

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

**RESPONSE TO SGX-ST'S QUERIES REGARDING FULL YEAR
FINANCIAL RESULTS FOR FY 2014**

On 20 March 2015, the Singapore Exchange Securities Trading Limited ("SGX-ST") requested Matex International Limited (the "Company") to provide further information in respect to its announcement made on its 2014 Full Year Financial Results, released on 26 February 2015.

The questions from the SGX-ST and Company's corresponding responses are set out below.

- 1) In paragraph 8 of the Announcement, the Company disclosed that "The Group recorded a total revenue of \$104.8m for the full year ended 31 December 2014 ("FY2014"). It achieved an increase of \$35.1m or 50.3% in comparison to \$69.7m for full year ended 31 December 2013 ("FY2013"). The increase in sales is mainly due to sales made to new customers during the year."

Please elaborate on the new customers that have contributed to the increase in sales and confirm whether there are other reasons that have contributed to the strong 50.3% increase in revenue.

Greater marketing effort brought about 20% increase to our existing customers. Based on our reputation and more focused marketing effort, we won a few major customers with new sales that made up the other 30%, in the respective areas mentioned as follows:

Zhejiang	– 10%	Guangdong	– 9%
Jiangsu	– 8%	Shandong	– 3%

- 2) In paragraph 8 of the Announcement, the Company disclosed that "General and administrative expenses increased by \$3.3m or 52.5%, mainly due to deposit written off as well as allowance for impairment of trade receivables"

(i) Please explain why is the deposit written off.

This deposit relates to a research and development project, where given the circumstances at the end of the year, the Company reassessed the recoverability of the deposit and decided to write off for prudential reasons.

(ii) Please explain the reason for the increase in impairment of trade receivables.

The increase in impairment of trade receivables was mainly contributed by a debt which has been overdue for a period of time, where given the circumstances at the end of the year, the Company reassessed the recoverability of the trade receivables and decided to make a provision for prudential reasons.

- 3) In paragraph 8 of the Announcement, the Company disclosed that “The increase was offset by the gain on sales of a property in February 2014 of \$3.1m (which is recorded as part of other operating income).”

Please disclose more details of the property sold.

On 20 December 2013, the Company obtained shareholders’ approval for the sale of the leasehold property located at 15 Tuas View Square. The Company had granted the option of purchase of the property to OSK Power Pte Ltd on 26 Dec 2013 and the sale of the property was completed in February 2013.

For more information, please refer to our announcement made on 5 May 2013, 30 May 2013, 3 December 2013, 30 January 2014, 7 February 2014 and the final announcement on 8 February 2014.

- 4) In paragraph 16 of the Announcement, the Company disclosed that it is not applicable. Please provide the reason why it is so.

The revenue of the Group is primarily derived from the manufacturing and sales of dye stuffs and auxiliary chemicals and the revenue is mainly contributed from People’s Republic of China. Accordingly, it is not meaningful to present segmental information by business or geographical segments.

For more information, please refer to paragraph 15 in the full year results announcement, released on 26 February 2015.

By Order of the Board

Dr Alex Tan
Chief Executive Officer / Managing Director

24 March 2015