

**MATEX INTERNATIONAL LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 198904222M)

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**NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED DISPOSAL  
BY MATEX INTERNATIONAL LIMITED OF AMLY CHEMICALS CO., LTD.**

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**1. INTRODUCTION**

The Board of Directors of Matex International Limited (the “**Company**” and together with its subsidiaries the “**Group**”) wishes to announce that the Company has on 26 August 2021 entered into a memorandum of understanding (the “**MOU**”) with Kunshan Everfast Chemical Science and Technology Co., Ltd. (昆山恒捷化工科技有限公司) (the “**Purchaser**”) in respect of the sale of 100% of the registered capital in Amly Chemicals Co. Ltd. (安力化学(泰兴)有限公司) (“**ACL**”) to the Purchaser for a cash consideration of RMB50,000,000 (the “**Consideration**”) (the “**Proposed Disposal**”). The purchase consideration was arrived on a willing buyer willing seller basis after taking into consideration the financial information of ACL. Upon completion of the Proposed Disposal, ACL will cease to be a subsidiary of the Company.

**2. INFORMATION ON THE PURCHASER**

The Purchaser is a company incorporated in the People’s Republic of China, with its registered address at Room 1903, Building 9, 231 Lane, Lvdi Avenue, HuaqiaoTown, Kunshan City, Jiangsu Province (江苏省昆山市花桥镇绿地大道231弄9号楼1903室).

As at the date of this Announcement, the Purchaser (and its ultimate beneficial shareholders) does not have any shareholding interest, direct or indirect in the Company, nor is the Purchaser (and its ultimate beneficial shareholders) related to any of the Directors, Substantial Shareholders, or their respective associates of the Company. None of the Directors or Substantial Shareholders of the Company or their respective associates have any shareholding interests, direct or indirect, in the Purchaser, nor are any of the Directors, Controlling Shareholders and their respective associates related to the Purchaser's directors, controlling shareholders, or their respective associates.

**3. INFORMATION AND VALUE OF ACL**

ACL is a company with limited liability, incorporated in the People’s Republic of China on 21 March 2003. ACL has an existing registered capital of US\$3.01 million, 100% of which is held by the Company.

For the financial year ended 2020 (“**FY2020**”), ACL recorded RMB39.8 million (S\$7.9 million) revenue and profit before tax of approximately RMB545,189 (S\$108,200). As at 30 June 2021, ACL was in net tangible assets position of approximately RMB29.2 million (S\$6.1 million).

ACL is involved in the manufacturing and sale of dyestuffs, auxiliaries, and textile chemicals.

**4. BRIEF TERMS OF THE MOU**

The MOU is not legally binding, save for the provisions relating to the deposit, consideration, exclusivity, and confidentiality. The Proposed Disposal is subject to the negotiation and execution of the equity transfer agreement (the “**Definitive Agreement**”). The MOU sets out the key commercial terms as agreed between the Company and the Purchaser, and the

parties shall negotiate in good faith with the intention of executing the Definitive Agreement as soon as possible after the Purchaser complete the necessary due diligence.

The Company has agreed to an exclusivity period of three months from the date of signing of the MOU.

A deposit of RMB 1,000,000 (or approximately S\$209,000) will be paid by the Purchaser to the Company within 3 working days from the signing of the MOU and shall form part of the Consideration.

## **5. RATIONALE OF THE PROPOSED DISPOSAL**

The Group's financial results in recent years have been greatly impacted and will foreseeably continue to face challenging market conditions and competitive business headwinds given the protracted current COVID pandemic conditions.

ACL had also to undergo various retrofitting during recent years, as required by the national and local governments in China. Collectively, this has resulted in higher and increasing cost to maintain ACL's operations and has thus resulted in the gradual reduction of ACL's profitability over the years.

Therefore, the Company is of the view that it is in the best interest of the Company to dispose ACL given the conditions above and through this sale, unlock further value for the Group with an asset light strategy.

After the disposal of ACL, the Group intends to focus on value added specialty chemicals, widen its customer base beyond the textile industry, deliver more cost-effective and eco-friendly solutions and accelerate its distribution of functional chemicals to meet immediate market demands. The Group is also looking to expand into the area of liquid filtration and wastewater treatment systems by licensing technologies on patented nano-membranes.

## **6. USE OF PROCEEDS**

The Company will apply the consideration received from the Proposed Disposal of ACL for general working capital and to repay outstanding liabilities.

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

The pro forma financial effects of the Proposed Disposal on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after completion of the Proposed Disposal. They are prepared based on the latest announced audited consolidated financial statements of the Group for FY2020, and are subject to the following key assumptions:

- (a) the final amount of Consideration is RMB 50,000,000 (or approximately S\$10,482,180);
- (b) the effect of the proposed disposal of ACL on the Group's consolidated net tangible assets ("**NTA**") per ordinary share in the capital of the Company is based on the assumption that the proposed disposal of ACL had been effected at the end of FY2020;
- (c) the effect of the proposed disposal of ACL on the Group's consolidated loss per share ("**LPS**") is based on the assumption that the proposed disposal of ACL had been effected at the beginning of FY2020; and
- (d) the expenses to be incurred in connection with the proposed disposal of ACL are estimated

to be approximately S\$175,000.

#### NTA

	Before the Proposed Disposal	After the Proposed Disposal
Consolidated NTA (S\$'000)	12,208	16,519
Number of shares	311,698,153	311,698,153
Consolidated NTA per share (cents) <sup>(1)</sup>	3.92	5.30

#### Note:

- (1) NTA is computed based on total assets less total liabilities, intangible assets and non-controlling interests. Estimated gain on disposal of ACL is S\$4.3 million.

#### LPS

	Before the Proposed Disposal	After the Proposed Disposal
Profit/ (Loss) attributable to equity holders of the Company (S\$'000)	(6,247)	(2,044)
Weighted average number of shares	267,392,320	267,392,320
Consolidated EPS/(LPS) (cents)	(2.34)	(0.76)

#### 8. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) SECTION B: RULES OF CATALIST (“CATALIST RULES”)

The relative figures in relation to the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules, based on the Group's latest announced unaudited consolidated financial statements for the Group for FY2020, are as follows:

Rule	Bases	Relative Figure
Rule 1006(a)	Net asset value of assets to be disposed, compared with the Group's net asset value	48.1% <sup>(1)</sup>

Rule 1006(b)	Net profit attributable to the assets acquired or disposed of, compared with the Group's net losses	1.1% <sup>(2)</sup>
Rule 1006(c)	Aggregate value of consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	124.5% <sup>(3)</sup>
Rule 1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable.
Rule 1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable.

**Notes:**

- (1) The net asset value of ACL is S\$6.03 million as at 31 December 2020, compared with the Group's net asset value of S\$12.53 million as at 31 December 2020. The relative figure is calculated by dividing S\$6.03 million by S\$12.53 million;
- (2) The net profit before tax of ACL is S\$108,200 for FY2020, compared with the Group's net loss before tax of S\$9.94 million for FY2020. The relative figure is calculated by dividing S\$108,200 by S\$9.94 million; and
- (3) Based on the Consideration of RMB 50,000,000 (or approximately S\$10,482,180) compared with the Company's market capitalisation of approximately S\$8,415,850 (based on the Company's existing issued share capital of 311,698,153 shares (excluding treasury shares) and the volume weighted average price of S\$0.027 per Share on 25 August 2021, being the last full market day on which trades were recorded on Catalist of the SGX-ST immediately preceding the date on which the MOU was entered into. The relative figure is calculated by dividing S\$10,482,180 by S\$8,415,850.

As the relative figure computed under Rule 1006(c) of the Catalist Rules exceeds 50%, the Proposed Disposal constitute a "major transaction" under Chapter 10 of the Catalist Rules. Therefore, the Proposed Disposal is subject to the approval of the shareholders at an EGM to be convened.

In addition, pursuant to Rule 1014(5), as the relative figure computed under Rule 1006(c) exceeds 75%, the Company will be appointing a competent and independent valuer to carry out an independent valuation of ACL for the purpose of the Proposed Disposal.

**9. FURTHER ANNOUNCEMENTS**

The Company will make further announcements as and when appropriate, including information required under Chapter 10 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist, when the Definitive Agreement has been entered into in relation to the Proposed Disposal.

## 10. CIRCULAR AND EGM

The Company will be convening an EGM to seek the shareholders' approval for the Proposed Disposal, and a circular containing, *inter alia*, the notice of the EGM and details of the Proposed Disposal will be despatched to the shareholders in due course.

## 11. DIRECTORS' SERVICE CONTRACTS

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

## 12. INTERESTED PERSON TRANSACTIONS

As at the date of this announcement, none of the Directors or Substantial Shareholders of the Company or their respective Associates have any interest, direct or indirect, in the Proposed Disposal other than through their respective shareholdings in the Company.

## 13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## 14. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their shares in the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. In the event that shareholders and potential investors are in doubt when dealing in the shares of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

Further announcement(s) will be made as appropriate when there are material developments to the Proposed Disposal.

### By Order of the Board

Dr. Tan Pang Kee  
Chief Executive Officer / Managing Director  
26 August 2021

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*This announcement has been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. (the "Sponsor"), for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the*

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