

Matex International Limited
(Company Registration No. 198904222M)
(Incorporated in Singapore)
(the “Company”)

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The board of directors (the “**Board**” or “**Directors**”) of Matex International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”), refers to its full year financial results announcement for the financial year ended 31 December 2019 made on 26 March 2020 via the SGXNET (the “**Unaudited Financial Statements**”).

Pursuant to Rule 704(5) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Company wishes to announce that subsequent to the release of the Unaudited Financial Statements, the Company has, after consultation with its external auditors, made certain adjustments and reclassifications to the Company’s audited consolidated financial statements for the financial year ended 31 December 2019 (“**Audited Financial Statements**”) following the finalisation of the annual statutory audit exercise.

The details and explanation of the material variances between the Audited Financial Statements and the Unaudited Financial Statements are set out as below:

	Unaudited Financial Statements	Audited Financial Statements	Variance	Note
	S\$’000	S\$’000	S\$’000	
Consolidated Statement of Comprehensive Income				
Revenue	38,303	38,303		
Cost of sales	(34,616)	(34,711)	(95)	1
Gross Profit	3,687	3,592	(95)	
Other income	519	519		
Selling and distribution expenses	(2,612)	(2,612)		
Administrative expenses	(10,175)	(11,401)	(1,226)	2
Other operating expenses	(82)	(82)		
Finance income	62	62		
Finance expenses	(579)	(573)	6	7e
Write-back of impairment/(impairment losses) on trade receivables	380	784	404	3
Loss before taxation	(8,800)	(9,711)	(911)	
Income tax	(191)	(105)	86	4
Loss for the year	(8,991)	(9,816)	(825)	
Consolidated Statement of Financial Position				
Non-current assets	15,705	14,531	(1,174)	2
Current assets	27,365	27,642	277	1, 3, 5
Total assets	43,070	42,173	(897)	
Current liabilities	19,691	19,665	(26)	5
Net current assets	7,674	7,977	303	
Non-current liabilities	917	847	(70)	5, 6
Net assets	22,462	21,661	(801)	
Equity attributable to owners of the Company	17,434	16,905	(529)	
Non-controlling interests	5,028	4,756	(272)	
Total equity	22,462	21,661	(801)	

	Unaudited Financial Statements	Audited Financial Statements	Variance	Note
	S\$'000	S\$'000	S\$'000	
Consolidated Statement of Cash Flows				
Operating activities	872	51	(821)	7
Investing activities	(2,202)	(1,398)	804	8
Financing activities	(2,103)	(2,086)	17	9
Net decrease in cash and cash equivalents	(3,433)	(3,433)		
Effect of exchange rate changes on cash and cash equivalents	(224)	(224)		
Cash and cash equivalents at the beginning of the year	6,879	6,879		
Cash and cash equivalents at the end of the year	3,222	3,222		

Notes:

- (1) Further write down of inventory by \$95,000.
- (2) Mainly due to the impairment loss on right-of-use assets relating to the leased office premises for the financial year ended 31 December 2019.
- (3) Further net write-back of impairment on trade receivables arising from a China subsidiary.
- (4) Recognition of income tax expense of \$11,000 by a Malaysia subsidiary, offset by reversal of temporary differences of \$97,000 rising from withholding tax on undistributed earnings of China subsidiaries.
- (5) Mainly due to the transfer of tax payables to tax receivables for disclosure of net tax receivables of the Group.
- (6) Mainly due to the reclassification of deferred capital grant from non-current to current liabilities.
- (7)
 - (a) Reduction in operating cash flows before changes in working capital by \$121,000;
 - (b) Increase in trade and other receivables by \$840,000;
 - (c) Reduction in prepayment by \$239,000;
 - (d) Increase in trade and other payables by \$7,000;
 - (e) Reduction in interest paid of \$6,000;
 - (f) Removal of tax payables of \$104,000; and
 - (g) Increase in income tax paid of \$8,000
- (8) Mainly due to the removal of purchase of intangible asset of \$802,000 as it was capitalised from deposit made to supplier.
- (9) Reduction of payment of principal portion of lease liabilities of \$17,000.

By Order of the Board

Dr Tan Pang Kee
Chief Executive Officer/Managing Director
6 June 2020

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst (the "**Catalist Rules**").

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

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