Matex International Limited
万得国际有限公司


# 2022 Annual Report

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This annual report 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.

This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange 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.

The contact person for the Sponsor is Ms. Wong Bee Eng, Chief Executive Officer, at 96 Robinson Road, #13-01, SIF Building, Singapore 068899, Telephone: (65) 6227 5810, Email: wongbe@provenancecapital.com.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

Dr Alex Tan Pang Kee
CEO and Managing Director

Mr Foo Der Rong
Independent Director

Mr Wang DaoFu
Independent Director

Mr Dro Tan Guan Liang
(Chen Guanliang)
Executive Director

## COMPANY SECRETARIES

Ms Shirley Tan Sey Liy
(MSc Mgmt (Hons) (UCD), FCS, FCG)
Mr Seow Han Khye

## SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

## REGISTERED AND BUSINESS OFFICE

1003, Bukit Merah Central #01-10
Singapore 159836
Tel: (65) 6861 0028
Fax: (65) 6861 0128
Website: www.matex.com.sg

## AUDITORS

Moore Stephens LLP
Chartered Accountants of Singapore
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 in recent years 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 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 (Holding Co., Singapore)
  - MHPL 100% (Singapore)
    - DTS 100% (China, SHANGHAI)
    - MMP 65% (Singapore)
  - USB 100% (Malaysia)
  - MTL 100% (China, SHANGHAI)
  - SMC 60% (China, SHANGHAI)


Shanghai Matex Chemicals Co., Ltd


Unimatex Sdn Bhd.

**MIL -** Matex International Limited
(万得国际有限公司)

**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)
(万兆私人有限公司) (成立21.03.23)

# MESSAGE TO SHAREHOLDERS

## Dear Shareholders,

### 2022: Rebuilding & Reconnecting...

With the completion of the disposal of MCT and ACL in 2022, Matex continues to build on its asset light strategy and increased its efforts to fuel and connect growth amid three core areas namely **Health and Well-Being, Environmental Solutions and Lifestyle Wear**. It had worked closely with its supply chain and technical partners to evolve and recalibrate the Group's range of products and services to meet the needs of these emerging business pillars.

We are immensely thankful to be given valuable opportunities 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.

On the back of the general good feedback from the **MaskPure™ AIR+ Reusable Mask**[1] given out 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, as we get ready to further open the country and gear up for travel again post the pandemic.

**AKEMI HEIQ Viroblock**[3] the leading brand of a regional powerhouse and household name for home textile, continued to do 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.

**Rethink Clean, With Active Probiotics – "The Future of Hygiene"** was another of our distributed biotechnology solution chosen to be featured at the Environmental Management Association of Singapore EMAS's – 2022 Technology Connect/Knowledge Sharing among its 1,000 odd members. We were given good opportunities to work with esteemed building owners and cleaning companies to deploy 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.

As a result of the above, Matex was cordially invited to share its experience at many events over the course of 2022, where some of the more notable ones include the Singapore Furniture Industries Council (SFIC)'s industry dialogue on Sustainability Disruptors, TAFF/SFC Singapore Fashion Council's Industry Roundtable, GCNS CEO ROUNDTABLE SINGAPORE 2022, 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 blessed to be awarded and recognised for our efforts as one of SFIC inaugural **Sustainability Leaders**.

Such is the versatility of our distributed innovations that have helped our forward-thinking customers to leverage on leading sustainable technologies to stay ahead of their competition and continue to stay relevant and plugged into the market needs.

Our e-commerce store[4] 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_2022**

**Megapro ECO®** a Singapore Apex Corporate Sustainability award[5] 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.

1 https://www.airplus-family.com/maskpure
2 https://airplus-family.store/products/voyager
3 https://akemihome.com/viroblock/
4 https://matex-sg.myshopify.com/
5 http://matex.com.sg/en/news_2019/news_items/64

# MESSAGE TO SHAREHOLDERS

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 6th 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 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 2022 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 **2021 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 SBA Singapore Badminton Association in its inaugural Patron Club to work together towards a vibrant ecosystem.

   Matex was presented the "SFIC Sustainability Leaders Recognition Initiative" award at the SFIC 41st Annual Dinner & Dance (Above & Beyond) at Orchard Hotel.

   Matex partnered Singapore Fashion Council @ "Singapore Stories 2022" (Finale Runway) on 28th Oct at the Asian Civilisations Museum

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

   As a start, four key research areas were identified:

   <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.

# MESSAGE TO SHAREHOLDERS

Automated sorting of textile waste.
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.

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

New textiles.
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. 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[6]

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)

## REVIEW OF FINANCIAL PERFORMANCE

### REVENUE

The Group recorded a decrease in revenue by S$6.3m from S$20.9m for the full year ended 31 December 2021 ("**FY2021**") to S$14.6m for the full year ended 31 December 2022 ("**FY2022**"). The decrease in revenue was due mainly to the continued impact of the COVID-19 pandemic on the textile industry in the PRC and the geopolitical issue in Sri Lanka.

### GROSS PROFIT

Gross profit margin had increased from 12.6% in FY2021 to 17.2% in FY2022. The increase in gross profit margin was due mainly to favourable foreign exchange rates which resulted in cheaper purchase prices and/or higher selling prices, and higher sales to Bangladesh with higher gross profit margins.

### OTHER INCOME

The Group recorded an increase in other income from S$334k in FY2021 to S$12.5m in FY2022. The increase in other income was due mainly to the gain from the completion of the disposal of its two subsidiaries, MCT and ACL, in 2H2022.

### SELLING AND DISTRIBUTION EXPENSES

The Group recorded a decrease in selling and distribution expenses from S$1.8m in FY2021 to S$1.7m in FY2022, which is in line with the reduction in revenue.

### GENERAL AND ADMINISTRATIVE EXPENSES

The Group recorded an increase in general and administrative expenses from S$7.4m in FY2021 to S$9.6m in FY2022, which was due mainly to allowances for inventory obsolescence.

### NET FINANCE EXPENSES

The Group recorded a decrease in net finance expense of S$351k from S$707k in FY2021 to S$356k in FY2022. The decrease in net finance expense is due mainly to the repayment of loan in FY2022.

### 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 profit before tax of S$3.7m for FY2022 as compared to a loss before tax of S$7.0m for FY2021. The profit for the period attributable to owners of the Group is approximately S$7.3m in FY2022, as compared to a loss of S$4.9m in FY2021.

## REVIEW OF FINANCIAL POSITION

Property, plant and equipment ("**PPE**") had decreased from S$468k as at 31 December 2021 to S$360k as at 31 December 2022, which was due mainly to depreciation, partially offset by the purchase of PPE amounting to S$76k.

Right-of-use assets had increased from S$453k as at 31 December 2021 to S$1.4m as at 31 December 2022, which was due mainly to the new 3-year lease agreement entered into for the Shanghai office, partially offset by the depreciation of right-of-use assets in FY2022.

Intangible assets were fully amortised in FY2022.

Inventories had increased from S$2.5m as at 31 December 2021 to S$3.2m as at 31 December 2022, which was due mainly to purchase of inventories from MCT and ACL before disposal.

Current trade and notes receivables remained around S$2.2m as at 31 December 2021 and 31 December 2022 despite lower revenue, due mainly to longer credit terms offered to customers in the normal course of business.

Other receivables had increased from S$1.2m as at 31 December 2021 to S$5.0m as at 31 December 2022, which was due mainly to the outstanding consideration owing from the respective purchasers of MCT and ACL.

6 https://unglobalcompact.sg/lowcarbonsg

# MESSAGE TO SHAREHOLDERS

Prepayment had decreased from S$184k as at 31 December 2021 to S$69k as at 31 December 2022, which was in line with the reduction of sales.

Cash and cash equivalents had increased from S$5.7m as at 31 December 2021 to S$11.9m as at 31 December 2022, which was due mainly to the receipt of (i) proceeds of S$8.6m received from the disposal of the two subsidiaries and (ii) repayment of outstanding intercompany payables of S$3.4m by the purchaser of MCT. The increase in cash and cash equivalents was partially offset by the cash used in operations and the repayment of loans and borrowings.

Assets held for sale had decreased from S$15.9m as at 31 December 2021 to S$nil as at 31 December 2022 as a result of the completion of the disposals of MCT and ACL during FY2022.

Trade payables had reduced from S$1.3m as at 31 December 2021 to S$0.6m as at 31 December 2022, which was due mainly to the decrease in purchases from third party suppliers, which is in line with the reduction in sales.

Other payables and accruals had decreased from S$5.0m as at 31 December 2021 to S$4.1m as at 31 December 2022, which was due mainly to lower accrual of operating expenses, and salary and bonus as a result of lower revenue.

Term loan had decreased from S$5.4m as at 31 December 2021 to S$3.1m as at 31 December 2022, which was due mainly to the repayment in loans and borrowings.

As a result of the above, the Group's equity had increased by S$8.0m from S$7.1m as at 31 December 2021 to S$15.1m as at 31 December 2022.

## REVIEW OF CASH FLOW POSITION

### Net cash generated from operating activities

In FY2022, approximately S$1.2m of net cash was used in the operating activities, which was a result of operating loss before changes in working capital of S$4.1m, net working capital inflows of approximately S$3.2m and net interest and tax expense of S$0.3m.

### Net cash used in investing activities

In FY2022, the Group's net cash inflow from investing activities amounted to approximately S$11.8m, which was due mainly to the proceeds received from the disposal of the two subsidiaries and the repayment of outstanding intercompany payables, partially offset by the purchase of PPE amounting S$76k.

### Net cash from financing activities

In FY2022, the Group's net cash outflow from financing activities amounted to approximately S$4.8m. This was due mainly to loan repayments of S$6.0m and lease liabilities repayment of S$0.8m, and partially offset by the increase in loans and borrowings of S$0.5m and reduction in restricted cash of S$1.5m.

## FUTURE OUTLOOK

With the protracted war in Ukraine, rising global geopolitical tensions, and the world bank cutting its 2023 global economy growth forecast from 3% to 1.7%, the likelihood of a global recession remains high. The Company is therefore expecting continued global inflation risk, potential supply chain disruptions and cost pressures, which may result in lower consumer spending and slower business.

On the other hand, with the PRC's reversal of its zero-COVID policy and hence the potential to accelerate its economic recovery from the rapid reopening of manufacturing hubs across the PRC, the Company is cautiously optimistic of such recovery and is closely monitoring the situation in the PRC.

The Company will continue to invest 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 put more efforts into joint strategic partnerships by strengthening its distribution channels, innovating green product research and development and to streamline its manufacturing.

Matex continues to be on the active lookout for suitable opportunities for diversification, 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 2022 to create new possibilities.

We look forward to continuing to work closely with you on the road ahead to better grow sustainably and value add to help improve 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 alert, united and ready to scale.

Yours sincerely,

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

**Dr Alex Tan Pang Kee**
Chief Executive Officer/Managing Director

# 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 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 FOO DER RONG**
*Independent Director*

**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), MOBO Information Technology Pte Ltd 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 also appointed as Executive Council Member in the 8th Council of the China Dyestuff Industry Association. Prior to this, he had worked with various architectural firms in Seoul, Korea and Singapore. He is a member of the Academic Board of the Textile and Fashion Training Center ("TaFtc"). 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.

# 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*

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 Multi-National Company. 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

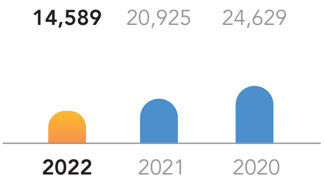
## GROUP CONSOLIDATED STATEMENTS

| Statement of Comprehensive Income ($'000) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Revenue | **14,589** | 20,925 | 24,629 |
| Gross Profit | **2,510** | 2,640 | 3,425 |
| Other income | **12,460** | 334 | 678 |
| Net operating & financial expenses | **(11,238)** | (10,017) | (14,041) |
| Profit/(Loss) before tax | **3,732** | (7,043) | (9,938) |
| Income tax | **(33)** | (29) | (51) |
| Profit/(Loss) after tax | **3,699** | (7,072) | (9,989) |
| Attributable to: | | | |
| Owners of the parent | **7,273** | (4,930) | (6,375) |
| Non-controlling interests | **(3,574)** | (2,142) | (3,614) |
| | **3,699** | (7,072) | (9,989) |
| Earnings/(Loss) per share (cents)* | **2.33** | **(1.58)** | **(2.38)** |
| **Balance Sheet ($'000)** | | | |
| Property, plant and equipment | **1,802** | 1,079 | 10,453 |
| Current assets | **22,452** | 29,141 | 23,065 |
| Less: current liabilities | **(7,651)** | (19,223) | (16,907) |
| Net current assets | **14,801** | 9,918 | 6,158 |
| Non-current liabilities | **(1,504)** | (3,921) | (2,680) |
| Net Assets | **15,099** | 7,076 | 13,931 |
| Owners of the company | **14,875** | 7,802 | 12,528 |
| Non-controlling interests | **224** | (726) | 1,403 |
| Total Equity | **15,099** | 7,076 | 13,931 |
| Net asset value per share (cents)** | **4.77** | **2.50** | **4.02** |

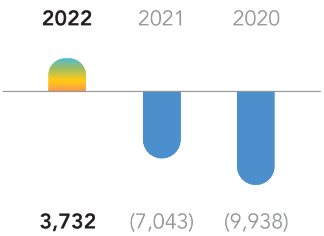
* Profit/(Loss) per share is calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares outstanding during FY2022 of 311,698,153 (2021: 311,698,153/2020: 267,756,478) shares.

** The net asset value per share as at 31 December 2022 are computed based on 311,698,153 (2021: 311,698,153/2020: 311,698,153) ordinary shares.

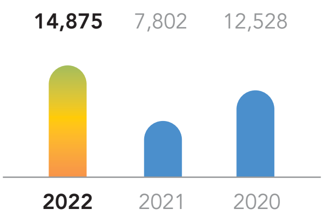
### REVENUE ($'000)



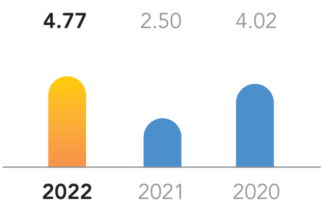

### PROFIT/(LOSS) BEFORE TAX ($'000)




### SHAREHOLDERS' EQUITY ($'000)




### NET ASSET VALUE PER SHARE (CENTS)



# FINANCIAL CONTENTS



# SUSTAINABILITY REPORT

## 1. ABOUT THIS REPORT

This Report ("**Sustainability Report**") gives an overview of the Group's sustainability efforts, reflecting its commitment to incorporating sustainability considerations into its long-term strategic planning.

The Group has published its Sustainability Report annually since 2017 as part of its Annual Report. This Report aligns with the Global Reporting Initiative's ("**GRI**") guidelines and offers a detailed account of the Group's approaches and initiatives to manage its Environmental, Social, and Governance ("**ESG**") impacts.

In accordance with the Singapore Exchange's Listing Rule 711B, this Report is focused on material ESG factors. It provides a transparent understanding of how the Group is addressing sustainability issues within its operations.

### 1.1 Corporate Profile

Matex International Limited, ("**Matex**" or "**we**" or "**the Group**"), headquartered in Singapore, started its journey in 1989 in the speciality chemical space and is listed with the Singapore Exchange. After over three decades of rich experience, Matex is a leading manufacturer, supplier and marketer of dyestuffs and speciality chemicals, colour measurement and innovative technology-aided solutions to serve the needs of global markets such as textile, paper, leather, detergent and polymers industry. We have traversed a long way to establish ourselves as one of the preferred suppliers in terms of innovation, world-class quality standards, high service levels, cost-efficiency, and sustainability in our products and processes.

As a solution provider, Matex offers a comprehensive range of colourants, auxiliaries, and services, focusing on developing new product solutions, application development, process technologies, and services that enhance sustainability performance, reduce costs, and lower raw material expenses.

Matex operates globally through a network of offices, centres of excellence, agencies, and production facilities across numerous countries. The Group is dedicated to shaping businesses of today and tomorrow and has a significant workforce spread across various locations around the world.

The Group has embraced an asset-light strategy focusing on three core areas: **Health and Well-Being, Environmental Solutions, and Lifestyle Wear**. Matex works closely with its supply chain partners to evolve and enhance its products and services to capitalise on new and emerging business opportunities.

Matex is committed to clean, ethical business practices, technology upgrades, ongoing learning, and environmental responsibility while putting the customer at the centre of everything it does.

# SUSTAINABILITY REPORT

### 1.2 Board's Message

Matex has been constantly working towards making its products truly sustainable. Our approach to tackling challenges is centred on employing safe, reliable, and innovative solutions. We place our trust in our competent local teams to drive sustainable development for both the Group and the communities where we operate.

As a responsible corporate entity, we remain vigilant about the impact of our business activities and actions on the environment and communities. We recognise the importance of healthy ecosystems and social equity, and thus, we operate with integrity, trust, and reliability while producing and supplying high-quality products in a manner that minimises environmental impact.

We consider sustainability a crucial factor for long-term value creation, and the management of the Group has identified and reviewed the key material ESG factors. The Board monitors and oversees the management of these factors and considers them when determining the Group's strategic direction and policies.

Our commitment to good corporate governance and sustainable business practices is unwavering. We strive to foster best practices, transparency, accountability, and integrity to ensure the long-term sustainability of our business and value creation for our stakeholders and communities.

## 2. SUSTAINABILITY AT MATEX

The CSR@Matex initiative serves as a comprehensive representation of our commitment to sustainability and purpose. This initiative reinforces our current operations and serves as a cornerstone of our business excellence growth strategy.

At Matex, we believe that sustainable development entails a balanced approach to long-term economic success, environmental protection, and social responsibility. Our portfolio of products testifies to our ability to seamlessly integrate sustainability and innovation into the competitive marketplace.

Responsible corporate management is integral to our operations, enabling us to treat our customers, employees, stakeholders, communities, and the environment with responsibility. Through various initiatives, we strive to improve the socio-economic status and quality of life for those directly and indirectly impacted by our actions.

We are fully committed to and take responsibility for the CSR@Matex initiative.

We believe that prioritising sustainability is not only the right thing to do but also a sound business decision. Our solutions enable our customers to reduce production costs, improve product quality, and decrease their environmental impact by substituting chemicals, reducing raw material use, and increasing raw material efficiency.

# SUSTAINABILITY REPORT

In an era where resources are scarce, populations and consumption are growing, environmental and climate shifts and food security are growing concerns, our solutions aim to promote efficient use of raw materials, reduce carbon emissions, and contribute to the development of a greener economy. As pioneers in the field, we have successfully introduced bi-functional reactive dyestuff for cellulosic fibres into the PRC and regional markets, improving dyeing quality for our customers and reducing overall production costs, production cycle, and labour costs.

We believe that sustainability in business will continue to be crucial for our customers in the future. Today, the fact that our products are more sustainable than traditional processes has become a key part of Matex's ongoing value proposition and reward.

### 2.1 Feedback

At Matex, we value the input of our stakeholders and believe that your feedback is crucial in our journey toward sustainability. We continuously strive to improve our sustainability practices and believe that an open dialogue with our stakeholders is essential in this process.

In this feedback section, we invite our stakeholders to share their thoughts, suggestions, and recommendations on our sustainability efforts. Your input will help us better understand your expectations and needs and will inform our future sustainability initiatives. We are committed to being transparent and responsive to your feedback and appreciate the time and effort you put into helping us improve our sustainability practices.

You can provide your feedback through email at info@matex.com.sg and/or marketing@matex.com.sg.

Thank you for your support and partnership. We look forward to hearing from you.

# SUSTAINABILITY REPORT

### 2.2 Reporting Framework, Period, and Scope

This Sustainability Report provides a comprehensive overview of the Group's performance for the Financial Year Ended 2022 ("**FY2022**"), from 1 January 2022 to 31 December 2022. The Report has been compiled with the consideration of the sustainability context, significant issues, and stakeholder expectations. The Report highlights the economic, environmental, social, and governance aspects of the Group's activities and initiatives.

In order to ensure consistency for comparison, the significant issues and disclosures have been carefully selected based on their significance. This Report assesses the Group's most critical sustainability areas and provides insight into our strategy, goals, and targets.

The information in this Report has been thoroughly reviewed, checked, and explained for changes from the previous year, ensuring meaningful comparison. The Report is designed to provide a high-level understanding of the Group's sustainability practices and policies.

In the current reporting period, the Group has yet to align to the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"). We recognise the importance and are committed to adopt them in a phased approach in the coming years. We acknowledge the significance of TCFD disclosures for investors, stakeholders, and the broader global community, and we are dedicated to providing transparent and comprehensive information on our climate-related risks and opportunities in the future.

### 2.3 Approach and Methodology

This Sustainability Report has been developed with reference to the GRI Standards. The GRI Standards were chosen as the reporting criteria due to their clear guidelines and the global benchmark for the disclosure of governance approach, environmental, social, and economic performance, as well as the impacts of organisations.

The Report has considered the "Comply or Explain" requirements for sustainability reporting set forth by the Singapore Exchange ("**SGX**"). We have made every effort to present the Report in good faith and to the best of our ability while recognising that we are continuously working to improve our data collection procedures. We did not seek any external assurance for this report.

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

### 2.4 Sustainability Management Framework

Our organisation has established a comprehensive sustainability reporting framework that provides a structured approach to our sustainability efforts. This framework serves as the foundation for our stakeholder engagement and materiality analysis. Our stakeholder mapping process identified eight key stakeholder groups important in our sustainability context. The Materiality section of this Report provides a detailed analysis of their respective material challenges.

# SUSTAINABILITY REPORT

The sustainability reporting framework is designed to ensure that the perspectives and needs of our stakeholders guide our sustainability efforts. Our focus on materiality and stakeholder engagement helps us to prioritise sustainability initiatives and measure our progress over time. Our commitment to transparency and continuous improvement is reflected in our ongoing efforts to refine and enhance our sustainability reporting framework to ensure that it remains effective in guiding our sustainability efforts.

## 2.5 Alignment with International Initiatives

### 2.5.1 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.

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.

# SUSTAINABILITY REPORT

### 2.5.2 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.

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. | 4.2 |
| Principle 2 | Make sure that they are not complicit in human rights abuses. | 4.2 |
| **Labour** | | |
| Principle 3 | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | 4.2.2 |
| Principle 4 | Elimination of all forms of forced and compulsory labour. | 4.2.8 |
| Principle 5 | Effective abolition of child labour. | 4.2.8 |
| Principle 6 | Elimination of discrimination in respect of employment and occupation. | 4.2, 4.2.1, 4.2.2 |
| **Environment** | | |
| Principle 7 | Businesses should support a precautionary approach to environmental challenges. | 3 |
| Principle 8 | Undertake initiatives to promote greater environmental responsibility. | 3 |
| Principle 9 | Encourage the development and diffusion of environmentally friendly technologies. | 4.1 |
| **Anti-Corruption** | | |
| Principle 10 | Businesses should work against corruption in all its forms, including extortion and bribery. | 5.4 |

# SUSTAINABILITY REPORT

### 2.6 Materiality Assessment

As part of our sustainability reporting efforts, we undertook a rigorous materiality assessment to discern the most critical sustainability issues that have a bearing on our business and stakeholders. The assessment was predicated on a diverse array of factors, including stakeholder input, internal data analysis, and benchmarking against industry standards and best practices. Leveraging a materiality matrix, we weighed and prioritised the identified sustainability issues according to their potential ramifications on our business and stakeholders, as well as the significance they hold to our stakeholders.

The following table presents the details of the Material Topics for FY2022, along with the corresponding SDG mapping.

| SDGs | Material Topics |
| --- | --- |
| 13 CLIMATE ACTION; 11 SUSTAINABLE CITIES AND COMMUNITIES | 1. Reduce Carbon Emissions |
| 7 AFFORDABLE AND CLEAN ENERGY | 2. Energy Management |
| 6 CLEAN WATER AND SANITATION | 3. Water Conservation and Management |
| 8 DECENT WORK AND ECONOMIC GROWTH | 4. Employment and Retention of Employees<br>5. Training and Development<br>6. Non-Discrimination |
| 3 GOOD HEALTH AND WELL-BEING | 7. Employee Health and Safety |

# SUSTAINABILITY REPORT

| SDGs | Material Topics |
|---|---|
| 9 INDUSTRY INNOVATION AND INFRASTRUCTURE | 8. Customer Retention |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 9. Product Safety and Quality |
| 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 10. Corporate Governance and Business Ethics<br>11. Compliance with Laws and Regulations<br>12. Anti-Corruption |

### 2.7 Stakeholder Engagement

At Matex, we recognise the crucial role of stakeholder engagement in our sustainability efforts. We aim to foster a deeper understanding of our stakeholders' needs, expectations, and concerns through open and transparent communication. This approach has helped us establish trust and maintain positive relationships with our stakeholders, and we remain dedicated to ongoing engagement and collaboration.

The Group remains committed to actively communicating and interacting with stakeholders in our daily operations. We believe such initiatives are critical in ensuring that their needs and perspectives are at the forefront of our sustainability strategy. We will continue to identify new opportunities to engage and collaborate with our stakeholders in a meaningful manner.

Furthermore, senior management actively participates in industry conferences and exchanges, working with relevant associations to stay abreast of industry trends and contribute to various sectors. Such communications are vital for the Group as they provide valuable insights into key stakeholders' perspectives, help identify potential risks and opportunities, and support informed decision-making and accountability.

# SUSTAINABILITY REPORT

The table below summarises the Group's communication activities with various stakeholders.

| No. | Stakeholder | Topics of Concern | Communication Channels | Frequency of Communication |
|---|---|---|---|---|
| 1 | Customers/ Consumers | • Products, Pricing and Product safety<br>• Delivery and Returns<br>• Sustainable Economics Solutions | • Customer visits or meetings<br>• Industry exhibitions<br>• Quarterly or half-yearly business review<br>• Customer service hotline and email | • Matex e-shop<br>• At least once a year, as and when required |
| 2 | Employees | • Employee Policies<br>• Wages and Benefits<br>• Company Culture<br>• Talent Management<br>• Training | • Regular management meetings with staff<br>• Regular review with department heads<br>• Social events with employees, internal announcements, and emails | • As and when required, Matex Handbook and Notices |
| 3 | Shareholders | • Company Economic Developments<br>• Dividends and Return on Investment | • Half-yearly and annual financial results announcement<br>• AGM and EGM<br>• Annual and Sustainability Reports | • At least once a year, as and when required |
| 4 | Investors | • Potential Investment<br>• Returns<br>• New Projects and Strategic Plans | • Regular meetings with investors<br>• Annual and Sustainability Reports | • As and when required |
| 5 | Suppliers | • Delivery<br>• New Products<br>• Defects<br>• Sustainable Sourcing and Tracing | • Regular meetings with suppliers<br>• Key suppliers audit<br>• Sustainability Report | • As and when required |

# SUSTAINABILITY REPORT

| No. | Stakeholder | Topics of Concern | Communication Channels | Frequency of Communication |
|---|---|---|---|---|
| 6 | Government & Regulators | • Operation in compliance with applicable laws and regulations<br>• Environment Safety and Compliance | • Regular compliance updates and submission | • As and when required |
| 7 | Communities | • Environmental protection<br>• Community activities involvement<br>• Support to society organisations<br>• Operation in compliance with applicable laws and regulations | • Participation in community activities<br>• Sustainability Report | • As and when required |
| 8 | Media | • Feature<br>• News Articles<br>• Interviews | • Management<br>• Business Development Department | • As and when required |

**2.8 Events**

1. Matex was privileged to participate in the SFIC Industry Dialogue on Sustainability: The New Disruptor held on 10 February 2022. The gathering was attended by numerous industry leaders and experts and focused on the impact of sustainability on businesses and the need for companies to adapt to the evolving business landscape. During the event, Mr. Dro Tan, Executive Director of Matex, was honoured to be a speaker and impart his knowledge and insights on sustainability. The event was a significant achievement in the council's sustainability journey, providing a platform for engaging in meaningful dialogues and learning from experts in the field.

2. Matex was honoured to participate in the 7th GCNS CEO Roundtable Singapore 2022, held on 8 June 2022, as part of Temasek's Ecosperity Week. The Group was delighted to engage in discussions centred around the theme of "Paving the Path to a Greener Supply Chain – Opportunities and Challenges" and share our post-event insights with the audience.

# **SUSTAINABILITY** REPORT

### 2.9 Partnerships and Commitments

1. Matex is proud to partner with the Environmental Management Association of Singapore ("**EMAS**") as part of its global mission to improve the lives of billions through sustainable solutions, innovation, and technology support.

2. The Group is also a regular member partner of the Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers ("**ETAD**"), an international organisation of responsible companies founded in 1974. ETAD's Code of Ethics, based on the principles of responsible care, adheres to all national and international chemical regulations, and is founded on sound science, internal industrial expertise, and constantly updated regulatory information.

3. Matex recently chaired the 5th China Operating Committee ("**ChOC**") of ETAD online, aligning common goals for safety and the environment. The committee focuses on local activities and works closely with regulatory bodies to address all legislation developments impacting the colourant industry.

4. Matex completed its Level 3 on-site audit and was awarded OEKO-TEX® ECO PASSPORT Certificates, ensuring its products meet stringent statutory requirements. The ECO PASSPORT certification serves as a credible proof for sustainable textiles and leather production for both brands and manufacturers. Chemicals certified by the ECO PASSPORT have been tested for harmful substances, and the certification provides proof that the treated articles meet the criteria for ecologically responsible textile manufacturing.

5. Matex remains a Bluesign® System International Partner, committed to supporting Bluesign's vision of managing inputs and responsible actions. The Bluesign(r) System brings together the entire textile supply chain to reduce its impact on people and the environment.

6. Matex is part of Innovation at the RGE-NTU SusTex and participated in the Matex X TAFF: Fashion Sustainability Summit 2022 – Enable the Change. The summit, which was attended by Guest of Honour, Minister Grace Fu (Minister for Sustainability and the Environment) and the keynote speaker Mr. Erik Solheim (Former Minister of Environment and International Development Norway), featured the first-ever sector report highlighting the environmental impact of Southeast Asia's fashion industry.

7. Matex's products are approved by Intertek's Green Leaf Mark Environmental Certification, which strongly emphasises the ban of hazardous Azo Dyes and limits on extractable heavy metal content.

8. Matex has also partnered with Singapore start-up, SPECO to revolutionise cleanliness and hygiene and with the Singapore Badminton Association in its inaugural Patron Club to work towards a vibrant ecosystem.

9. Matex is a member of the Zero Discharge of Hazardous Chemicals ("**ZDHC**") and is committed to its goals, including the definition and development of a Manufacturing Restricted Substances List ("**MRSL**") for the apparel and footwear industry.

# **SUSTAINABILITY** REPORT

10. Matex has pledged the Low Formaldehyde Commitment Statement as part of the "Sustainable Spaces – Low Formaldehyde Commitment" program raised by The Alliances for Action ("**AfA**"), a coalition of Singapore Business Federation ("**SBF**"), Singapore Furniture Industries Council ("**SFIC**"), and Singapore Green Building Council ("**SGBC**"). Matex is among the 75 companies and organisations making this pledge to raise awareness about indoor air quality and encourage industry efforts to reduce formaldehyde emissions in the pursuit of sustainability and increased demand for sustainable products.

### 2.10 Initiatives, Awards & Achievements

1. On 25 November 2022, Matex was presented with the "SFIC Sustainability Leaders Recognition Initiative" award at the 41st Annual Dinner & Dance (Above & Beyond) hosted by the SFIC. This recognition was a result of Matex's efforts toward promoting sustainability.

2. The Temasek Foundation's Staymasked Program, powered by HeiQ Viroblock, has facilitated the implementation of an ecologically conscious and socially responsible solution for over 5 million residents in Singapore. This feat was accomplished through the introduction of the MaskPure™ AIR+ Reusable Mask, a product that offers a sustainable alternative to disposable masks. The efficacy of this innovative product has drawn the attention of prestigious organisations such as the Changi Airport Group and SATS, attesting to its effectiveness and practicality.

3. Matex was honoured to participate in the "LowCarbonSG" program, which is led by the Carbon Pricing Leadership Coalition ("**CPLC**") Singapore and supported by the National Environment Agency ("**NEA**") and Enterprise Singapore. The program, under the decarbonisation arm of Global Compact Network Singapore ("**GCNS**"), aims to help businesses measure, track, and report their carbon footprint and improve their sustainability practices.

   Our participation in the LowCarbonSG program reinforces our commitment to sustainability and will encourage us to continuously strive towards a more sustainable future.

# SUSTAINABILITY REPORT

## 3. ENVIRONMENTAL SUSTAINABILITY

We are deeply committed to sustainability and low-carbon initiatives. The Group recognises its crucial role in preserving and improving the environment and is dedicated to maintaining sustainable environmental practices. To this end, the Group continuously strives to improve its environmental protection capabilities.

The Group's products have earned recognition from numerous prestigious environmental organisations, including Bluesign, ZDHC, Okeotex, Ecopassport, and Intertek's Green Leaf Mark Environmental Certification. These certifications serve as evidence of the Group's rigorous standards in relation to the ban on hazardous Azo dyes and restrictions on extractable heavy metal content.

As a leading global expert in clean colour science technologies, the Matex Group aims to drive sustainability within the textile industry. Through its production of dyestuffs and chemicals, it offers a range of energy and water-saving low-temperature reactive dyestuffs under the brand name Megapro RE. Additionally, the Group's Megapro CF solution for T/C and CVC blend exemplifies its steadfast commitment to increased savings and improved productivity, solidifying its position as a leader in sustainability in the industry.

We are aware of the importance of taking action to combat climate change. Along with our business activities, we have established simple and easily adoptable guidelines to reduce energy consumption in the workplace and increase awareness among our stakeholders. Our efforts to promote sustainability are further enhanced by a program that rewards good ideas and best practices related to energy efficiency.

We are committed to investing in a sustainable future and have pledged to allocate up to 10% of our revenues towards research and development of clean technologies. Our objective is to provide innovative and practical solutions for sustainable textile processing and to advance progress in this critical area. By inspiring and motivating our stakeholders and internal teams, we are confident that we can make a positive impact on the environment and contribute to building a more sustainable future.

### 3.1 Reduction of Carbon Emissions

At Matex, we recognise the significant impact that our operations have on the environment and are dedicated to reducing our carbon footprint. We are constantly exploring new and innovative ways to reduce our emissions through the implementation of energy-efficient processes and the use of renewable energy sources. Our efforts have been recognised through multiple awards and certifications, and we remain committed to leading the industry in sustainable practices for a healthier planet and a brighter future.

The Group has made significant progress towards sustainability by transitioning from the use of coal to the more environmentally friendly fuel, natural gas. This change has resulted in a reduction of our carbon emissions and has provided our employees with a cleaner work environment. Our products now have a lower carbon footprint, enabling our customers to achieve better results in their carbon neutrality aspirations.

# SUSTAINABILITY REPORT

Electricity usage is the primary contributor to our Greenhouse Gas ("**GHG**") emissions. Our carbon footprint is determined by our GHG emissions, which are quantified in terms of carbon dioxide equivalent ("**$CO_2e$**"). Our GHG emissions consist of both Direct (Scope 1) and Indirect (Scope 2) emissions and do not include emissions from our suppliers (Scope 3).

In order to identify reduction opportunities, we continuously monitor and track our primary greenhouse gas emissions, carbon dioxide ("**$CO_2$**"), from our operations. We have made a commitment to improve our energy efficiency and reduce our carbon footprint by implementing carbon accounting solutions and processes to monitor our Scope 1, 2, and 3 emissions.

The detailed GHG emissions profile for the current reporting year is provided below.

**Total GHG Emission**

| GHG Emission[1] | Unit | FY2022 |
|---|---|---|
| Total GHG Emission | $tCO_2e$ | 103.32 |
| **GHG Scope-wise Emissions** | | |
| GHG Scope 1 | $tCO_2e$ | 12.08 |
| GHG Scope 2 | $tCO_2e$ | 91.24 |
| ***Percentage (%)*** | | |
| GHG Scope 1 | Proportion | 11.7% |
| GHG Scope 2 | Proportion | 88.3 |
| **Intensity** | | |
| Total GHG Emission | $tCO_2e$/SGD 1,000,000 | 8.51 |
| ***GHG Scope-wise Intensity*** | | |
| GHG Scope 1 | $tCO_2e$/SGD 1,000,000 | 1.00 |
| GHG Scope 2 | $tCO_2e$/SGD 1,000,000 | 7.51 |

1 GHG protocol is used for accounting of GHG emissions. During the accounting of GHG emissions, GHG protocol Guidance and Reporting Standard has been followed. The emission factors used are taken from GHG Emission factor Hub, World Resource Institute Data Base, Institute for Global Environmental Strategies ("**IGES**") emission factor list and Energy Market Authority ("**EMA**") database.

# SUSTAINABILITY REPORT

### 3.2 Energy Management

At Matex, we believe that energy management is a critical component of our sustainability strategy. Our goal is to minimise our environmental impact and reduce our energy costs while ensuring the reliable and efficient operation of our facilities. To achieve this, we have implemented a range of initiatives that promote energy efficiency and conservation.

In our annual Sustainability Report, we highlight our progress in energy management, including our energy consumption, greenhouse gas emissions, and the implementation of new energy-saving technologies. By sharing this information, we aim to demonstrate our commitment to responsible and sustainable business practices and to inspire other organisations to prioritise energy management in their operations.

The accompanying table presents a comprehensive overview of the Fuel and Electricity consumption for FY2022 across the entire organisation. The data provides a clear picture of the energy consumption patterns and serves as a benchmark for future initiatives aimed at energy efficiency and conservation. The information contained in this table represents our commitment to transparency and accountability in our energy management efforts.

**Total Fuel Consumption**

| Fuel Consumption | Unit | FY2022 |
|---|---|---|
| Total Fuel Consumption | Litre | 5,172.93 |
| **Consumption Type** | | |
| ***Total Consumption*** | | |
| Diesel | Litre | 101.48 |
| Petrol | Litre | 5,071.45 |
| ***Percentage (%)*** | | |
| Diesel | Proportion | 2.0% |
| Petrol | Proportion | 98.0% |
| ***Intensity*** | | |
| Total Fuel Consumption | Litre/SGD 1,000,000 | 426.17 |
| ***Consumption Type*** | | |
| Diesel | Litre/SGD 1,000,000 | 8.36 |
| Petrol | Litre/SGD 1,000,000 | 417.81 |

# SUSTAINABILITY REPORT

**Total Electricity Consumption**

| Energy Consumption | Unit | FY2022 |
|---|---|---|
| Total Energy Consumption | MWh | 156.38 |
| **Consumption Type** | | |
| ***Total Consumption*** | | |
| Electricity | MWh | 156.38 |
| ***Percentage (%)*** | | |
| Electricity | Proportion | 100.0% |
| **Renewable Type** | | |
| ***Consumption*** | | |
| Non-Renewable | MWh | 156.38 |
| ***Percentage (%)*** | | |
| Non-Renewable | Proportion | 100.0% |
| **Intensity** | | |
| Total Electricity Consumption | MWh/SGD 1,000,000 | 12.88 |
| ***Consumption Type*** | | |
| Inside Organisation | MWh/SGD 1,000,000 | 12.88 |
| ***Renewable Type*** | | |
| Non-Renewable | MWh/SGD 1,000,000 | 12.88 |

### 3.3 Water Conservation and Management

At Matex, we recognise the critical role of water in our operations and in the communities where we operate. Effective water management is essential for maintaining the long-term sustainability of our business and preserving this precious resource for future generations. As such, we are committed to responsible water management practices. Below is the table highlighting water consumption across our Group for FY2022.

# SUSTAINABILITY REPORT

**Total Water Consumption**

| Water Consumption | Unit | FY2022 |
|---|---|---|
| Total Water Consumption | Cubic Metre ($m^3$) | 998.18 |
| **Source Type** | | |
| ***Consumption*** | | |
| Not classified | Cubic Metre ($m^3$) | 998.18 |
| ***Percentage (%)*** | | |
| Not classified | Proportion | 100.0% |
| **Recyclable Type** | | |
| ***Consumption*** | | |
| Not classified | Cubic Metre ($m^3$) | 998.18 |
| ***Percentage (%)*** | | |
| Not classified | Proportion | 100.0% |
| **Intensity** | | |
| Total Water Consumption | Tonnes/SGD 1,000,000 | 82.23 |
| ***Source Type*** | | |
| Not Classified | Tonnes/SGD 1,000,000 | 82.23 |
| ***Recyclable Type*** | | |
| Not Classified | Tonnes/SGD 1,000,000 | 82.23 |

### 3.4 Materials

During FY2022, 102 tons of non-renewable materials were used to produce our primary products and services and 4.46 tons of renewable materials were used to pack them.

# **SUSTAINABILITY** REPORT

### 3.5 Eco-friendly Products

- The Group is steadfast in its commitment to promoting sustainability and public health. In response to the emergence of the Omicron variant of Covid-19, we have taken the initiative to support the use of eco-friendly masks that not only reduce waste and pollution but also provide protection against viruses, bacteria, pollution, dust, and more.

- The HeiQ Viroblock + Multi Hi-Tech washable masks, powered by the HeiQ Viroblock technology, have been well-received by our customers and align with our overall sustainability strategy. This technology, a unique blend of silver and vesicle technologies, has been proven to significantly reduce viral and bacterial infectivity. On 10 January 2022, over 5 million HeiQ Viroblock treated masks, known as Mask Pure, were distributed through vending machines for a 2-week period.

- The HeiQ AeoniQ, a versatile alternative to polyester and nylon with climate-positive qualities, has the potential to transform the industry, and we are proud to be associated with HeiQ products. We consider the financial commitments made by prestigious companies such as HUGO BOSS and The LYCRA Company to HeiQ AeoniQ as a testament to the product's game-changing potential.

- HeiQ has also launched the Synbio Clean & Care Series, a range of clean and care products that contain probiotics and are enriched with prebiotics. These products are the first on the market to use this innovative technology and have been shown to effectively reduce allergens while also being recognised as eco-friendly by the EU Ecolabel. Matex is partnering with HeiQ to launch the Synbio Clean & Care Series in the Asia market.

- Supergard® SG and SG PLUS and Matex TIE-DYE Kit are the Group's own developments to help eco-friendly conscious consumers colour, add water protective functional coatings and anti-microbial technology to have fun and be able to prolong the shelf life of their used clothes and new garments, breathing new life into clothes that would otherwise end up in landfills. Beyond textile, it has also been applied on paper and acoustic panels for various functional developments and we continue to explore the possibilities of the solutions across other industries.

- Megapro ECO®, a Singapore Apex Corporate Sustainability Award-winning sustainable solution, has continued its deployment in the field of sustainability for textile and manufacturing across the fashion value chain. It is a system that eliminates the need for salt in cellulosic exhaust dyeing, which has the potential to influence up to fifty percent of the global demand for better lifestyle wear. Salt used in dyeing is difficult to recover and frequently ends up in waste streams, causing severe environmental damage. Brands and mills committed to recycling their waste have discovered this to be an invigorating solution to their immediate issues.

# SUSTAINABILITY REPORT

We are committed to developing new product solutions, process technologies, and other services that deliver enhanced sustainability performance, reduce raw material costs and generate significant overall cost savings.

**Environment Sustainability Targets, Methodology adopted and progress.**

Environment goals set in 2022 and aim to review by 2025 –

- Increase Resource Efficiencies
- Reduce Energy Consumption by 30%
- Reduce Direct CO2 emissions by 45%
- Reduce Direct and Indirect emissions of greenhouse gas by 35%
- Reduce the volume of water use by 25%
- Reduce the volume of effluents by 40%
- Reduce the volume of waste by 45%

The Group regularly evaluates the sustainability targets established within its departments, with reviews conducted regularly based on the subject matter and can range from weekly, monthly to quarterly. This allows for measuring progress towards the established targets and provides opportunities for key leaders and teams to identify areas for improvement.

In support of its sustainability efforts, Matex has updated its Employee Handbook to include guidelines for reducing the environmental impact of its operations and encourages its employees to seek new measures to limit their environmental footprint.

The Group has initiated a program on carbon and water footprint measurement, working closely with its Internal Audit team, with the aim of incorporating this information into its future sustainability reports, complementing its annual reports.

To further reduce its environmental impact, Matex places increased focus on waste emission reduction through the segregation of expenses related to these areas by department, and the application of the Kaizen system for waste elimination, leading to increased bottom lines. These efforts are tracked and analysed through graphs and charts, with trends and actions identified for continued improvement.

Matex also encourages its external partners to adopt sustainable practices and act ethically, contributing to a positive business environment. The Group continues its efforts towards certification under ISO 14064 Part 1 & 2 Greenhouse Gas Management System and ISO 50001 Energy Management, with the goal of better monitoring and evaluating its environmental impact, serving as a baseline and guiding target.

# SUSTAINABILITY REPORT

## 4. SOCIAL SUSTAINABILITY

### 4.1 Employee Care

The Group is unwavering in its commitment to promoting Fair Employment Practices within the framework of Tripartite Alliance for Fair & Progressive Employment Practices ("**TAFEP**"), which is organised and 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 places a high degree of importance on providing its employees with a safe, secure, and conducive work environment. To achieve this, the Group implements comprehensive work safety management systems as a standard across its operations, as well as emergency rescue plans and environmental protection practices. Our management systems conform to ISO 14001, ISO 9001, and OHSAS 18001:2007 standards.

In terms of recruitment and promotion, the Group prioritises fair and equitable employment, merit, and individual performance, without regard to race, gender, age, or religion, as the selection and scoring criteria.

In keeping with its commitment to inclusivity and relevance, Matex continually assesses and revises its Employee Handbook, which accords with the Universal Declaration of Human Rights, outlining employees' entitlements and resources within the organisation.

The Group operates in a diverse environment characterised by cultural and racial differences, and our HR policies are designed to be flexible and responsive to local customs, norms, and cultural sensitivities, as well as in compliance with all relevant laws and regulations.

#### 4.1.1 Employment and Retention of Employees

Matex acknowledges that individuals constitute valuable assets and capital rather than mere costs. Thus, the organisation places significant emphasis on fostering a culture that upholds the values of respect and trust. The Group benefits significantly from this approach in terms of heightened productivity and sustained growth.

The Employee Handbook serves as a comprehensive guide, outlining the rights and responsibilities of all employees, as well as the various benefits and career development opportunities available to them. Furthermore, during company gatherings, the management team takes the opportunity to reinforce the importance of maintaining this people-centric mindset to cultivate an organisational culture that values and prioritises the well-being of its workforce.

# SUSTAINABILITY REPORT

a) The following table presents the total number and rate of new employee hires during the reporting period, broken down by age group and gender:

| New Hires | Number of Individuals | % of Individuals |
|---|---|---|
| **Gender** | | |
| Male | 5 | 71.4% |
| Female | 2 | 28.6% |
| **Age Group** | | |
| Under 30 years old | 1 | 14.3% |
| 30 to 50 years old | 6 | 85.7% |
| Over 50 years old | – | – |

b) The following table presents the total number and rate of employee turnover during the reporting period, broken down by age group and gender:

| Resigned | Number of Individuals | % of Individuals |
|---|---|---|
| **Gender** | | |
| Male | 5 | 38.5% |
| Female | 8 | 61.5% |
| **Age Group** | | |
| Under 30 years old | – | – |
| 30 to 50 years old | 9 | 69.2% |
| Over 50 years old | 4 | 30.7% |

### 4.1.2 Employee Diversity

At Matex, we prioritise diversity and inclusion in all aspects of our business. We believe that a diverse workforce brings valuable perspectives and experiences to our team, enabling us to serve our customers and communities in a better way. We are committed to promoting equal opportunities for career growth and development for all employees while continuously working to eliminate barriers to inclusion. Our goal is to create a culture of respect and understanding where everyone feels valued and supported.

# SUSTAINABILITY REPORT

a) The following table provides a breakdown of the diversity categories represented by the Board of Directors:

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

b) The following table provides the breakdown of the employee demographics and associations status:

| | Particulars | Number of Individuals |
|---|---|---|
| **1** | **Geography of Employee** | |
| 1.1 | Local Employee | 84 |
| 1.2 | Foreign Employee | 3 |
| **2** | **Employee Associated with Union** | |
| 2.1 | Union Member | 22 |
| 2.2 | Non-Union Member | 65 |
| **3** | **Employee with Collective Bargaining** | |
| 3.1 | Collective Bargaining | 54 |
| 3.2 | Not Collective Bargaining | 33 |

# SUSTAINABILITY REPORT

c) The following table provides a breakdown of the number of employees within each category, organised by various diversity categories:

| Diversity Category | Senior Management | | Managers | | Non-Managers | |
|---|---|---|---|---|---|---|
| | Number of Individuals | % | Number of Individuals | % | Number of Individuals | % |
| **Gender** | | | | | | |
| Male | 7 | 77.8% | 13 | 72.2% | 32 | 53.3% |
| Female | 2 | 22.2% | 5 | 27.8% | 28 | 46.7% |
| **Age Group** | | | | | | |
| Under 30 years old | – | – | – | – | 3 | 5% |
| 30 to 50 years old | 4 | 44.4% | 11 | 61.1% | 35 | 58.3% |
| Over 50 years old | 5 | 55.6% | 7 | 38.9% | 22 | 36.7% |
| **Total** | **9** | | **18** | | **60** | |

Of the aforementioned individuals, two are non-guaranteed hours employees. One male and one female employee fall under this classification.

### 4.1.3 Employee Benefits

As part of our commitment to responsible and sustainable business practices, we regularly review our employee benefits and entitlements to ensure that they meet the needs of our staff and align with our values. The table below outlines the percentage of employees who currently have access to each benefit:

| No. | Particulars | % of Employees Covered |
|---|---|---|
| 1 | Parental Leave | 100.0% |
| 2 | Compassionate Leave | 100.0% |
| 3 | Life Insurance | 39.1% |
| 4 | Performance Development Review | 37.9% |
| 5 | Health Care | 24.1% |
| 6 | Retirement provision | 21.8% |
| 7 | Disability and Invalidity Coverage | 6.9% |

# SUSTAINABILITY REPORT

### 4.1.4 Parental Leave

The following information pertains to the organisation's parental leave policies and implementation. The table below provides a breakdown of the number of employees entitled to parental leave, as well as those who have taken and returned from parental leave. Additionally, the table indicates the rate of employee retention following parental leave:

| No. | Particulars | Male | Female | Total |
|---|---|---|---|---|
| 1 | Employees entitled to parental leave | 53 | 34 | 87 |
| 2 | Employees that took parental leave | – | 1 | 1 |
| 3 | Employees that returned to work after Parental leave ended | – | 1 | 1 |
| 4 | Return to work rate | – | 100.0% | 100.0% |

### 4.1.5 Training and Development

As a responsible employer, our organisation is committed to providing our employees with comprehensive support throughout their careers and beyond. We recognise the importance of investing in our employees' development and well-being, and as such, we offer a range of internal and external training opportunities to help them grow professionally. This includes regular safety training for laboratory staff and funding support for external education and training programs.

For employees approaching their retirement, we offer pre-retirement planning and retraining opportunities to help them make a smooth transition to their next phase of life. Additionally, we provide severance pay that takes into account factors such as employee age and years of service, as outlined in Section 4 of the Retirement and Re-employment Act.

For those who may choose to continue working, we offer job placement services and part-time re-employment opportunities. We also provide assistance and support, such as training and counselling, to help employees make the transition.

Our commitment to supporting our employees throughout their careers is an important aspect of our sustainability efforts, and it reflects our belief in the value of a diverse and well-trained workforce. We are proud to offer these programs and services and look forward to continuing to support our employees in the years to come.

# SUSTAINABILITY REPORT

Our training profile is shown as follows:

| Training | Unit | FY2022 |
|---|---|---|
| Total Training hours | Hours | 516 |
| ***Employment Position*** | | |
| Board of Directors | Hours | – |
| Senior Management | Hours | 99 |
| Manager | Hours | 105 |
| Non-Manager | Hours | 312 |
| ***Gender*** | | |
| Male | Hours | 381 |
| Female | Hours | 135 |

#### 4.1.6 Employee Health and Safety

At Matex, the health and safety of all our employees are of paramount importance, and we are steadfast in our commitment to providing a safe and healthy workplace for everyone. Our Occupational Health and Safety Management System ("OHSMS") encompasses all aspects of our operations, including our warehouse and production facilities, and all employees and workers involved in these activities. It includes, but is not limited to, loading and unloading raw materials, assembly on production lines, and repackaging finished goods. Our OHSMS incorporates measures to prevent and mitigate potential negative impacts on occupational health and safety that may arise from our operations, products, or services and includes a thorough evaluation of hazards and risks with the implementation of control measures to address these risks. Our approach to occupational health and safety extends to our business relationships, where we exercise our influence to prevent and mitigate any negative impacts that may arise.

We are proud to report that in FY2022, we achieved a record of no recordable work-related injuries, ill health, high-consequence injuries, or fatalities across our entire organisation. This outstanding record is a testament to our unwavering commitment to the health and safety of all employees and our dedication to sustainable business practices.

# SUSTAINABILITY REPORT

### 4.1.7 Labour/Management Relations

The Group is dedicated to maintaining an open and transparent line of communication with our employees and their representatives. In case of significant operational changes that could have a substantial effect on our workforce, a minimum notice period of one month is provided; this allows ample time for employees and their representatives to comprehend the changes and prepare for any potential outcomes. Maintaining open and prompt communication is pivotal in fostering a positive and productive work environment and is crucial to our sustainability initiatives. By offering advance notice of significant changes, we are able to support our employees and guarantee that they have the necessary resources to succeed in their positions.

For our organisation, the notice period in case of significant operational changes with substantial impact on our workforce is specified as a minimum of one month. It applies to all employees under our collective bargaining agreements. The provisions for consultation and negotiation are also clearly outlined in these agreements, offering our employees and their representatives the chance to engage in constructive dialogue and fully understand the implications of any changes. Our commitment to collaboration and open communication is essential to our sustainability efforts. It demonstrates our belief in the significance of a positive and productive work environment for all employees.

### 4.1.8 Child Labour and Forced Labour

At Matex, we firmly believe in maintaining the highest ethical standards and are committed to ensuring that all of our operations are conducted responsibly and sustainably. We firmly oppose to child labour and forced labour and have implemented strict policies and procedures to prevent the use of such labour in any aspect in our supply chain.

We regularly conduct audits of our suppliers to ensure that they adhere to our standards and those of international labour laws. Our employees are trained to identify and report any instances of child labour, and we take immediate action to address any violations.

Our commitment to sustainable and responsible operations extends beyond our operations and into the communities where we operate. We actively seek opportunities to support local initiatives and organisations that work to prevent child labour and provide education and other opportunities for children.

We remain steadfast in our commitment to eliminating child labour from our supply chain and will continue to take all necessary steps to ensure that our operations comply with all relevant laws and regulations, as well as our own rigorous standards for ethical responsibility.

# SUSTAINABILITY REPORT

## 4.2 Customer Satisfaction

### 4.2.1 Customer Retention

Customer retention is critical to our business sustainability and a key driver of sales growth. At the heart of our business philosophy is a commitment to delivering exceptional customer experiences and building long-lasting relationships with our clients.

To achieve this, we have implemented several initiatives to improve customer satisfaction and retain customers for the long term. This includes focusing on product quality, customer service excellence, and continuous improvement efforts to stay ahead of customer needs and expectations.

We understand that happy and loyal customers are essential to our success and are the foundation of our business sustainability. As such, we have prioritised customer retention and will continue to invest in initiatives that help us build and maintain strong, long-lasting relationships with our clients.

Our commitment to customer retention is reflected in our continued success in retaining customers, growing our customer base, and driving sales growth. By focusing on customer satisfaction and retention, we are ensuring the long-term sustainability of our business and creating value for all stakeholders.

### 4.2.2 Customer Privacy

In our commitment to maintaining the highest standards of data privacy and security, we are pleased to report that there have been no substantiated complaints received regarding breaches of customer privacy or losses of customer data from either third parties or regulatory bodies. This underscores our continued efforts to implement robust data protection measures and processes to ensure the confidentiality and security of our customers' information.

We also take pride in the fact that there have been no known instances of customer data leaks, thefts, or losses, demonstrating our successful implementation of the best data security and protection practices. This provides peace of mind to our customers and helps us maintain their trust and confidence in our Company.

As a responsible and sustainable organisation, we recognise the importance of protecting the privacy and security of our customers' data. We will continue to invest in technology, training, and processes to ensure that we meet or exceed industry standards.

# SUSTAINABILITY REPORT

### 4.2.3 Product Quality and Safety

Matex is dedicated to providing its stakeholders with comprehensive information on the environmental and social impact of its products in order to enable informed decision-making. To this end, the Group provides information on various aspects of its products, including component sourcing, environmental and social content, safe use, and disposal.

At Matex, we conduct assessments of all product and service categories to identify potential impacts on health and safety, with the aim of pursuing opportunities for improvement.

Matex provides Material Safety Data Sheets ("**MSDS**") in accordance with the United Nations Global Harmonised System ("**GHS**"), containing information on potential health hazards, product classification, hazardous ingredients, and safe handling instructions. MSDS are made available in the local language in all countries where Matex operates and are proactively provided to customers.

The Group also provides GHS-compliant packaging labels with visual hazard and danger pictograms, which align with the MSDS. Matex follows both GHS and local standards and provides compliance certificates to customers upon request. The Group collaborates with third-party organisations and provides information requested by customers, brands, and retailers.

As detailed earlier, the Group's products have earned recognition from numerous prestigious environmental organisations, including Bluesign, ZDHC, Okeotex, Ecopassport, and Intertek's Green Leaf Mark Environmental Certification. These certifications serve as evidence of the Group's rigorous standards in relation to the ban on hazardous Azo dyes and restrictions on extractable heavy metal content.

### 4.3 Value Chain and Business Relationships

At Matex, we are dedicated to serving our customers and providing exceptional technical support. We have established a robust network of highly trained sales and marketing professionals with a strong presence in China, and we have earned a reputation for providing unparalleled technical support services to meet the ever-evolving needs of our customers. Our efforts have been recognised with numerous awards and accolades, including being named China's top chemical company and Singapore Specialty Chemicals Company of the Year.

In addition to providing exceptional customer service, we believe in balancing our business operations with environmental and social concerns and strive to promote sustainable development. We have implemented various sustainability initiatives and programs to reduce our carbon footprint, conserve energy, and minimise waste. Our renowned Megafix® reactive dye series is a testament to our commitment to constantly developing unique and innovative products and services through continuous research and development.

# SUSTAINABILITY REPORT

We aim to add value to our customers' products by offering higher quality, better performance, price competitiveness, and eco-friendliness. We are committed to establishing long-term, mutually beneficial partnerships with our customers by providing innovative solutions and technical expertise. We are dedicated to ensuring that our products are safe and meet the highest quality standards.

## 5. GOVERNANCE

### 5.1 Corporate Governance and Business Ethics

To promote independence and transparency of the Board and to safeguard the interests of stakeholders while maximising their long-term value, the Group is dedicated to regularly updating and enhancing its corporate policies and procedures.

During FY2022 the Company adhered to the guidelines outlined in the Singapore Corporate Governance Code 2018, which was released on 6 August 2018.

Please refer to the Corporate Governance Report included in the Annual Report for more comprehensive information regarding our corporate governance practices. The Group remains steadfast in its commitment to maintaining the highest standards in corporate governance.

### 5.2 Compliance with Laws and Regulations

As a responsible corporate entity, we must comply with regulatory requirements. We understand the importance of maintaining a positive reputation and fostering trust among our stakeholders, which helps build and strengthen relationships.

We are committed to staying up to date with regulatory requirements and implementing necessary measures to ensure ongoing compliance. This commitment is an integral part of our overall sustainability strategy and reflects our dedication to operating responsibly and sustainably for the benefit of all our stakeholders.

### 5.3 Anti-Corruption

The Group maintains a strict stance against corruption and bribery, as outlined in the Employee Handbook, accessible to all employees. The handbook includes the Group's policies and protocols to be followed in the event of any corruption or bribery violations. If employees encounter situations involving corruption or bribery, the Group provides guidance on how to respond and report such violations.

The Group is dedicated to promoting transparency in its Board of Directors operations and protecting the interests of stakeholders. To that end, the Group regularly updates and improves its policies and procedures to ensure the independence of its Board of Directors and maximise long-term stakeholder value.

# SUSTAINABILITY REPORT

Regulatory compliance is a key factor in ensuring the continued success of the Group, as well as fostering trust among stakeholders. A positive reputation can strengthen relationships with stakeholders, while non-compliance can negatively impact the Group's financial performance.

The Group will continue to adhere to all relevant regulations as a responsible corporate entity. Business partners and opportunities are selected through a transparent and fair bidding process, promoting market competitiveness and avoiding corruption. The Group also utilises an online platform to closely monitor employee work and projects and ensure the ethical conduct of business with external parties.

The Group encourages its external partners to adopt ethical business practices, contributing to a healthier business environment. In the financial year that ended on 31 December 2022, the Group has generally adhered to the framework set out in the Singapore Corporate Governance Code 2012.

All employees are informed of the consequences of corruption and bribery violations, and senior management is committed to training junior and mid-level employees to prevent such incidents. The Group has a whistleblowing system in place, and to date, no complaints have been registered.

The Group is committed to maintaining the highest standards of corporate governance.

### 5.4 Non-Discrimination

Matex fosters an environment that values freedom of speech and diversity, with a workforce comprising individuals from diverse nationalities, religious backgrounds, and educational experiences. The Human Resources department and senior management work closely to ensure that all employees have equal access to resources and are treated fairly and respectfully.

Furthermore, Matex encourages its external partners to adhere to ethical workplace practices, which contributes to a positive and harmonious business environment. To promote transparency and accountability, the Group has implemented a whistleblowing system to address any potential concerns. To date, no complaints have been registered through this system.

The Group is committed to creating and maintaining a workplace culture that values diversity, equity, and inclusion, which is reflected in the absence of any reported discrimination cases during the year. All employees are encouraged to report any instances of discrimination they may experience or witness, and the Company has put in place the necessary processes and mechanisms to support this. The fact that no discrimination cases were reported serves as a testament to the Company's commitment to providing a safe and inclusive work environment for all employees.

## 6. FUTURE OUTLOOK

Our CEO/Managing Director, Dr. Alex Tan, holds the belief that sustainability is an integral aspect of the Group culture at Matex. He views it as a responsibility to conduct our business in an ethical and environmentally conscious manner. Our approach to sustainability is tailored to meet the unique demands of each of our partners as we strive to provide niche solutions that not only meet their needs but align with our values as an organisation.

# SUSTAINABILITY REPORT

At Matex, advancing sustainability is a key priority, and we continuously work to ensure that our practices align with the highest standards. Our team is dedicated to obtaining and maintaining sustainability certifications, with 80% of our criteria being driven by market and client demands and 20% by our internal sustainability priorities. This approach provides our clients with the assurance of our commitment to sustainability.

Our Board of Directors have been a strong supporter of our sustainability journey, and we are confident that their guidance will help us overcome any challenges we may face in the future.

As we move forward, we remain committed to working with our Board and other partners to further advance sustainability. Our progress in this regard will be regularly reported to our stakeholders through our annual Sustainability Report.

## 7. GRI INDEX

| GRI Reference | | Disclosure | Reference |
|---|---|---|---|
| **General Standard Disclosure** | | | |
| The organisation and its reporting practices | 2-1 | Organisational details | SR Section 1.1 |
| | 2-2 | Entities included in the organisation's sustainability reporting | • Matex International Limited<br>• Matex Holdings Pte Ltd ("**MHPL**")<br>• Shanghai Matex Chemicals Co. Ltd ("**SMC**")<br>• Unimatex Sdn Bhd ("**USB**")<br>• Matex Chemicals Technologies (Shanghai) Co. Ltd ("**MTL**")<br>• Dedot Trading (Shanghai) Co. Ltd ("**DTS**") |
| | 2-3 | Reporting period, frequency and contact point | Reporting Period – January 2022 to December 2022<br>Frequency – Annual |
| | 2-5 | External assurance | SR Section 2.3 |
| Activities and workers | 2-6 | Activities, value chain and other business relationships | SR Section 4.3 |
| | 2-7 | Employees | SR Section 4.1 |

# SUSTAINABILITY REPORT

| GRI Reference | Disclosure | | Reference |
|---|---|---|---|
| Governance | 2-9 | Governance structure and composition | Corporate Governance Report |
| | 2-10 | Nomination and selection of the highest governance body | Corporate Governance Report |
| | 2-11 | Chair of the highest governance body | Corporate Governance Report |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | Corporate Governance Report |
| | 2-13 | Delegation of responsibility for managing impacts | Corporate Governance Report |
| | 2-14 | Role of the highest governance body in sustainability reporting | Corporate Governance Report |
| | 2-15 | Conflicts of interest | Corporate Governance Report |
| | 2-16 | Communication of critical concerns | Corporate Governance Report |
| | 2-17 | Collective knowledge of the highest governance body | Corporate Governance Report |
| | 2-18 | Evaluation of the performance of the highest governance body | Corporate Governance Report |
| | 2-19 | Remuneration policies | Corporate Governance Report |
| | 2-20 | Process to determine remuneration | Corporate Governance Report |
| | 2-21 | Annual total compensation ratio | Corporate Governance Report |
| Strategy, policies and practices | 2-22 | Statement on sustainable development strategy | SR Section 1.2 |
| | 2-27 | Compliance with laws and regulations | SR Section 5.2 |
| | 2-28 | Membership associations | SR Section 2.9 |
| Stakeholder Engagement | 2-29 | Approach to stakeholder engagement | SR Section 2.7 |
| | 2-30 | Collective bargaining agreements | SR Section 4.1.2 |
| Disclosures on Material Topics | 3-1 | Process to determine material topics | SR Section 2.6 |
| | 3-2 | List of material topics | SR Section 2.6 |
| | 3-3 | Management of material topics | SR Section 2.6 |

# SUSTAINABILITY REPORT

| GRI Reference | | Disclosure | Reference |
|---|---|---|---|
| **Economic** | | | |
| Anti-corruption | 205-1 | Operations assessed for risks related to corruption | SR Section 5.4 |
| | 205-2 | Communication and training about anti-corruption policies and procedures | SR Section 5.4 |
| | 205-3 | Confirmed incidents of corruption and actions taken | SR Section 5.4 |
| Non-Discrimination | 406-1 | Incidents of discrimination and corrective actions taken | SR Section 5.5 |
| **Environment** | | | |
| Materials | 301-1 | Materials used by weight or volume | SR Section 3.4 |
| Energy | 302-1 | Energy consumption within the organisation | SR Section 3.2 |
| | 302-3 | Energy intensity | SR Section 3.2 |
| Water | 303-1 | Interaction with water as shared resource | SR Section 3.3 |
| | 303-3 | Water withdrawal | SR Section 3.3 |
| | 303-5 | Water consumption | SR Section 3.3 |
| Emissions | 305-1 | Direct (Scope 1) GHG emissions | SR Section 3.1 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | SR Section 3.1 |
| | 305-4 | GHG emissions intensity | SR Section 3.1 |
| **Social** | | | |
| Employment | 401-1 | New employee hires and employee turnover | SR Section 4.1.1 |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | SR Section 4.1.3 |
| | 401-3 | Parental leave | SR Section 4.1.4 |
| Labour/ Management Relations | 402-1 | Minimum notice periods regarding operational changes | SR Section 4.1.7 |

# SUSTAINABILITY REPORT

| GRI Reference | Disclosure | | Reference |
|---|---|---|---|
| Occupational Health and Safety | 403-1 | Occupational health and safety management system | SR Section 4.1.6 |
| | 403-8 | Workers covered by an occupational health and safety management system | SR Section 4.1.6 |
| | 403-9 | Work-related injuries | SR Section 4.1.6 |
| | 403-10 | Work-related ill health | SR Section 4.1.6 |
| Training and Education | 404-1 | Average hours of training per year per employee | SR Section 4.1.5 |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | SR Section 4.1.5 |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | SR Section 4.1.5 |
| Diversity and Equal Opportunity | 405-1 | Diversity of governance bodies and employees | SR Section 4.1.2 |
| Customer Health and Safety | 416-1 | Incidents of non-compliance concerning the health and safety impacts of products and services | SR Section 4.2.3 |
| Marketing and Labeling | 417-2 | Incidents of non-compliance concerning product and service information and labeling | SR Section 4.2.3 |

# 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 2022 ("**FY2022**"), 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 FY2022, the Group has adhered to the principles and provisions as set out in the Code.

**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 five (5) directors (the "**Directors**"), comprising two (2) executive Directors ("**Executive Directors**") 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.

# CORPORATE GOVERNANCE REPORT

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 and actively help the Management in the development of strategic proposals and oversee 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, the Company has arranged for all the Directors to undergo training in this regard.

**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 FY2022 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 |

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 FY2022 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 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Dr Alex Tan | 2 | 2 | 1 | 1* | 1 | 1* | 2 | 2* | 2 | 2 |
| Dro Tan Guan Liang | 2 | 2 | 1 | 1* | 1 | 1* | 2 | 2* | 2 | 2 |
| Foo Der Rong | 2 | 2 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Wang DaoFu | 2 | 2 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |

* By Invitation

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.

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.

# CORPORATE GOVERNANCE REPORT

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.

## 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.***

# CORPORATE GOVERNANCE REPORT

**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.***

**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.***

**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 Board presently comprises five (5) Directors, three (3) of whom (Including the Chairman) are Independent Directors and two (2) are Executive Directors. Majority of the Board is made up of Independent Directors, which is in compliance with the Code and Catalist Rule 406(5)(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) |

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, (who form majority of the Board) 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 | 28 April 2021 |
| Mr Wang DaoFu | Independent and Non-Executive Director | 11 January 2017 | 29 April 2022 |
| Mr Dro Tan Guan Liang | Executive Director | 1 March 2010 | 29 June 2020 |

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.

The NC also established that Dr John Chen is independent of management and free from any business or other relationship, which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

The following factors were evaluated for this purpose:–

a. he is not an Executive Director of the Company or any related corporation of the Company;

b. he is not a 5% shareholder of the Company;

c. he does not have an immediate family member who is or has been in the past three financial years, employed by the Company or an of its related corporations and whose remuneration is determined by the RC;

d. he (including his immediate family member) has not accepted any significant compensation from the Company or any of its related corporations for the provisions of services, for the current or immediate past financial year other than compensation for board services;

# CORPORATE GOVERNANCE REPORT

e. he (including his immediate family member) has not, in the current or immediate past financial year provided or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting, and legal services), other than compensation for board service. As a guide, payments aggregated over any financial year in excess of S$50,000 should be deemed significant;

f. he (including his immediate family member) in the current or immediate past financial year not a substantial shareholder/partner/executive officer of/director of any organisation which provided to or received from the Company or its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services);

g. he is not a family member of any Executive Director, officer or 5% shareholder of the Company;

h. he is not acting as a nominee or representative of any Executive Director or 5% shareholder of the Company;

i. he provides and enhances the necessary independence and objectivity of the Board;

j. he helps to ensure effective checks and balances on the Board;

k. he helps to mitigate any possible conflicts of interest between the policy-making process and the day-to-day management of the Company;

l. he constructively challenges and contributes to the development of business strategy of the Company; and

m. he helps to ensure that adequate systems and controls are in place to safeguard the interests of the Company.

Having considered the above, the NC has determined that Dr John Chen has demonstrated strong independence in character and judgement over the years in discharging his duties and responsibilities as an Independent Director. His continued presence as an Independent Board member will ensure best practices are followed and provide effective oversight and compliance to good corporate governance.

Accordingly, the NC had recommended to the Board that Dr John Chen continues to be considered independent, notwithstanding he has served on the Board for more than nine years from the date of his first appointment. Dr John Chen, being a NC member, abstained from any discussion and voting on the matter. The Board had concurred with the NC's assessment.

The Company adopted the two-tier voting process ahead of the Catalist Rule 406(3)(d)(iii) which came into effect on 1 January 2022, and Dr John Chen had voluntarily offered himself to be subject to the two-tier voting process in the Annual General Meeting ("**AGM**") held on 28 April 2021 and was approved by shareholders for his re-election as Independent Director.

# CORPORATE GOVERNANCE REPORT

Rule 406(3)(d)(iii) of the Catalist Rules of SGX-ST was removed on 11 January 2023 with immediate effect. The Singapore Exchange Regulation will limit to nine years the tenure of independent directors serving on the boards of listed issuers. As a transition, independent directors whose tenure exceeds the nine-year limit can continue to be deemed independent until the issuer's next AGM to be held in 2024, for the financial year ending 31 December 2023.

In view of the above rule change, Dr John Chen will continue to be deemed independent until the Company's next AGM to be held in 2024. The Board and the Nominating Committee are presently considering appropriate changes to be made to the Board composition in due course, in order to continue to comply with the Catalist Rules, including searching for a new suitable Independent Director. The Board will make the necessary announcement of any such changes or appointments in due course.

The NC has reviewed the size and composition of the Board and Board Committees and with the concurrence of the Board, is of the view that the current Board size and composition are conducive for effective discussions and decision-making, taking into account the scope and nature of the Group's operations.

The NC, with the concurrence of the Board, is also of the view that the Board and Board Committees have the appropriate balance of expertise, knowledge, experience and other aspects of diversity such as age and background of the individuals so as to avoid groupthink and foster constructive debate.

The Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance and is accordingly committed to promoting diversity of the Board, in line with its diversity policy. If required, the NC may consider appointing new director(s) in the future to enhance the core competencies and governance review of the Board. In reviewing the Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including functional and domain skills, knowledge, experience, cultural and educational background, gender, age, tenure and other relevant aspects of diversity of perspectives appropriate to its business. This is to avoid groupthink, foster constructive debate, and enable the Board to make decisions in the best interests of the Company.

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.

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.

# CORPORATE GOVERNANCE REPORT

## 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, and majority of independence on the Board, 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.***

# CORPORATE GOVERNANCE REPORT

**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.

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.

# CORPORATE GOVERNANCE REPORT

**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.

Mr Foo Der Rong and Mr Dro Tan Guan Liang are subject to re-nomination and re-appointment pursuant to Catalist Rule 720(4) and Article 89 of the Company's Constitution at the forthcoming AGM of the Company. The two Directors, being eligible, had consented to continue in office and would seek re-nomination at the forthcoming AGM.

Each of these Directors, being interested in the matter, had abstained from all discussions and recommendations in respect of their own re-election. Mr Foo Der Rong 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.

# CORPORATE GOVERNANCE REPORT

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.

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 85 to 91 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 57 to 58 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 FY2022, the fees paid by the Company for such legal services amounted to S$33,000. In view of the immaterial quantum of the legal fees, 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 FY2022, 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.

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:

# CORPORATE GOVERNANCE REPORT

**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 | • Exeterstar Holdings Pte Ltd<br>• MHC Asia Holdings Pte Ltd<br>• HLH Group Ltd<br>• Fu Yu Corporation Ltd | • OKP Holdings Ltd<br>• Hiap Seng Engineering Ltd<br>• PSC Corporation Ltd (fka Hanwell Holdings Ltd)<br>• Tat Seng Packaging Group Ltd<br>• Pavillon Holdings Ltd<br>• Sinostar Pec Holdings Ltd<br>• JLM Foundation Ltd<br>• Tianjin Lanting Leasing Co., Ltd (fka Pavillon Financial Leasing Co. Ltd)<br>• Pavillon Business Development (Shanghai) Co. Ltd<br>• Fengchi IOT Management Co., Ltd<br>• SAC Capital Private Limited |
| 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<br>• Aedge Group Limited<br>• Aedge Holdings Pte Ltd<br>• Pavillon Holdings Ltd. | • Southern Lion Sdn Bhd<br>• Noel Gifts International Ltd<br>• Tian International Pte Ltd<br>• SLB Development Ltd |
| Mr Wang DaoFu | Non-executive/ Independent | • Dazhou Commercial Bank<br>• TH Straits 2015 Pte Ltd<br>• SGD Investment Pte Ltd | • Poceq Trading (Shanghai) Co. Ltd<br>• MOBO Information Technology Pte Ltd<br>• Sunpower Group 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 so as 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.

# CORPORATE GOVERNANCE REPORT

Independent Directors, including the Chairman, have no service contract with the Company and their terms are specified in the Constitution of the Company. Independent 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.

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 FY2022:

| Name of Director | Salary | Bonus/Profit sharing | Other benefits(1) | Fees | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Dr Alex Tan | 239,400 | – | 11,460 | – | 250,860 |
| Mr Dro Tan Guan Liang | 164,240 | – | – | – | 164,240 |
| Dr John Chen | – | – | – | 50,400 | 50,400 |
| Mr Foo Der Rong | – | – | – | 33,600 | 33,600 |
| Mr Wang DaoFu | – | – | – | 33,600 | 33,600 |
| **Total** | **403,640** | **–** | **11,460** | **117,600** | **532,700** |

**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 FY2022:

| | Salary | Bonus | Other Benefits[2] | TOTAL |
|---|---|---|---|---|
| **Remuneration Band[1] & Name of Key Management Personnel** | **99.72%** | **–** | **0.28%** | **100.00%** |
| **Below $250,000** | | | | |
| Seow Han Khye | 100.00% | – | – | 100.00% |
| Lok Fong Meng | 100.00% | – | – | 100.00% |
| Tan Pang Sim | 98.70% | – | 1.30% | 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 FY2022 amounted to S$332,533.

**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 FY2022 is less than S$100,000.

# CORPORATE GOVERNANCE REPORT

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

**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. (formerly known as Nexia 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.

# CORPORATE GOVERNANCE REPORT

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.

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.

# CORPORATE GOVERNANCE REPORT

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 2022 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.

## 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.***

# CORPORATE GOVERNANCE REPORT

**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.

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 FY2022 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;

# CORPORATE GOVERNANCE REPORT

- 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;

- 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;

# CORPORATE GOVERNANCE REPORT

- 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.

**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 2023, 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.

# CORPORATE GOVERNANCE REPORT

**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. (formerly known as Nexia 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.

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 FY2022.

**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.

# CORPORATE GOVERNANCE REPORT

## 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 so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.***

**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 2022 ("**Annual Report 2022**"), the notice of AGM and soft copy of the Annual Report 2022 are distributed to all shareholders at least 14 days before the scheduled AGM date on 27 April 2023. Shareholders are invited to attend the general meetings by way of electronic means. Shareholders may submit the questions in advance of the AGM but no later than 10.00 a.m. on 19 April 2023 or ask questions "live" at the AGM. 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 all resolutions will be displayed on the screen during the AGM after the votes for all the resolutions have been tallied and verified by the polling agent and scrutineer.

# CORPORATE GOVERNANCE REPORT

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 2022.

**Provision 11.3 – *All directors attend general meetings of shareholders, and the external auditors are also present 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. Due to the COVID-19 pandemic, alternative arrangements have been put in place to allow shareholders to participate at the AGM held by electronic means ("**eAGM**") by (a) watching/listening to the proceedings of the eAGM via "live" webcast, (b) submitting questions in advance or asking questions "live" at the eAGM, and/or (c) voting at the eAGM.

The Chairman and the Chairpersons of the AC, NC and RC were present at the last eAGM in 2022. All Directors will endeavour to be present at the Company's forthcoming 2023 eAGM to address shareholders' questions relating to the work of these Committees.

The Company's External Auditor, Moore Stephens LLP, will be present at the eAGM 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.

# CORPORATE GOVERNANCE REPORT

**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 FY2022 as the Group was in an operational loss after excluding its one-off gain from the disposals of its two subsidiaries. The proceeds from the disposals are intended to be used for inter alia repayment of loans and borrowings, general working capital purposes, as well as suitable investment opportunities.

## 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.***

# CORPORATE GOVERNANCE REPORT

**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.

## 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.***

# CORPORATE GOVERNANCE REPORT

## 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 so as 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 15 to 48 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.

## 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.

# CORPORATE GOVERNANCE REPORT

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 FY2022.

## 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 FY2022, 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 FY2022, the Company paid fees of S$33,000 (FY2021: S$27,000) 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 FY2022.

## NON-SPONSOR FEES

In compliance with Catalist Rule 1204(21), there were no non-sponsor fees paid to the Company's sponsor, Provenance Capital Pte. Ltd., during FY2022.

# CORPORATE GOVERNANCE REPORT

## APPENDIX – INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

| **Name of Director** | **Foo Der Rong ("Mr Foo")** | **Dro Tan Guan Liang ("Mr Dro Tan")** |
|---|---|---|
| Date of appointment | 10 May 2016 | 1 March 2010 |
| Date of last election | 28 April 2021 | 29 June 2020 |
| Age | 71 | 42 |
| 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 Foo'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 Dro Tan's performance as an Executive Director of the Company. |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive. | Executive.<br><br>He is responsible for and oversees the Group's businesses, branding, innovation, design and development of products, as well as the Group's buildings and infrastructures. |
| Job title | Non-Executive and Independent Director, Chairman of Nominating Committee, Member of Remuneration Committee and Audit Committee. | Executive Director |
| Professional qualifications | Bachelor of Commerce at Nanyang University, Singapore | Master of Architecture and Minor in Technopreneurship at the National University of Singapore |

# CORPORATE GOVERNANCE REPORT

| Name of Director | Foo Der Rong ("Mr Foo") | Dro Tan Guan Liang ("Mr Dro Tan") |
|---|---|---|
| Working experience and occupations (s) during past 10 years | January 2021 to February 2022: Executive Director of Aedge Group Ltd<br><br>June 2019 to December 2020: Executive Director of Aedge Holdings Pte Ltd<br><br>January 2013 to December 2015: Managing Director/Chief Executive Officer of Intraco Ltd<br><br>2003 to 2012: Managing Director/ Chief Executive Officer of Hanwell Holdings Ltd (currently known as PSC Corporation Ltd | Executive Director of the Company |
| Shareholdings interest in the listed issuer and its subsidiaries | NIL | Mr Dro Tan owns 826,000 (0.26%) ordinary shares in the paid-up share capital of 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 | Mr Dro Tan is the son of Dr Alex Tan, CEO&MD and substantial shareholder of the Company |
| Conflicts of interest (including any competing business) | None | None |
| 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** | **Foo Der Rong ("Mr Foo")** | **Dro Tan Guan Liang ("Mr Dro Tan")** |
|---|---|---|
| Other Principal Commitments including Directorships | Past (for the last 5 years)<br>• Aedge Group Ltd<br>• Aedge Holdings Pte Ltd<br>• Pavillon Holdings Ltd<br>• At-Sunrice GlobalChef Academy Pte Ltd<br><br>Present<br>• Noel Gifts International Ltd<br>• Southern Lion Sdn Bhd<br>• SLB Development Ltd<br>• Tian International Pte Ltd | Past (for the last 5 years)<br>NIL<br><br>Present<br>Matex International Limited |
| 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 |

# CORPORATE GOVERNANCE REPORT

| Name of Director | Foo Der Rong ("Mr Foo") | Dro Tan Guan Liang ("Mr Dro Tan") |
|---|---|---|
| (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 |
| (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 |

# CORPORATE GOVERNANCE REPORT

| Name of Director | Foo Der Rong ("Mr Foo") | Dro Tan Guan Liang ("Mr Dro Tan") |
|---|---|---|
| (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 |
| (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 | No |
| (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 |

# CORPORATE GOVERNANCE REPORT

| Name of Director | Foo Der Rong ("Mr Foo") | Dro Tan Guan Liang ("Mr Dro Tan") |
|---|---|---|
| (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 |
| (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 | Foo Der Rong ("Mr Foo") | Dro Tan Guan Liang ("Mr Dro Tan") |
|---|---|---|
| (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 | No | No |
| (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 |
| (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

The directors present their statement together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2022 and statement of financial position as at 31 December 2022 and statement of changes in equity of the Company for the financial year ended 31 December 2022.

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 2022, 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

## 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

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 | – | – |

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 2023.

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

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

**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<br>Director | Mr Tan Guan Liang<br>(Chen Guanliang)<br>Director |

Singapore
30th March 2023

# INDEPENDENT AUDITORS' 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 2022, 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 a summary of significant accounting policies.

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 2022 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 AUDITORS' 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**<br><br>We refer to Note 2.14, Note 3.2(a), Note 14 and Note 29(a) to the financial statements.<br><br>As at 31 December 2022, the carrying amount of the Group's trade receivables amounted to S$1,157,000, net of allowance for expected credit loss ("ECL") of S$2,622,000.<br><br>During the current financial year, the Group writes back ECL of S$543,000 on these trade receivables.<br><br>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.<br><br>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.<br><br>We found the estimates used by management in deriving the expected credit loss model and impairment provision adequate. |
| **Valuation of inventories**<br><br>We refer to Note 2.16, Note 3.2(b) and Note 13 to the financial statements.<br><br>The carrying amount of the Group's inventories amounted to S$3,244,000 as at 31 December 2022.<br><br>Inventories are carried in the financial statements at the lower of cost and net realisable value.<br><br>During the current financial year, the Group writes down inventories of S$2,478,000.<br><br>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:<br><br>– 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.<br><br>– 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.<br><br>– We evaluated and tested management's assessment of inventories to state them at the lower of cost and net realisable value.<br><br>We found the estimates used by management in deriving the write down for inventory obsolescence to be within a reasonable range. |

# INDEPENDENT AUDITORS' 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** AUDITORS' 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 AUDITORS' 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
30th March 2023

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | Group | |
|---|---|---|---|
| | | **2022** | **2021** |
| | | **$'000** | **$'000** |
| Revenue | 4 | **14,589** | 20,925 |
| Cost of sales | | **(12,079)** | (18,285) |
| **Gross profit** | | **2,510** | 2,640 |
| Other income | | **12,460** | 334 |
| Selling and distribution expenses | | **(1,653)** | (1,824) |
| Administrative expenses | | **(9,622)** | (7,394) |
| Other operating expenses | | **(150)** | (192) |
| Finance income | 5 | **77** | 21 |
| Finance expenses | 5 | **(433)** | (728) |
| Write back of loss allowance on trade receivables | | **543** | 100 |
| **Profit/(loss) before taxation** | 7 | **3,732** | (7,043) |
| Income tax expense | 8 | **(33)** | (29) |
| **Profit/(loss) for the year** | | **3,699** | (7,072) |
| **Other comprehensive (loss)/income:** | | | |
| *Item that may be reclassified subsequently to profit or loss* | | | |
| Currency translation difference | | **(24)** | 217 |
| **Other comprehensive (loss)/income for the year, net of tax** | | **(24)** | 217 |
| **Total comprehensive income/(loss) for the year** | | **3,675** | (6,855) |
| **Profit/(loss) attributable to:** | | | |
| Owners of the Company | | **7,273** | (4,930) |
| Non-controlling interests | | **(3,574)** | (2,142) |
| | | **3,699** | (7,072) |
| **Total comprehensive income/(loss) attributable to:** | | | |
| Owners of the Company | | **7,096** | (4,726) |
| Non-controlling interests | | **(3,421)** | (2,129) |
| | | **3,675** | (6,855) |
| **Earning/(loss) per share (cents per share)** | | | |
| – Basic and diluted | 26 | **2.33** | (1.58) |

# STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | **Note** | **2022** | **2021** | **2022** | **2021** |
| | | **$'000** | **$'000** | **$'000** | **$'000** |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 9 | **360** | 468 | **2** | 4 |
| Right-of-use assets | 10 | **1,442** | 453 | **5** | 9 |
| Intangible assets | 11 | **–** | 158 | **–** | 160 |
| Investment in subsidiaries | 12 | **–** | – | **516** | 5,119 |
| | | **1,802** | 1,079 | **523** | 5,292 |
| **Current assets** | | | | | |
| Inventories | 13 | **3,244** | 2,530 | **–** | – |
| Trade and notes receivables | 14 | **2,204** | 2,154 | **679** | 784 |
| Other receivables and deposits | 15 | **5,011** | 1,200 | **3,285** | 1,159 |
| Prepayments | | **69** | 184 | **51** | 54 |
| Fixed deposits | 16 | **–** | 1,501 | **–** | – |
| Cash and bank balances | 16 | **11,924** | 5,654 | **8,878** | 177 |
| Assets held for sale | 17 | **–** | 15,918 | **–** | – |
| | | **22,452** | 29,141 | **12,893** | 2,174 |
| **Total assets** | | **24,254** | 30,220 | **13,416** | 7,466 |
| **Current liabilities** | | | | | |
| Trade payables | 18 | **590** | 1,328 | **–** | – |
| Other payables and accruals | 19 | **4,079** | 4,981 | **260** | 197 |
| Contract liabilities | 4 | **16** | 18 | **–** | – |
| Lease liabilities | 10 | **565** | 326 | **–** | 2 |
| Term loans | 20 | **2,401** | 1,948 | **–** | – |
| Liabilities held for sale | 17 | **–** | 10,597 | **–** | – |
| Tax payable | | **–** | 25 | **–** | – |
| | | **7,651** | 19,223 | **260** | 199 |
| **Net current assets** | | **14,801** | 9,918 | **12,633** | 1,975 |

# STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | Group 2022 $'000 | Group 2021 $'000 | Company 2022 $'000 | Company 2021 $'000 |
|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | |
| Deferred tax liabilities | 21 | **59** | 74 | **–** | – |
| Other payables | 19 | **13** | – | **–** | – |
| Term loan | 20 | **661** | 3,499 | **–** | – |
| Lease liabilities | 10 | **771** | 348 | **–** | – |
| | | **1,504** | 3,921 | **–** | – |
| **Net assets** | | **15,099** | 7,076 | **13,156** | 7,267 |
| **Equity** | | | | | |
| Share capital | 22 | **24,603** | 24,603 | **24,603** | 24,603 |
| Capital reserve | 23 | **294** | 294 | **–** | – |
| Enterprise expansion reserve | 24 | **4,349** | 4,417 | **–** | – |
| General reserve | 24 | **4,349** | 4,417 | **–** | – |
| Translation reserve | 25 | **44** | 244 | **–** | – |
| Accumulated losses | | **(18,764)** | (26,173) | **(11,447)** | (17,336) |
| | | **14,875** | 7,802 | **13,156** | 7,267 |
| Non-controlling interests | | **224** | (726) | **–** | – |
| **Total equity** | | **15,099** | 7,076 | **13,156** | 7,267 |

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | 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 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 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** |
| **Opening balance as at 1 January 2021** | 24,603 | 294 | 4,417 | 4,417 | 40 | (21,243) | 12,528 | 1,403 | 13,931 |
| Loss for the year | – | – | – | – | – | (4,930) | (4,930) | (2,142) | (7,072) |
| Other comprehensive income for the year | – | – | – | – | 204 | – | 204 | 13 | 217 |
| Total comprehensive loss for the year | – | – | – | – | 204 | (4,930) | (4,726) | (2,129) | (6,855) |
| **Closing balance as at 31 December 2021** | 24,603 | 294 | 4,417 | 4,417 | 244 | (26,173) | 7,802 | (726) | 7,076 |

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Share capital $'000 | Accumulated losses $'000 | Total $'000 |
|---|---|---|---|
| **Company** | | | |
| **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** |
| **Opening balance as at 1 January 2021** | 24,603 | (16,347) | 8,256 |
| Loss for the year | – | (989) | (989) |
| **Closing balance as at 31 December 2021** | 24,603 | (17,336) | 7,267 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit/(Loss) before taxation | **3,732** | (7,043) |
| Adjustments: | | |
| Interest expense on borrowings and lease liabilities | **433** | 728 |
| Interest income | **(77)** | (21) |
| Write back of loss allowance on trade receivables | **(543)** | (100) |
| Loss/(gain) on disposal of property, plant and equipment | **226** | (2) |
| Property, plant and equipment written off | **99** | 50 |
| Depreciation of property, plant and equipment | **641** | 963 |
| Depreciation of right-of-use assets | **428** | 180 |
| Gain on de-recognised of lease contract | **(1)** | – |
| Reversal of impairment of non-financial assets | **–** | (10) |
| Amortisation of intangible assets | **160** | 161 |
| Inventories written down | **2,478** | 12 |
| Write back of provision for inventory obsolescence | **–** | (162) |
| Net gain on disposal of assets held-for-sale | **(12,326)** | – |
| Exchange differences | **682** | 28 |
| **Operating cash flows before changes in working capital changes** | **(4,068)** | (5,216) |
| Decrease in inventories | **290** | 3,691 |
| Decrease in trade and notes receivables | **2,447** | 945 |
| (Increase)/decrease in other receivables and prepayments | **(3,434)** | 571 |
| Increase in trade and other payables | **3,915** | 987 |
| Decrease in contract liabilities | **(30)** | (80) |
| Decrease in other long-term liabilities | **–** | (3) |
| **Cash flows (used in)/generated from operations** | **(880)** | 895 |
| Interest paid | **(433)** | (728) |
| Interest received | **77** | 21 |
| Income tax refunded | **62** | 50 |
| **Net cash (used in)/generated from operations** | **(1,174)** | 238 |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | **(76)** | (273) |
| Proceeds from disposal of property, plant and equipment | **–** | 6 |
| Net cash inflow on disposal of subsidiaries | **8,461** | – |
| Repayment from former subsidiary | **3,380** | – |
| **Net cash flows generated from/(used in) investing activities** | **11,765** | (267) |

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Decrease in restricted cash | | **1,500** | – |
| Proceeds from loans and borrowings | | **464** | 4,153 |
| Payment of principal portion of lease liabilities | | **(827)** | (461) |
| Repayment of loans and borrowings | | **(5,956)** | (1,785) |
| **Net cash flows (used in)/generated from financing activities** | | **(4,819)** | 1,907 |
| Net increase in cash and cash equivalents | | **5,772** | 1,878 |
| Effect of exchange rate changes on cash and cash equivalents | | **(303)** | 108 |
| Cash and cash equivalents at the beginning of the year | | **6,455** | 4,469 |
| **Cash and cash equivalents at the end of the year** | 16 | **11,924** | 6,455 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022 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 SIGNIFICANT 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 2022, 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 2022

## 2 SUMMARY OF SIGNIFICANT 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 – 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) 1-1 | *Amendments to SFRS(I) 1-1 – Disclosure of Accounting Policies and SFRS(I) Practice Statement 2 Making Materiality Judgements* | 1 January 2023 |
| Amendments to SFRS(I) 1-8 | *Amendments to SFRS(I) 1-8 – Definition of Accounting Estimates* | 1 January 2023 |
| Amendments to SFRS(I) 1-12 | *Amendments to SFRS(I) 1-12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* | 1 January 2023 |
| 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 2022

## 2 SUMMARY OF SIGNIFICANT 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 2022

## 2 SUMMARY OF SIGNIFICANT 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Impairment losses are recognised in profit or loss.

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

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 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Financial instruments (Continued)

*(a)* *Financial assets* (Continued)

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.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

*(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 2022

## 2 SUMMARY OF SIGNIFICANT 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 2022

## 2 SUMMARY OF SIGNIFICANT 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 2022

## 2 SUMMARY OF SIGNIFICANT 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 are 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 2022

## 2 SUMMARY OF SIGNIFICANT 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 2022

## 2 SUMMARY OF SIGNIFICANT 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 and auxiliaries 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 2022

## 2 SUMMARY OF SIGNIFICANT 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 2022

## 2 SUMMARY OF SIGNIFICANT 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 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Non-current Assets (or Disposal Group) Classified as Held for Sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary company, all of the assets and liabilities of that subsidiary company are classified as held for sale when the criteria set out above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary company after the sale.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

When the criteria set out above are no longer met, the Group will cease to classify the asset (or disposal group) as held for sale, The Group will measure the non-current asset (or disposal group) that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and its recoverable amount at the date of the subsequent decision not to sell or distribute.

## 3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated 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 Group's consolidated 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.

# NOTES TO THE FINANCIAL STATEMENTS



## 3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 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 2022 are $1,157,000 (2021: $1,778,000) and $679,000 (2021: $784,000) respectively.

*(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 13 to the financial statements.

The carrying amount of the Group's inventories as at 31 December 2022 is $3,244,000 (2021: $2,530,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.2 Key sources of estimation uncertainty (Continued)

(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 2022 is $360,000 and $1,442,000 (2021: $468,000 and $453,000) respectively.

## 4 REVENUE

(a) *Disaggregation of revenue*

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| **Primary geographical markets** | | |
| People's Republic of China ("PRC") | **10,520** | 15,640 |
| Malaysia | **1,342** | 1,447 |
| Singapore | **2,727** | 3,838 |
| Sale of goods at a point in time | **14,589** | 20,925 |

(b) *Receivables and contract liabilities*

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

| | Group | | |
|---|---|---|---|
| | | | **1 January** |
| | **2022** | **2021** | **2021** |
| | **$'000** | **$'000** | **$'000** |
| Receivables from contract with customers (Note 14) | **1,157** | 1,778 | 3,331 |
| Contract liabilities | **16** | 18 | 124 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 4 REVENUE (CONTINUED)

(b) *Receivables and contract liabilities* (Continued)

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 | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | **18** | 124 |
| Increase due to cash received, excluding amounts recognised as revenue during the year | **(16)** | (18) |

## 5 FINANCE INCOME/(EXPENSES)

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Finance income | | |
| – Interests from fixed deposits and bank balances | **77** | 21 |
| Finance expenses | | |
| – Interest on term loans | **(383)** | (675) |
| – Interest on lease liabilities | **(50)** | (53) |
| | **(433)** | (728) |

## 6 PERSONNEL EXPENSES

The following personnel expenses include directors' remuneration.

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Salaries and bonuses | **3,511** | 3,421 |
| Defined contribution plans | **147** | 144 |
| Other personnel expenses | **396** | 508 |
| | **4,054** | 4,073 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 7 PROFIT/(LOSS) BEFORE TAXATION

This is determined after charging the following:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Amortisation of intangible assets (Note 11) | **(160)** | (161) |
| Depreciation of property, plant and equipment | **(641)** | (963) |
| Depreciation of right-of-use assets | **(428)** | (180) |
| Reversal of impairment of non-financial assets | **–** | 10 |
| Inventories recognised as an expense in cost of sales (Note 13) | **(12,079)** | (18,285) |
| Audit fees paid to: | | |
| – Auditor of the Company | **(89)** | (80) |
| – Other auditors (network firm) | **(73)** | (112) |
| – Other auditors (non-network firm) | **(103)** | (105) |
| Non-audit fees paid to: | | |
| – Auditor of the Company | **–** | – |
| – Other auditors | **(2)** | (2) |
| Personnel expenses (Note 6) | **(4,054)** | (4,073) |
| Inventories written down (Note 13) | **(2,478)** | (12) |
| Write back of provision for inventory obsolescence^ (Note 13) | **–** | 162 |
| Foreign exchange loss | **(372)** | (12) |
| (Loss)/gain on disposal of property, plant and equipment | **(226)** | 2 |
| Property, plant and equipment written off | **(99)** | (50) |
| Net gain on disposal asset-held-for-sale (included in other income) | **12,326** | – |
| Gain on derecognised of lease contract | **1** | – |
| Transportation expense | **(87)** | (46) |
| Government grants* | **30** | 115 |

* In response to the COVID-19 coronavirus pandemic, wage subsidy programmes for companies that had to shut their operations and furlough staff were introduced by the governments of the affected subsidiaries including Singapore and Malaysia. The government grants income received during the financial years are substantially the wage subsidies from these governments.

^ The write back of provision for inventory obsolescence during the financial years was because certain inventories previously written down below cost have been sold at higher selling price.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 8 INCOME TAX EXPENSE

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

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Statement of comprehensive income: | | |
| Current income tax: | | |
| – Current income taxation | 39 | 6 |
| – Under-provision in respective of previous years | 9 | – |
| Deferred tax | | |
| – Current year charge (Note 21) | (15) | 23 |
| Income tax expense recognised in the statement of comprehensive income | 33 | 29 |

Relationship between tax expense and accounting loss

A reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 2021 is as follows:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $'000 | $'000 |
| Profit/(loss) before taxation | 3,732 | (7,043) |
| Tax at domestic tax rate of 17% (2020: 17%) | 634 | (1,197) |
| Adjustments: | | |
| Non-deductible expenses | 939 | 400 |
| Income not subject to taxation | (1,998) | (62) |
| Difference in tax rates applicable to overseas operations | (668) | (472) |
| Utilisation of deferred tax assets previously not recognised | (166) | (105) |
| Deferred tax assets not recognised | 832 | 618 |
| Deferred tax assets not recognised for disposal group | 451 | 847 |
| Under-provision in respect of previous years | 9 | – |
| Income tax expense recognised in the statement of comprehensive income | 33 | 29 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 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 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 |
| Cost | | | | | | |
| At 1 January 2021 | 19,056 | 13,881 | 1,300 | 1,019 | 710 | 35,966 |
| Additions | 129 | 22 | 11 | 22 | 89 | 273 |
| Disposals/written off | (78) | – | (3) | (69) | – | (150) |
| Reclassification | 308 | – | – | – | (308) | – |
| Transferred to assets held for sale | (18,593) | (834) | (350) | (53) | (63) | (19,893) |
| Exchange differences | 546 | 608 | 85 | 24 | 29 | 1,292 |
| At 31 December 2021 | 1,368 | 13,677 | 1,043 | 943 | 457 | 17,488 |
| Accumulated depreciation and impairment loss | | | | | | |
| 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 |
| At 1 January 2021 | 10,738 | 13,701 | 991 | 1,002 | 457 | 26,889 |
| Charge for the year | 832 | 39 | 81 | 11 | – | 963 |
| Disposals/written off | (27) | – | (2) | (67) | – | (96) |
| Reversal of impairment loss | – | – | – | (10) | – | (10) |
| Transferred to assets held for sale | (10,662) | (659) | (298) | (45) | – | (11,664) |
| Exchange differences | 352 | 531 | 26 | 29 | – | 938 |
| At 31 December 2021 | 1,233 | 13,612 | 798 | 920 | 457 | 17,020 |
| Net carrying amount | | | | | | |
| At 31 December 2021 | 135 | 65 | 245 | 23 | – | 468 |
| At 31 December 2022 | 119 | 42 | 182 | 17 | – | 360 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Leasehold properties $'000 | Plant and equipment $'000 | Renovation, electrical and fittings $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| 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 |
| 2021 | | | | | |
| Cost | | | | | |
| At 1 January 2021 | 162 | 527 | 1 | 351 | 1,041 |
| Disposals | – | – | – | (69) | (69) |
| At 31 December 2021 | 162 | 527 | 1 | 282 | 972 |
| Accumulated depreciation | | | | | |
| At 1 January 2021 | 158 | 521 | 1 | 350 | 1,030 |
| Charge for the year | 4 | 2 | – | – | 6 |
| Disposals | – | – | – | (68) | (68) |
| At 31 December 2021 | 162 | 523 | 1 | 282 | 968 |
| Net carrying amount | | | | | |
| At 31 December 2021 | – | 4 | – | – | 4 |

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 $76,000 (2021: $273,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 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 year ended 31 December 2022 and 31 December 2021.

The recoverable amounts were computed based on value in use using a discounted cash flow projection. The post-tax discount rates used were 10.55% (Singapore), 10.38% (Malaysia) and 10.35% (PRC) (2021: 12.42% (Singapore), 11.19% (Malaysia) and 11.45% (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 period:

| 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 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 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 |
|---|---|---|---|---|---|
| 2021 | | | | | |
| Cost | | | | | |
| At 1 January 2021 | 1,980 | 2,134 | 119 | 20 | 4,253 |
| Transferred to assets held for sale | – | (1,809) | – | – | (1,809) |
| Exchange differences | – | 97 | (1) | – | 96 |
| At 31 December 2021 | 1,980 | 422 | 118 | 20 | 2,540 |
| Accumulated depreciation and impairment loss | | | | | |
| At 1 January 2021 | 1,444 | 1,663 | 80 | 10 | 3,197 |
| Depreciation charge for the year | 115 | 49 | 14 | 2 | 180 |
| Transferred to assets held for sale | – | (1,366) | – | – | (1,366) |
| Exchange differences | – | 76 | – | – | 76 |
| At 31 December 2021 | 1,559 | 422 | 94 | 12 | 2,087 |
| Net carrying amount | | | | | |
| At 31 December 2021 | 421 | – | 24 | 8 | 453 |

(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 2022, the remaining amortisation period of the land use rights in Tang-Zhen Pudong is 4 years.

Assets pledged as security

The Group's motor vehicles with a carrying amount of $5,000 (2021: $23,000), 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 year ended 31 December 2022 and 31 December 2021. The recoverable amount is computed based on value in use using a discounted cash flow projection. The post-tax discount rate used is 10.35% (2021: 11.45%).

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

The following are the amounts recognised in profit or loss:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Depreciation of right-of-use assets | **428** | 180 |
| Interest on lease liabilities | **50** | 53 |

Total cash outflows for leases amounted to S$827,000 (2021: S$461,000).

Future minimum lease payments are disclosed as follows:

| | Group | |
|---|---|---|
| | **Minimum payments** | **Present value of payments** |
| | **2022** | **2022** |
| | **$'000** | **$'000** |
| Not later than one year | **610** | 565 |
| One to two 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 |

| | Group | |
|---|---|---|
| | **Minimum payments** | **Present value of payments** |
| | **2021** | **2021** |
| | **$'000** | **$'000** |
| Not later than one year | **344** | 326 |
| One to two years | **279** | 247 |
| Two to three years | **105** | 101 |
| Total minimum lease payments | **728** | 674 |
| Less: amounts representing finance charges | **(54)** | – |
| Present value of minimum lease payments | **674** | 674 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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

| | 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 | – | – |

| | Company | |
|---|---|---|
| | Minimum payments 2021 $'000 | Present value of payments 2021 $'000 |
| Not later than one year | 2 | 2 |
| Total minimum lease payments | 2 | 2 |
| Less: amounts representing finance charges | * | – |
| Present value of minimum lease payments | 2 | 2 |

* Not material

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 11 INTANGIBLE ASSETS

| | Group Software $'000 | Company Software $'000 |
|---|---|---|
| 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 | – | – |
| 2021 | | |
| Cost | | |
| At 1 January 2021 | 1,036 | 807 |
| Exchange differences | (1) | – |
| At 31 December 2021 | 1,035 | 807 |
| Accumulated amortisation | | |
| At 1 January 2021 | 716 | 485 |
| Amortisation | 161 | 162 |
| At 31 December 2021 | 877 | 647 |
| Net carrying amount | | |
| At 31 December 2021 | 158 | 160 |

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 2022, there is no remaining amortisation period of software (2021: 1 year).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 12 INVESTMENT IN SUBSIDIARIES

| | Company 2022 $'000 | Company 2021 $'000 |
|---|---|---|
| Unquoted equity shares, at cost | **3,970** | 12,650 |
| Less: Impairment losses | **(3,454)** | (7,531) |
| | **516** | 5,119 |

(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 2022 % | Proportion (%) of ownership interest 2021 % |
|---|---|---|---|---|
| **Held by the Company** | | | | |
| Matex Holdings Pte Ltd ("MHPL")[4] | 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 |
| Amly Chemicals Co., Ltd ("ACL")[2],[6] | Manufacturing and sale of dyestuffs, auxiliaries and textile chemicals | PRC | **–** | 100 |
| Matex Chemicals (Taixing) Co., Ltd ("MCT")[5],[6] | Manufacturing and sale of dyestuffs | PRC | **–** | 60 |
| Dedot Sdn Bhd ("DSB")[3] | Manufacturing and wholesale of all kinds of garments, textile products and chemical products (currently dormant) | Malaysia | **–** | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) *Composition of the Group* (Continued)

| Name of subsidiaries | Principal activities | Country of incorporation | Proportion (%) of ownership interest 2022 % | 2021 % |
|---|---|---|---|---|
| **Held by the Company** (Continued) | | | | |
| Matex Chemicals Technologies (Shanghai) Co., Ltd ("MTL")[(2)] | General wholesale trading | PRC | **100** | 100 |
| **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 |

(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 Ling Kam Hoong & Co., Certified Public Accountants in Malaysia and strike off during current financial year;

(4) Audited by AccAssurance LLP, Chartered Accountants in Singapore;

(5) Audited by Moore Da-Hua, Certified Public Accountants in the PRC (a member firm of Moore Global Network Limited);

(6) Disposed in current financial year

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 2022, an impairment loss of S$3,454,000 (2021: S$7,531,000) 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 8% to 14% (2021: 8% to 14%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 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 2022: | | | | |
| Matex Chemicals (Taixing) Co., Ltd | PRC | 40% | (1,999) | – |
| Shanghai Matex Chemicals Co., Ltd | PRC | 40% | (1,575) | 224 |
| 31 December 2021: | | | | |
| Matex Chemicals (Taixing) Co., Ltd | PRC | 40% | (1,499) | (2,564) |
| Shanghai Matex Chemicals Co., Ltd | PRC | 40% | (630) | 1,838 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(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") | | Matex Chemicals (Taixing) Co., Ltd. ("MCT") | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| **Current** | | | | |
| Assets | **3,873** | 8,382 | **–** | 6,582 |
| Liabilities | **(3,980)** | (3,907) | **–** | (20,590) |
| Net current assets/(liabilities) | **(107)** | 4,475 | **–** | (14,008) |
| **Non-current** | | | | |
| Assets | **1,212** | 122 | **–** | 7,596 |
| Liabilities | **(546)** | – | **–** | – |
| Net non-current assets | **666** | 122 | **–** | 7,596 |
| Net assets/(Net liabilities) | **559** | 4,597 | **–** | (6,412) |

**Summarised statement of comprehensive income**

| | SMC | | MCT | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Revenue | **3,457** | 1,313 | **4,518** | 7,907 |
| Loss before taxation | **(3,938)** | (1,819) | **(4,995)** | (3,533) |
| Income tax expense | **–** | – | **–** | – |
| Loss after tax | **(3,938)** | (1,819) | **(4,995)** | (3,533) |
| Other comprehensive income | **–** | – | **–** | – |
| Total comprehensive loss | **(3,938)** | (1,819) | **(4,995)** | (3,533) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (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<br>$'000 | MCT<br>$'000 | Total<br>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 |

*Analysis of assets and liabilities over which control was lost*

| | ACL<br>$'000 | MCT<br>$'000 | Total<br>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<br>$'000 | MCT<br>$'000 | Total<br>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 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 13 INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Statement of financial position** | | | | |
| Raw materials | **1,035** | 958 | **–** | – |
| Work-in-progress | **69** | 86 | **–** | – |
| Finished goods | **2,140** | 1,486 | **–** | – |
| Total inventories at lower of cost and net realisable value | **3,244** | 2,530 | **–** | – |
| **Statement of comprehensive income:** | | | | |
| Inventories recognised as an expense in cost of sales | **12,079** | 18,285 | **–** | – |
| Write back of inventory provision credited to the income statement | **–** | (162) | **–** | – |
| Inventories written down charged to the income statement | **2,478** | 12 | **–** | – |

## 14 TRADE AND NOTES RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Trade receivables | | | | |
| – Third parties | **1,157** | 1,778 | **–** | – |
| – Amount due from a subsidiary | **–** | – | **679** | 784 |
| | **1,157** | 1,778 | **679** | 784 |
| Notes receivables | **1,047** | 376 | **–** | – |
| Total trade and notes receivables | **2,204** | 2,154 | **679** | 784 |
| Add: | | | | |
| Other receivables (Note 15) | **4,936** | 1,083 | **1,164** | 2 |
| Deposits (Note 15) | **41** | 39 | **1** | 1 |
| Amount due from subsidiaries (Note 15) | **–** | – | **2,120** | 1,156 |
| Cash and bank balances (Note 16) | **11,924** | 5,654 | **8,878** | 177 |
| Fixed deposits (Note 16) | **–** | 1,501 | **–** | – |
| Total financial assets carried at amortised cost | **19,105** | 10,431 | **12,842** | 2,120 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 14 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 | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| United States Dollar | **225** | 440 | **679** | 784 |

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 (2021: 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 | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Movement in allowance accounts: | | | | |
| At 1 January | **3,310** | 3,674 | **1,377** | 1,661 |
| Written-back | **(543)** | (100) | **(494)** | (284) |
| Transfer to asset held for sale | **–** | (376) | **–** | – |
| Exchange differences | **(145)** | 112 | **–** | – |
| At 31 December | **2,622** | 3,310 | **883** | 1,377 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 15 OTHER RECEIVABLES AND DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Other receivables | **4,936** | 1,083 | **1,164** | 2 |
| Deposits | **41** | 39 | **1** | 1 |
| Tax recoverable | **34** | 78 | **–** | – |
| Amounts due from subsidiaries | **–** | – | **2,120** | 1,156 |
| | **5,011** | 1,200 | **3,285** | 1,159 |

The amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand and are to be settled in cash.

Other receivables comprise 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 is unsecured, interest-free and repayable on demand.

## 16 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Cash at banks and on hand | **11,924** | 5,654 | **8,878** | 177 |
| Fixed deposits | **–** | 1,501 | **–** | – |
| | **11,924** | 7,155 | **8,878** | 177 |
| Less: Restricted cash | **–** | (1,500) | **–** | – |
| Add: Cash at bank incurred in asset held for sale | **–** | 800 | **–** | – |
| | **11,924** | 6,455 | **8,878** | 177 |

Restricted cash are cash that are placed as collateral with banks for the term loans taken up by subsidiaries.

Cash at bank earned interest at rates based on daily bank deposit rates ranging from 0.05% to 0.25% (2021: 0.05% to 0.25%) per annum.

Fixed deposits were placed with financial institutions for varying periods of between 7 days to 6 months depending on the immediate cash requirements of the Group. The fixed deposits earned interest at fixed deposit rates ranging from 0.15% to 0.30% (2021: 0.15% to 0.30%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 16 CASH AND CASH EQUIVALENTS (CONTINUED)

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 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| United States Dollar | **8,988** | 1,729 | **8,683** | 54 |

## 17 ASSETS/LIABILITIES HELD FOR SALE

(i) Proposed disposal of Matex Chemicals (Taixing) Co., Ltd. ("MCT")

On 7 April 2021, the Group has announced the strategic disposal of the Group's 60% equity interest in MCT (the "Proposed Disposal 1") to Shengzhou Lv Huan Digital Offset Printing Co., Ltd.. On 28 April 2021, the Group obtained Shareholders' approval for the Proposed Disposal at the extraordinary general meeting held on the same day. The Proposed Disposal is subject to certain conditions precedent, including having the shareholders of the remaining 40% equity interest in MCT ("Other Shareholders of MCT") to also sell their stakes to the purchaser. The disposal was completed on 29 August 2022.

(ii) Proposed disposal of Amly Chemicals Co., Ltd. ("ACL")

On 26 August 2021, the Group has entered into a non-binding Memorandum of Understanding in relation to a proposed disposal of ACL (the "Proposed Disposal 2"). Subsequent to the financial year, on 23 February 2022, the Group has entered into a sale and purchase agreement (the "Agreement") with Taixing Jinfu Chemistry Co. Ltd, (the "Purchaser") in respect of the sale of 100% of the registered capital in ACL holding for a cash consideration of RMB50,000,000 (S$10,600,000). The disposal was completed on 8 July 2022.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 17 ASSETS/LIABILITIES HELD FOR SALE (CONTINUED)

| | | Group | |
|---|---|---|---|
| | | **2022** | **2021** |
| | | **$'000** | **$'000** |
| **Total Assets (excluding intercompany balances)** | | | |
| Assets related to MCT – Proposed Disposal 1 | (a) | – | 13,784 |
| Assets related to ACL – Proposed Disposal 2 | (b) | – | 2,134 |
| | | – | 15,918 |
| **Total Liabilities (excluding intercompany balances)** | | | |
| Liabilities related to MCT – Proposed Disposal 1 | (a) | – | (7,718) |
| Liabilities related to ACL – Proposed Disposal 2 | (b) | – | (2,879) |
| | | – | (10,597) |

(a) Assets/liabilities related to MCT – Proposed Disposal 1

The major classes of assets and liabilities (excluding intercompany balances) at the end of the reporting period were as follows:

| | **2021** |
|---|---|
| | **$'000** |
| Assets | |
| Property, plant and equipment | 6,831 |
| Right-of-use assets | 371 |
| Inventories | 4,349 |
| Trade and notes receivables | 1,730 |
| Cash and bank balances | 503 |
| | 13,784 |
| Liabilities | |
| Trade payables | (6) |
| Bill payables to banks | (254) |
| Other payables and accruals | (1,802) |
| Term loans | (5,656) |
| | (7,718) |
| Net assets held for sale | 6,066 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 17 ASSETS/LIABILITIES HELD FOR SALE (CONTINUED)

(b) Assets/liabilities related to ACL – Proposed Disposal 2

The major classes of assets and liabilities (excluding intercompany balances) at the end of the reporting period were as follows:

| | **2021** |
|---|---|
| | **$'000** |
| Assets | |
| Property, plant and equipment | 1,398 |
| Right-of-use assets | 72 |
| Inventories | 274 |
| Trade and notes receivables | 42 |
| Other receivables and deposits | 51 |
| Cash and bank balances | 297 |
| | 2,134 |
| Liabilities | |
| Trade payables | (280) |
| Other payables and accruals | (479) |
| Term loans | (2,120) |
| | (2,879) |
| Net liabilities held for sale | (745) |

## 18 TRADE PAYABLES

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Trade payables | **590** | 1,328 | **–** | – |
| Add: | | | | |
| Other payables and accruals* (Note 19) | **4,092** | 4,981 | **260** | 197 |
| Lease liabilities (Note 10) | **1,336** | 674 | **–** | – |
| Term loans (Note 20) | **3,062** | 5,447 | **–** | – |
| Less: | | | | |
| Provision for unutilised leave | **(47)** | (38) | **(30)** | (15) |
| Total financial liabilities at amortised cost | **9,033** | 12,392 | **230** | 182 |

* including non-current amounts

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 18 TRADE PAYABLES (CONTINUED)

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 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| United States Dollar | **31** | 279 | **–** | – |

## 19 OTHER PAYABLES AND ACCRUALS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Other payables | **3,664** | 4,586 | **8** | 2 |
| Accrued operating expenses | **224** | 237 | **163** | 146 |
| Accrued payroll related expenses | **204** | 158 | **89** | 49 |
| | **4,092** | 4,981 | **260** | 197 |

Other payables and accruals are presented as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Current liabilities | **4,079** | 4,981 | **260** | 197 |
| Non-current liabilities | **13** | – | **–** | – |
| | **4,092** | 4,981 | **260** | 197 |

Other payables are non-interest bearing and are generally settled on 30 to 90 days' terms.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 20 TERM LOANS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| SGD loan | **1,326** | 4,174 | **–** | – |
| Chinese Renminbi ("RMB") loans | **1,736** | 1,273 | **–** | – |
| | **3,062** | 5,447 | **–** | – |

The term loans are presented as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Current | **2,401** | 1,948 | **–** | – |
| Non-current | **661** | 3,499 | **–** | – |
| | **3,062** | 5,447 | **–** | – |

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.

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 2023 to May 2023. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 20 TERM LOANS (CONTINUED)

A reconciliation of liabilities arising from financing activities is as follows:

| | | | | 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** |

| | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|
| | **1 January 2021 $'000** | **Net cash flows $'000** | **Accretion of interest for lease liabilities $'000** | **Foreign exchange movement $'000** | **Others $'000** | **31 December 2021 $'000** |
| Term loans | 10,483 | 2,368 | – | 372 | (7,776) | 5,447 |
| Lease liabilities (Note 10) | | | | | | |
| – current | 527 | (461) | 53 | (103) | 310 | 326 |
| – non-current | 667 | – | – | (9) | (310) | 348 |
| Total | 11,677 | 1,907 | 53 | 260 | (7,776) | 6,121 |

The 'other' column relates to transfer to liabilities held for sale and reclassification of non-current portion of lease liability to current.

## 21 DEFERRED TAX

Deferred tax liabilities as at 31 December relate to the following:

| | Group | |
|---|---|---|
| | **2022 $'000** | **2021 $'000** |
| Undistributed earnings of subsidiaries | **59** | 74 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 21 DEFERRED TAX (CONTINUED)

An analysis of the deferred tax liabilities is as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| At 1 January | **74** | 51 |
| Movement in deferred taxes: | | |
| – current financial year | **(15)** | 23 |
| At 31 December | **59** | 74 |

Unrecognised tax losses and deductible temporary differences

The Group has unutilised tax losses and deductible temporary differences of approximately $34,130,000 (2021: $52,000,000) and $520,000 (2021: $623,000) and the Company has unutilised tax losses of $17,795,000 (2021: $23,489,000) respectively, 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** |
|---|---|---|
| 2018 | 31 December 2023 | 2,932 |
| 2019 | 31 December 2024 | 2,545 |
| 2020 | 31 December 2025 | 1,817 |
| 2021 | 31 December 2026 | 2,419 |
| 2022 | 31 December 2027 | 2,302 |

The unabsorbed tax losses from the PRC which expired during the current year was $2,715,000 (2021: $389,000).

Temporary differences relating to investments in subsidiaries

At the end of the reporting period, $59,000 (2021: $74,000) of deferred tax liabilities have been recognised for taxes that would be payable on the undistributed earnings of the Group's subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 22 SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Number of shares '000 | $'000 | Number of shares '000 | $'000 |
| Issued and fully paid ordinary shares: | | | | |
| At beginning/end of the year | **311,698** | **24,603** | 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.

## 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 EARNING/(LOSS) PER SHARE

Earning per share is calculated by dividing the net income attributable to owners of the Company of $7,273,000 (2021: loss of $4,930,000) by the weighted average number of ordinary shares outstanding during the year of 311,698,153 (2021: 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 2022 and 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Short-term employee benefits | **760** | 720 |
| Defined contribution plans | **46** | 46 |
| Other short-term benefits | **75** | 119 |
| | **881** | 885 |
| Comprise amounts paid to: | | |
| – Directors of the Company | **549** | 413 |
| – Other key management personnel | **332** | 472 |
| | **881** | 885 |

## 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 and auxiliaries.

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 2022

## 28 SEGMENT INFORMATION (CONTINUED)

| | PRC | | Other Asia Pacific Countries | | Elimination | | Note | Group | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | | 2022 $'000 | 2021 $'000 |
| **Revenue** | | | | | | | | | |
| External customers | **10,520** | 15,640 | **4,069** | 5,285 | **–** | – | | **14,589** | 20,925 |
| Inter-segment | **5,961** | 9,603 | **356** | 808 | **(6,317)** | (10,411) | A | **–** | – |
| Total revenue | **16,481** | 25,243 | **4,425** | 6,093 | | | | **14,589** | 20,925 |
| **Results** | | | | | | | | | |
| Interest income | **75** | 21 | **2** | – | **–** | – | | **77** | 21 |
| Depreciation and amortisation | **(868)** | (908) | **(361)** | (396) | **–** | – | | **(1,229)** | (1,304) |
| Reversal of impairment on non-financial assets | **–** | 10 | **–** | – | **–** | – | | **–** | 10 |
| Interest expense | **(275)** | (582) | **(158)** | (146) | **–** | – | | **(433)** | (728) |
| Other non-cash (expenses)/ income | **(2,337)** | (3) | **21** | 272 | **10** | (18) | B | **(2,306)** | 251 |
| Segment gain/(loss) | **(8,303)** | (5,945) | **11,601** | (1,123) | **434** | 25 | C | **3,732** | (7,043) |
| Income tax expense | **(24)** | (29) | **(9)** | – | **–** | – | | **(33)** | (29) |
| **Assets** | | | | | | | | | |
| Additions to non-current assets | **1,367** | 263 | **1** | 10 | **–** | – | D | **1,368** | 273 |
| Segment assets | **10,473** | 39,168 | **17,872** | 15,038 | **(4,091)** | (23,986) | E | **24,254** | 30,220 |
| Segment liabilities | **7,953** | 34,530 | **5,211** | 7,568 | **(4,009)** | (18,954) | F | **9,155** | 23,144 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 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 (expenses)/income consist of (loss)/gain on disposal of plant and equipment, impairment of trade receivables, and inventories written down as presented in the respective notes to the financial statements.

C The following items are added to/(deducted from) segment loss to arrive at "loss before taxation" presented in the consolidated statement of comprehensive income:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Loss/(gains) from inter-segment sales | **11** | (8) |
| General and administrative expenses | **423** | 33 |
| | **434** | 25 |

D Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets and intangible assets.

E The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Inter-segment assets | **(611)** | (5,611) |
| Intercompany balances | **(3,480)** | (18,375) |
| | **(4,091)** | (23,986) |

F The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Inter-segment liabilities | **59** | 74 |
| Intercompany balances | **(4,068)** | (19,028) |
| | **(4,009)** | (18,954) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 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 2022

## 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 2022

## 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 14 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 $'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 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk* (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 2021 | | | | | | |
| Gross carrying amount | 881 | 31 | – | 3 | 2,280 | 3,195 |
| Loss allowance provision | (13) | – | – | – | (2,253) | (2,266) |
| Net carrying amount | 868 | 31 | – | 3 | 27 | 929 |

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 2021 | | | | | | |
| Gross carrying amount | 528 | 325 | – | – | 1,040 | 1,893 |
| Loss allowance provision | (4) | – | – | – | (1,040) | (1,044) |
| Net carrying amount | 524 | 325 | – | – | – | 849 |

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 2022

## 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** | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | **$'000** | **% of total** | **$'000** | **% of total** |
| **By geographical region:** | | | | |
| PRC | **569** | **49** | 849 | 48 |
| Other Asia Pacific countries | **588** | **51** | 929 | 52 |
| | **1,157** | **100** | 1,778 | 100 |

*Company*

At the end of the reporting period, approximately 71% (2021: 92%) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) *Liquidity risk* (Continued)

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.

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.

| **Group** | **One year or less $'000** | **One to five years $'000** | **Total $'000** |
|---|---|---|---|
| 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, bill 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 |
| 2021 | | | |
| **Financial assets:** | | | |
| Trade, notes and other receivables | 3,276 | – | 3,276 |
| Cash and bank balances | 5,654 | – | 5,654 |
| Fixed deposits | 1,501 | – | 1,501 |
| Total undiscounted financial assets | 10,431 | – | 10,431 |
| **Financial liabilities:** | | | |
| Trade, bill and other payables | 6,309 | – | 6,309 |
| Lease liabilities | 344 | 384 | 728 |
| Term loans | 2,149 | 3,882 | 6,031 |
| Total undiscounted financial liabilities | 8,802 | 4,266 | 13,068 |
| Total net undiscounted financial assets/(liabilities) | 1,629 | (4,266) | (2,637) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 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** | | | |
| 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 |
| 2021 | | | |
| Financial assets: | | | |
| Trade and other receivables | 1,943 | – | 1,943 |
| Cash and bank balances | 177 | – | 177 |
| Total undiscounted financial assets | 2,120 | – | 2,120 |
| Financial liabilities: | | | |
| Trade and other payables | 197 | – | 197 |
| Lease liabilities | 2 | – | 2 |
| Total undiscounted financial liabilities | 199 | – | 199 |
| Total net undiscounted financial assets | 1,921 | – | 1,921 |

(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 2022

## 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 profit/(loss) 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 | |
|---|---|---|---|
| | | **2022** | **2021** |
| | | **Increase/(Decrease)** | |
| | | **Profit before tax** | **Loss before tax** |
| | | **$'000** | **$'000** |
| USD/SGD | – strengthened 3% (2021: 3%) | **229** | (47) |
| | – weakened 3% (2021: 3%) | **(229)** | 47 |

## 30 FAIR VALUE OF FINANCIAL INSTRUMENTS

***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, bill payables to banks, 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 trade receivables, 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.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 31 CAPITAL MANAGEMENT (CONTINUED)

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 2022 and 31 December 2021.

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 2022 and 31 December 2021.

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** | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Debts* | **4,398** | 6,121 |
| Cash and bank balances* | **(11,924)** | (5,654) |
| Net debt | **(7,526)** | 467 |
| Total equity | **15,099** | 7,076 |
| Gearing ratio | **N.M.** | 7% |

* Excluding assets/liabilities held for sale

N.M. – Not meaningful

## 32 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 1 March 2023, the Group through its wholly owned subsidiary, Matex Holdings Pte. Ltd. entered into a joint venture shareholders' agreement with a third party to incorporate a joint venture ("JV") Company in Singapore to carry out the business of developing, branding, distributing, exporting, and selling optical sensor and system. The JV Company will have an initial issued and paid-up share capital of S$100,000 comprising 100,000 ordinary shares. The Group will subscribe 65,000 ordinary shares under such arrangement.

# STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2023

## DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 – 99 | 38 | 3.97 | 348 | 0.00 |
| 100 – 1,000 | 98 | 10.23 | 91,010 | 0.03 |
| 1,001 – 10,000 | 263 | 27.45 | 1,559,700 | 0.50 |
| 10,001 – 1,000,000 | 525 | 54.80 | 77,457,768 | 24.85 |
| 1,000,001 AND ABOVE | 34 | 3.55 | 232,589,327 | 74.62 |
| **TOTAL** | **958** | **100.00** | **311,698,153** | **100.00** |

## TWENTY LARGEST SHAREHOLDERS

| NO. | NAME | NO. OF SHARES | % |
|---|---|---|---|
| 1 | TAN PANG KEE | 87,972,630 | 28.22 |
| 2 | DBS NOMINEES (PRIVATE) LIMITED | 38,937,500 | 12.49 |
| 3 | PHILLIP SECURITIES PTE LTD | 13,386,820 | 4.29 |
| 4 | GOH GUAN SIONG (WU YUANXIANG) | 11,514,000 | 3.69 |
| 5 | RAFFLES NOMINEES (PTE.) LIMITED | 10,450,780 | 3.35 |
| 6 | TAN EE SOON | 8,337,582 | 2.67 |
| 7 | LEE KANG HUAT | 8,000,000 | 2.57 |
| 8 | IFAST FINANCIAL PTE. LTD. | 6,778,900 | 2.17 |
| 9 | SIM TECK HUAT | 5,300,000 | 1.70 |
| 10 | TAN CHAI CHIN | 3,370,688 | 1.08 |
| 11 | XU YONGSHENG | 2,900,000 | 0.93 |
| 12 | TAN YAM SOON | 2,586,332 | 0.83 |
| 13 | LOH POH LIM | 2,483,400 | 0.80 |
| 14 | LIM & TAN SECURITIES PTE LTD | 2,311,000 | 0.74 |
| 15 | LIM KIM HUAT | 2,000,000 | 0.64 |
| 16 | SIM SOON SIONG VINCENT | 2,000,000 | 0.64 |
| 17 | LIM HOW LEE | 1,930,000 | 0.62 |
| 18 | BENEDICT NICHOLAS CHONG WEI LIANG | 1,720,400 | 0.55 |
| 19 | TIGER BROKERS (SINGAPORE) PTE. LTD. | 1,718,900 | 0.55 |
| 20 | TAN YEOK KOON (CHEN YUKUN) | 1,710,000 | 0.55 |
| | **TOTAL** | **215,408,932** | **69.08** |

# STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2023

## SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2023

(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 | 28.22% | – | – |
| Khua Kian Keong | 28,700,000[Note 1] | 9.21% | – | – |

Note:

1. 28,700,000 ordinary shares of Mr Khua Kian Keong are held under DBS nominee (Private) Limited.

## PERCENTAGE OF SHAREHOLDINGS HELD IN PUBLIC'S HANDS

As at 17 March 2023, 62.26% 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-THIRD ANNUAL GENERAL MEETING

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

**Notice of Thirty-Third Annual General Meeting**

*This Notice has been made available on the home page of the Company's corporate website (www.matex.com.sg) and SGXNET. A printed copy of this Notice will not be dispatched to members of the Company.*

**NOTICE IS HEREBY GIVEN** that the Thirty-Third Annual General Meeting of the Company ("**AGM**" or **Meeting**) will be held by way of electronic means on Thursday, 27 April 2023 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 2022 and the Auditors' Report thereon.

**[Resolution 1]**

2. To re-elect Mr. Foo Der Rong who is retiring in accordance with Article 89 of the Company's Constitution, as Director of the Company.

*Note: Mr. Foo Der Rong, if re-elected, will remain as Chairman of Nominating Committee and member of the Audit Committee and Remuneration Committee and will be considered as an independent director.*

**[Resolution 2]**

3. To re-elect Mr. Tan Guan Liang who is retiring in accordance with Article 89 of the Company's Constitution, as Director of the Company.

*Note: Mr. Tan Guan Liang is an Executive Director of the Company he will, upon re-election as a Director of the Company, remain as the Executive Director.*

**[Resolution 3]**

4. To approve a sum of up to S$117,600 as directors' fees for the year ending 31 December 2023, to be paid quarterly in arrears. (2022: S$117,600)

**[Resolution 4]**

5. To re-appoint Moore Stephens LLP as auditors and to authorise the Directors to fix their remuneration.

**[Resolution 5]**

# NOTICE OF THIRTY-THIRD ANNUAL GENERAL MEETING

**Special Business**

6. 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-THIRD 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 6]**

7. 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

Singapore
**11 April 2023**

# NOTICE OF THIRTY-THIRD 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:**

**General**

1. Pursuant to the COVID-19 (Temporary Measures) Act that was passed by Parliament on 7 April 2020 ("**Temporary Measures Act**") and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Meeting Orders**"), issuers are able to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). The AGM will be held by electronic means and members of the Company will not be allowed to attend the AGM in person.

2. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:

   a. Attending, asking questions and communicating via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in paragraphs 3 to 4 below;

   b. Submitting questions ahead of the AGM or "live" at the AGM. Please refer to paragraphs 5 to 13 below for further details; and

   c. Live voting and submission of instrument appointing a proxy(ies). Please refer to paragraphs 14 to 21 below for further details.

**Participation in AGM proceedings via "live" webcast**

3. A shareholder of the Company or their corporate representatives (in the case of a shareholder which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). Shareholders will also be able to ask questions and vote "live". In order to do so, the shareholder will have to follow these steps:

   (a) Shareholders (including those who hold their shares through Relevant Intermediaries (including CPF Investors or SRS Investors)) who wish to watch or listen to the Live Webcast must pre-register with the Company at the URL: https://matex.com.sg/en/investor-relations/agm (the "**Matex AGM Website**") no later than 10.00 a.m. on 25 April 2023 ("**Registration Deadline**").

   (b) Corporate shareholders must also submit a copy of the Corporate Representative Certificate to the Company at eagm@matex.com.sg, in addition to the registration procedures as set out in paragraph (a) above, by the Registration Deadline, for verification purpose.

   (c) Following authentication of a shareholder's status, such shareholder will receive an email containing the login details to access the Live Webcast of the AGM proceedings.

   (d) Shareholders who have pre-registered by the Registration Deadline but do not receive the aforementioned email by 12.00 p.m. on 26 April 2023 should check the 'spam/junk' folder before contacting the Company at the following email address: eagm@matex.com.sg, with the following details included: (1) the full name of the shareholder; and (2) his/her/its identification/registration number.

4. Shareholders are reminded that the AGM proceedings are private. Login details to access the Live Webcast of the AGM proceedings should therefore not be shared with anyone who is not a shareholder of the Company or otherwise he or she shall not be authorised to attend the AGM. Recording of the Live Webcast in whatever form is also strictly prohibited.

   Persons who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), other than CPF and SRS investors, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings via the Live Webcast; (b) submitting questions in advance of the AGM; and/or (c) appointing a proxy to attend, speak and vote "live" on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

# NOTICE OF THIRTY-THIRD ANNUAL GENERAL MEETING

CPF Investors and SRS Investors:

(a) may vote "live" via at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.

**Submission of questions prior to the AGM**

5. A member of the Company may also submit questions in advance relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations. The Company will endeavour to address questions which are substantial and relevant.

6. To do so, all questions must be submitted no later than 10.00 a.m. on 19 April 2023 (the "**Submission Deadline**") through any one of the following means:

   (a) 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; or

   (b) by email to eagm@matex.com.sg.

7. If the questions are deposited in physical copy at the Company's registered office or sent via email, and in either case not accompanied by the completed and executed proxy form, the following details must be included with the submitted questions: (1) the full name of the shareholder; and (2) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

8. The Company will endeavour to address substantial and relevant questions relating to the resolution to be tabled for approval at the AGM by 10.00 a.m. on 23 April 2023.

9. The Company will publish the minutes of the AGM on SGXNet and the Company's website, and the minutes will record substantial and relevant questions from shareholders relating to the resolution tabled at the AGM, and the responses from the board of directors and management (as applicable).

**Submitting questions "live" at the AGM**

10. Shareholders or where applicable, their appointed proxy(ies), CPF and SRS investors who have pre-registered and are verified to attend the AGM can ask questions relating to the ordinary resolutions tabled for approval at the AGM "live" at the AGM, by typing in and submitting questions through the "live: ask-a-question function during the AGM.

11. Shareholders who wish to appoint a proxy(ies) (other than the Chairman of the AGM) to ask questions "live" at the AGM on their behalf must, in addition to completing and submitting an instrument of appointing a proxy(ies), ensure that their proxy(ies) pre-register separately via the registration link as mentioned under Note 3 upon verification of the Proxy Form(s).

12. Shareholders, CPF and SRS investors or, where applicable, their appointed proxy(ies) must access the AGM via the 'Live" audio-visual webcast in order to ask questions "live" at the AGM, and will not be able to do so via the audio-only stream of the AGM proceedings.

13. The Company will endeavour to address as many substantial and relevant questions relating to the resolution to be tabled for approval at the AGM prior to the AGM, as well as those received "live" at the AGM itself.

**Live Voting**

14. Shareholders or their appointed proxy(ies) (other than the Chairman of the Meeting) attending the AGM by electronic means will be able to participate by voting "live" at the AGM.

**Submission of instrument appointing a proxy(ies)**

15. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM is entitled to appoint not more than 2 proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

16. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.)

17. The Proxy Form must be submitted through any one of the following means: (a) by depositing a physical copy at the registered office of the Company at **1003 Bukit Merah Central, #01-10, Inno Centre, Singapore 159836**; or (b) by sending a scanned PDF copy by email to eagm@matex.com.sg, in each case, **no later than 10.00 a.m. on 25 April 2023**, and failing which, the Proxy Form will not be treated as valid.

# NOTICE OF THIRTY-THIRD ANNUAL GENERAL MEETING

18. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

19. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

20. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form.

21. In the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

    *A Relevant Intermediary is:

    (a) a banking corporation licensed under the Banking Act 1970 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 license to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or

    (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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 Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**Personal data privacy:**

By pre-registering for the Live Webcast, submitting a Proxy Form appointing proxy(ies) to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company consents to the collection, use and disclosure of such member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration, analysis and facilitation by the Company (or its agents or service providers) of his/her/its appointment of proxy(ies) for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

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This document has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Provenance Capital Pte. Ltd. ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalist The Sponsor has not independently verified the contents of this document.

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

The contact person for the Sponsor is Ms. Wong Bee Eng, Chief Executive Officer, at 96 Robinson Road, #13-01, SIF Building, Singapore 068899. Telephone: (65) 6227 5810 Email: wongbe@provenancecapital.com.

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

## PROXY FORM

*(Please read notes overleaf before completing this Form)*

**IMPORTANT:**

1. Alternative arrangements relating to attendance of the AGM through electronic means, as well as conduct of the AGM and relevant guidance with details are set out in the Notice of AGM dated 11 April 2023 have been uploaded on SGXNET. The announcement and the Notice of AGM can also be accessed at the home page of the Company's corporate website (www.matex.com.sg).
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") 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.
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.

*This Proxy Form has been made available on the home page of the Company's corporate website (www.matex.com.sg) and SGXNET. A printed copy of this Proxy Form will not be despatched to members of the Company*

I/We ______________________________ NRIC/Passport/Co. reg. No. ______________________________

Of ____________________________________________________________

being a member/members of **MATEX INTERNATIONAL LIMITED** hereby appoint

| Name | Email Address | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|---|
| | | | No. of Shares | % |
| | | | | |

and/or (delete as appropriate)

| Name | Email 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 by way of electronic means on Thursday, 27 April 2023 at 10.00 a.m., 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. | Ordinary Resolutions | No. of Votes For* | No. of Votes Against* | No. of Votes Abstain* |
|---|---|---|---|---|
| **Ordinary Business:** | | | | |
| 1. | To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022 and the Auditors Report. | | | |
| 2. | Re-election of Mr. Foo Der Rong as a Director | | | |
| 3. | Re-election of Mr. Tan Guan Liang as a Director | | | |
| 4. | Approval of Directors' fee up to S$117,600 for financial year ending 2023, to be paid quarterly in arrears. | | | |
| 5. | Re-appointment of Moore Stephens LLP as auditors and authority to fix their remuneration. | | | |
| **Special Business:** | | | | |
| 6. | Authority to issue shares | | | |
| 7. | To transact any other business that may be properly transacted at an AGM. | | | |

Dated this __________ day of ______________________ 2023.

| Total Number of Ordinary Shares Held (Note 1): |
|---|
| |

______________________________________________

Signature(s) of Member(s) and/or Common Seal of Corporate Member

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**NOTES TO PROXY FORM**

1. 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 the Chairman of the Meeting as proxy shall be deemed to relate to all the Shares held by you.

2. Pursuant to the COVID-19 (Temporary Measures) Act that was passed by Parliament on 7 April 2020 ("**Temporary Measures Act**") and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Minister of Law on 13 April 2020 (as amended from time to time) ("**Meeting Orders**"), issuers are able to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). The AGM will be held by way of electronic means and members of the Company will not be allowed to attend the AGM in person.

3. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint up to 2 proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

4. Where a member (other than a Relevant Intermediary*) appoints 2 proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

6. CPF Investors and SRS Investors:

   (a) may vote "live" via at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.

7. This Proxy Form must be submitted through any one of the following means: (a) by depositing a physical copy at the registered office of the Company at 1003 Bukit Merah Central, #01-10, Inno Centre, Singapore 159836; or (b) by sending a scanned PDF copy by email to eagm@matex.com.sg, in each case, no later than 10.00 a.m. on 25 April 2023 and failing which, this Proxy Form will not be treated as valid.

8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized. 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.

9. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 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 Futures Act 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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.

**Personal Data Privacy:**

By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2023.

**General:**

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy 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.

# OUR GLOBAL PRESENCE

**Matex International Limited**
万得国际有限公司

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