022: 3%)	**(217)**	229
	– weakened 3% (2022: 3%)	**217**	(229)

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fair value of financial instruments that are carried at fair value

	Level 1 S$'000	**Level 2 S$'000**	**Level 3 S$'000**	**Total S$'000**
Group				
31.12.2023				
Unquoted equity security (Note 13)	–	–	134	134

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial instruments that are carried at fair value (Continued)

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There has been no transfer of financial instruments between Level 1 and Level 2 during the financial years ended 31 December 2023 and 31 December 2022.

The fair value of the unquoted equity security is based on the recent right issue price.

Assets and liabilities that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of current trade and notes receivables, other receivables and deposits, cash and cash equivalents, trade and other payables, current lease liabilities and term loans, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of non-current term loans and lease liabilities approximate fair value, which were determined and estimated by discounting future cash flows at market incremental interest rate for similar type of borrowings or leasing arrangement at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31 CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022.

As disclosed in Note 24 to the financial statements, subsidiaries in the PRC are required to contribute and maintain non-distributable general and enterprise expansion reserve fund, whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using gearing ratio. The Group's debt includes loans and lease liabilities. Total equity includes all share capital and reserves of the Group.

	Group	
	2023	**2022**
	$'000	**$'000**
Debts	**3,203**	4,398
Cash and bank balances	**(16,369)**	(11,924)
Net cash	**(13,166)**	(7,526)
Total equity	**12,246**	15,099
Gearing ratio	**N.M.**	N.M.

N.M. – Not meaningful

32 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 26 January 2024, the Group entered into an investment agreement with AR Bioenergy Tech Pte. Ltd., a private limited company incorporated in Singapore to undertake the business of turning low value biomass to high value carbon and activated carbon products. The Group has subscribed for 276,162 new ordinary shares representing approximately 19.12% of the total number of ordinary shares in the enlarged issued and paid-up share capital of AR Bioenergy on a fully-diluted basis for a total consideration of S$1,300,000.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2024

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	39	4.03	380	0.00
100 – 1,000	97	10.01	90,510	0.02
1,001 – 10,000	264	27.24	1,574,200	0.44
10,001 – 1,000,000	531	54.80	76,664,668	21.20
1,000,001 AND ABOVE	38	3.92	283,368,395	78.34
TOTAL	**969**	**100.00**	**361,698,153**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TAN PANG KEE	87,972,630	24.32
2	CSF FUND I PTE. LTD.	50,000,000	13.82
3	DBS NOMINEES (PRIVATE) LIMITED	21,524,700	5.95
4	RAFFLES NOMINEES (PTE.) LIMITED	13,575,580	3.75
5	PHILLIP SECURITIES PTE LTD	12,222,920	3.38
6	GOH GUAN SIONG (WU YUANXIANG)	11,514,000	3.18
7	TAN EE SOON	8,337,582	2.31
8	LEE KANG HUAT	8,000,000	2.21
9	SIM TECK HUAT	7,025,200	1.94
10	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	6,709,700	1.86
11	ABN AMRO CLEARING BANK N.V	5,045,200	1.39
12	LIM & TAN SECURITIES PTE LTD	4,262,600	1.18
13	UOB KAY HIAN PRIVATE LIMITED	3,887,800	1.07
14	TAN CHAI CHIN	3,370,688	0.93
15	OCBC SECURITIES PRIVATE LIMITED	3,332,863	0.92
16	BENEDICT NICHOLAS CHONG WEI LIANG	3,062,200	0.85
17	LOH POH LIM	2,683,400	0.74
18	TAN YAM SOON	2,586,332	0.72
19	LIM KIM HUAT	2,000,000	0.55
20	SIM SOON SIONG VINCENT	2,000,000	0.55
	TOTAL	**259,113,395**	**71.62**

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2024

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2024

(as recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Tan Pang Kee	87,972,630	24.32%	–	–
CSF Fund I Pte. Ltd.	50,000,000	13.82%	–	–
Yeo Hock Huat	–	–	50,000,000[Note 1]	13.82%

Note:

1. Mr Yeo Hock Huat is deemed to be interested in the shares of Matex International Limited held by CSF Fund I Pte. Ltd.

PERCENTAGE OF SHAREHOLDINGS HELD IN PUBLIC'S HANDS

As at 18 March 2024, 61.59% of the Company's shares are held in the hand of public. Accordingly, the Company complied with Rule 723 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hand of the public.

NOTICE OF THIRTY-FOURTH ANNUAL GENERAL MEETING

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

NOTICE OF 34th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of the Company ("**AGM**" or **Meeting**) will be held at 1003 Bukit Merah Central, #01-10, Inno Centre, Singapore 159836 on Friday, 26 April 2024 at 10.00 a.m. (Singapore Time) for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions as set out below:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023 and the Auditors' Report thereon.
[Resolution 1]

2. To re-elect Mr. Yeo Hock Huat who is retiring in accordance with Article 88 of the Company's Constitution, as Director of the Company.
[Resolution 2]

3. To re-elect Mr. Wang DaoFu who is retiring in accordance with Article 89 of the Company's Constitution, as Director of the Company.

   Note: Mr. Wang DaoFu, if re-elected, will remain as Chairman of Remuneration Committee and member of the Audit committee and Nominating committee and will be considered as an independent director.
[Resolution 3]

4. To note the retirement of Dr John Chen Seow Phun as Director pursuant to Article 89 of the Constitution of the Company and will not be seeking for re-election.

5. To approve a sum of S$13,255 as additional Directors' fees for the financial year ended 31 December 2023 to Mr Yeo Hock Huat who was appointed on 10 August 2023.
[Resolution 4]

6. To approve a sum of up to S$134,400 as directors' fees for the financial year ending 31 December 2024, to be paid quarterly in arrears. (2023: S$117,600)
[Resolution 5]

7. To re-appoint Moore Stephens LLP as auditors and to authorise the Directors to fix their remuneration.
[Resolution 6]

NOTICE OF THIRTY-FOURTH ANNUAL GENERAL MEETING

Special Business

8. To consider and if thought fit, to pass the following resolution as ordinary resolution, with or without modification:–

Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Catalist Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) allot and issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of Shares (including Shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro-rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF THIRTY-FOURTH ANNUAL GENERAL MEETING

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution provided the options or awards were granted in compliance with the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with 6(2)(a) or 6(2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of the Share Issue Mandate.

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law and the Catalist Rules to be held, whichever is earlier or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.

[See Explanatory Note (1)] **[Resolution 7]**

9. To transact any other business that may be properly transacted at an AGM.

By Order of the Board

Dr Tan Pang Kee
Chief Executive Officer/Managing Director
9 April 2024

NOTICE OF THIRTY-FOURTH ANNUAL GENERAL MEETING

Explanatory Notes:

1. The **Ordinary Resolution 6**, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to existing shareholders of the Company.

   For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares in the capital of the Company will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

Notes relating to conduct of Meeting:

1. The members of the Company are invited to **attend physically** at the AGM. **There will be no option for the members to participate virtually.** This printed copies of the Notice of AGM, Proxy Form and the Annual Report 2023 will be sent to member and will also be made available via publication on the Company's website at URL: https://matex.com.sg/ and SGXNET at https://www.sgx.com/securities/company-announcements.

2. Please bring along your NRIC/passport to the AGM so as to enable the Company to verify your identity.

Voting by proxy

3. A member who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote at the AGM on his/her/its behalf should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon.

4. A proxy need not to be a member of the Company.

5. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instruction as to voting are given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

7. The instrument appointing a proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy thereof (if applicable), must be submitted either:

   (a) if send personally or by post, the proxy form must be lodged at the Company's registered office at 1003 Bukit Merah Central, #01-10, Inno Centre, Singapore 159836; or

   (b) if by email, the proxy form must be received at eagm@matex.com.sg;

   In either case, **by no later than 24 April 2024, 10.00 a.m., being forty-eight (48) hours before the time appointed for holding the Meeting**.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

   The proxy must bring along his/her NRIC/passport so as to enable the Company to verify his/her identity.

8. (a) A member who is not a relevant intermediary* is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

   (b) A member who is a relevant intermediary* is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

NOTICE OF THIRTY-FOURTH ANNUAL GENERAL MEETING

* "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

(a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") may attend and cast his vote(s) at the Meeting in person. If they are unable to attend the Meeting but would like to vote may inform their respective CPF Agent Banks or SRS Operators to appoint the Chairman of the Meeting to act as their proxy at least seven (7) working days before the Meeting, in which case, the relevant CPF and SRS Investors shall be precluded from attending the Meeting..

10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument.

Submission of questions prior to the AGM

11. Shareholders may submit questions relating to the resolutions to be tabled for approval at the AGM in advance of the AGM no later than 10.00 a.m. on 16 April 2024:

    (a) by email to eagm@matex.com.sg; or

    (b) in physical copy by depositing the same at the registered office of the Company at 1003 Bukit Merah Central, #01-10, Inno Centre, Singapore 159836.

    Shareholders submitting questions are required to state: (a) their full name; and (b) their identification/registration number, and (c) the manner in which his/her/its shares in the Company are held (e.g. via CDP, CPF, SRS and/or scrip), failing which the Company shall be entitled to regard the submission as invalid and not respond to the questions submitted.

    All questions submitted in advance of the AGM must be received by the Company by the time and date stated above to be treated as valid.

12. The Company will endeavour to address all relevant and substantial questions (as may be determined by the Company in its sole discretion) relating to the resolutions to be tabled and for approval at the AGM prior to or at the AGM. The responses to these questions will be published on or before 19 April 2024 via SGXNet and the Company's website or if answered during the AGM, will be included in the minutes of the AGM which shall be published on the SGXNet and the Company's website within one month after the date of AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, and/or submitting any questions to the Company in advance of the AGM in accordance with this Notice, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM of the Company(including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines and (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

PROXY FORM
ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) may appoint more than two (2) proxies to attend, speak and vote at the AGM.
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") may attend and cast his vote(s) at the Meeting in person. If they are unable to attend the Meeting but would like to vote, may.inform their respective CPF Agent Banks or SRS Operators to appoint the Chairman of the Meeting to act as their proxy at least seven (7) working days before the Meeting, in which case, the relevant CPF and SRS Investors shall be precluded from attending the Meeting.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 April 2024.

I/We*, ______________________ (Name) NRIC No./Passport No./Company Registration No.* ______________________

of ____ (Address)

being a member/members* of **MATEX INTERNATIONAL LIMITED** ("**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her/them*, the Chairman of the Annual General Meeting ("**AGM**" or the "**Meeting**"), as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Meeting of the Company to be held at 1003 Bukit Merah Central, #01-10, Inno Centre, Singapore 159836 on Friday, 26 April 2024 at 10.00 a.m. (Singapore Time), and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion. In appointing the Chairman of the Meeting as proxy, Shareholders (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

No.	Resolutions relating to:	No. of Votes 'For'**	No. of Votes 'Against'**	No. of Votes 'Abstain'**
Ordinary Business:–				
1	To receive and adopt the Audited Financial Statements and the Directors' Statement of the Company for the financial year ended 31 December 2023 together with the Auditor's Report thereon			
2	To re-elect Mr. Jason Yeo Hock Huat as a Director			
3	To re-elect Mr. Wang Daofu as a Director			
4	Approval of Directors' fee of S$13,255 for the financial year ended 31 December 2023 to be paid to Mr Yeo Hock Huat.			
5	Approval of Directors' fee up to S$134,400 for the financial year ending 31 December 2024, to be paid quarterly in arrears.			
6	To re-appoint Moore Stephens LLP as auditors of the Company and to authorise the Directors to fix their remuneration			
Special Business:–				
7	Authority to allot and issue shares.			

*Delete where inapplicable

**If you wish to exercise all your votes 'For', 'Against' or 'Abstain from Voting', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this __________ day of ______________________ 2024

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s) and/or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. A member who is unable to attend the AGM and wishes to appoint proxy(ies) to attend, speak and vote at the AGM on his/her/its behalf should complete, sign and return the instrument of proxy in accordance with the instructions printed thereon.

2. A proxy need not to be a member of the Company.

3. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

4. In relation to the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM, a member (whether individual or corporate) appointing his/her/its proxy(ies) should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy. If no specific instruction as to voting are given, or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy(ies) will vote or abstain from voting at his/her/their discretion. In appointing the Chairman of the Meeting as proxy, Shareholders (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

6. The instrument appointing a proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy thereof (if applicable), must be submitted either:

   (a) if send personally or by post, the proxy form must be lodged at the Company's registered office at 1003 Bukit Merah Central, #01-10, Inno Centre, Singapore 159836; or

   (b) if by email, the proxy form must be received at eagm@matex.com.sg;

   In either case, **by no later than 24 April 2024, 10.00 a.m., being forty-eight (48) hours before the time appointed for holding the Meeting**.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

   The proxy must bring along his/her NRIC/passport so as to enable the Company to verify his/her identity.

7. (a) A member who is not a relevant intermediary* is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

   (b) A member who is a relevant intermediary* is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

   * "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

   (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

8. CPF Investor and/or SRS Investor may attend and cast his vote(s) at the Meeting in person. If they are unable to attend the Meeting but would like to vote may inform their respective CPF Agent Banks or SRS Operators to appoint the Chairman of the Meeting to act as their proxy at least seven (7) working days before the Meeting, in which case, the relevant CPF and SRS Investors shall be precluded from attending the Meeting.

General:

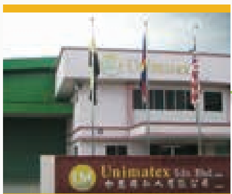
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

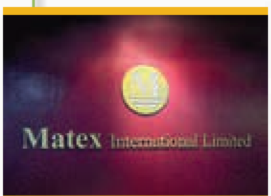
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 April 2024.

OUR GLOBAL PRESENCE

SHANGHAI



MALAYSIA



HQ-SINGAPORE

Matex

Matex International Limited

万得国际有限公司

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