

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

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**RESPONSE TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION  
(SINGAPORE)**

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The Board of Directors (the "**Board**") of Matex International Limited (the "**Company**" together with its subsidiaries, collectively the "**Group**") refers to the following:

- a) the Annual Report of the Company for the financial year ended 31 December 2023 ("**FY2023 AR**");
- b) the notice of the Annual General Meeting ("**AGM**") issued on 09 April 2024 informing the shareholders of the Company that the AGM will be held at 1003 Bukit Merah Central, #01-10, Inno Centre, Singapore 159836 on Friday, 26 April 2024 at 10.00 a.m. (Singapore Time); and
- c) the accompanying announcement in relation to the AGM ("**AGM Announcement**").

In light of the above, the Company has received questions from the Securities Investors Association (Singapore) ("**SIAS**"). Please refer to SIAS website at <https://sias.org.sg/qa-on-annual-reports/> for the list of questions received from SIAS and the Company's responses in this announcement to such questions. To clarify, the Company does not respond to the commentaries made by SIAS since they merely set out the context of the questions raised.

In addition, the Board wishes to inform that the Company has not received any comments, queries and/or questions from the shareholders in relation to the Company's FY2023 AR, businesses, operations and in particular, the resolutions to be tabled for approval at the upcoming AGM.

By Order of the Board

Dr Tan Pang Kee  
Chief Executive Officer/Managing Director  
26 April 2024

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

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

The contact person for the Sponsor is Mr Joseph Au - Registered Professional, RHT Capital Pte. Ltd., 36 Robinson Road, #10-06 City House, Singapore 068877, [sponsor@rhtgoc.com](mailto:sponsor@rhtgoc.com).

**Q1.** The group has its vision to be a world-class integrated service provider in clean colour science technologies and states its 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 [emphasis added]. It also promises to meet the needs of its stakeholders with healthy returns [emphasis added].

For the financial year ended 31 December 2023, the group recorded a loss of \$(4.0) million, with \$(3.3) million in losses attributable to owners of the company.

It appears that the group's gross profits are grossly inadequate to cover selling and distribution expenses as well as administrative expenses. In the message to shareholders, the company said that it is "clearly committed to delivering value to its shareholders" (page 10, emphasis added).

- (i) **What specific actions did management take in 2023 that delivered tangible value to shareholders? How does management measure value?**

*Company's Response:*

The COVID-19 pandemic and the changing business sentiments in China has taken a great toll on the Group as announced previously. The Company has been actively looking to move towards an asset light strategy and revert to profitability as soon as it can. The Group has improved its gross margin and halved the expenses whilst improving the cash position of the Group, notwithstanding that the world economy continues to remain uncertain at times.

- (ii) **Can management elaborate further on the group's competitive advantage, value proposition and pricing strategies?**

*Company's Response:*

The Group has an established product brand and is also a one stop solution provider which provides solutions beyond the product per se. The Group continuously helps its customers to improve their processes and solve the issues of waste.

- (iii) **What specific strategies does the company have in place to enhance its profitability?**

*Company's Response:*

Besides sourcing for cheaper alternatives, the Group is constantly looking to expand its business operations in the area of hygiene, environmental and new materials which have prospects of higher margins compared to the existing business operations.

- (iv) **Has the board reviewed the track record of management to effectively translate the group's intellectual properties, technologies, products, and services into profitable ventures, as promised to stakeholders (shareholders)?**

*Company's Response:*

The Board regularly evaluates the performance of the management based on criteria set out in its internal evaluation metrics.

- (v) **Has the board considered the potential advantages of bringing new talent into the senior executive team to invigorate the group and infuse fresh perspectives?**

*Company's Response:*

The Board conducts review on its succession plan and actively looks out for suitable candidates.

While cash used in operating activities was \$(456,000), the group ended the year with \$16.4 million in cash and cash equivalents after receiving \$1.25 million in proceeds from the share placement. As

noted in the announcement dated 5 June 2023, the company placed out 50 million new shares at \$0.025 per share when the last reported NAV per share was \$0.0477 as at 31 December 2022.

- (vi) **Can the board, especially the independent directors, clarify the rationale behind conducting a severely dilutive private placement when the company holds cash and cash equivalents of nearly \$11.9 million as at 31 December 2022?**

Company's Response:

As disclosed in the Company's FY2022 Annual Report dated 6 April 2023, the Company intends to 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 that can further value-add to its customers and stakeholders to differentiate and innovate. With an asset-light strategy following the disposal of its two subsidiaries, the Company aims to put more effort into joint strategic partnerships by strengthening its distribution channels, innovating green product research, developing and streamlining its manufacturing activities.

The Company sees the strategic partnership with CSF Fund I Pte Ltd ("CSF") as a concrete step towards this direction. With CSF as a new substantial shareholder of the Company upon the completion of the Placement Exercise on 26 June 2023, the Company intends to leverage on CSF's network and access to technology, intellectual property and potential investment targets to value-add to its existing businesses and/or expand into new or related businesses.

**Q2.** On 26 January 2024, the company subscribed for 276,162 new ordinary shares, which represented 19.12% of the total number of ordinary shares in the enlarged issued and paid-up share capital of AR Bioenergy Tech Pte. Ltd. ("ARB"), for a total consideration of \$1.3 million.

ARB was incorporated to undertake the business of turning low value biomass to high value carbon and activated carbon products.

- (i) **Is the group's expertise in dye, specialty chemicals and manufacturing transferrable to the biomass industry?**

Company's Response:

ARB was incorporated to undertake the business of turning low value biomass to high value carbon and activated carbon products. As activated carbon is widely used in the nano-membrane filtration systems developed and used by the Company in the chemical industry, the Company intends to invest in ARB for the purpose of augmenting the Company's business of manufacturing, formulating and selling high value carbon and activated carbon products with primary focus in the chemical industry.

As noted in the company's announcement dated 26 January 2024, immediately prior to the company's subscription, ARB had an issued and paid-up share capital of S\$1,168,376 comprising 1,168,376 shares, 49.45% of which was held by Ms Ye Qing and 50.55% by Cave Investment Pte. Ltd..

The company paid \$4.71 per share (compared to \$1 per share) and ARB had a post-money valuation of \$6.8 million.

ARB and the vendors did not provide any profit guarantee, profit forecast or covenant to the company. In addition, ARB had yet to commence the production or the actual sale of any product or any other revenue generating business or trading although, barring unforeseen circumstances, ARB expected to commence production around February 2024.

- (ii) **Would it have been more prudent for the company to have conducted an independent valuation before investing in ARB? What were the reasons a valuation was not conducted?**

- (iii) **On what basis did the board approve the \$1.3 million investment in ARB which had a post-money valuation of \$6.8 million? What was the level of due diligence carried out?**

[Company's Response to Q2 \(ii\) and \(iii\):](#)

The Company had conducted the necessary fact-findings and evaluation before investing in ARB and the valuation was based on the cash flow projections of ARB.

- (iv) **Can management provide shareholders with an update on the progress made by ARB since January 2024? Specifically, has production commenced?**

[Company's Response:](#)

The management visited ARB's factory in Pontian, Malaysia and noted that installation of machineries and equipment are being carried out. It expects to commence first shipment to its customer by the second quarter of 2024.

In the annual report, it was noted that the company entered into the ARB investment "through the strategic collaboration with CSF Fund I Pte Ltd". In the initial announcement on SGXNet, the company disclosed that none of the directors or controlling shareholders of the company have any interest, direct or indirect, in the [ARB] investment other than through their respective shareholdings in the company.

- (v) **Can the board explain what the company meant "strategic collaboration" and clarify whether CSF Fund I Pte Ltd or any directors associated with it had any direct or indirect interest in the investment?**

[Company's Response:](#)

The Company and CSF had on 5 June 2023 entered into the non-binding Memorandum of Understanding ("MOU") which sets out the broad scope of strategic collaboration between the Company and CSF. It is the intention of the parties to cooperate and collaborate by leveraging on each other's capabilities, resources, experience and networks, whereby the Company can benefit from CSF's existing and potential access and introduction to deep technology companies with strength in intellectual property development and high growth potential as potential investment targets.

None of the Directors or controlling shareholders of the Company have any interest, direct or indirect, in the Investment other than through their respective shareholdings in the Company.

**Q3.** On 5 April 2024, the company announced the retirement of Dr John Chen Seow Phun as non-executive chairman with effect on 26 April 2024 at the conclusion of the annual general meeting.

The director was first appointed to the board on 11 July 2003.

As at 31 December 2023, the group and company have accumulated losses of \$(22.1) million and \$(12.7) million respectively. The company last paid a dividend in May 2006 which amounted to \$0.002 per share. The only other time that the company paid a dividend after its listing was in May 2005, an amount of \$0.003 per share.

- (i) **What is the total shareholder return (TSR) over the past 5, 10 and 20 years (or since the IPO on 18 February 2004)?**

[Company's Response:](#)

The Company is committed to delivering value to its shareholders. With its improved cash position, the Company continues to actively search for suitable opportunities for diversification, innovation and to also establish new and complementary businesses to grow the Group's revenues and profits.

- (ii) **Has the board monitored and assessed the returns it delivered to shareholders, including using TSR as one of the metrics in its assessment?**

Company's Response:

The Company is committed to meet the needs of its stakeholders with healthy return in the long-term.

- (iii) **How is the board conducting its search for a new chairman? What criteria will the nominating committee use to shortlist the chairman candidates?**

Company's Response:

In its search and selection process for new Directors, other than through formal search, the Board 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.

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

- (iv) **How does the nominating committee select an incoming chairman with a track record of creating and delivering long-term value for shareholders, especially minority shareholders?**

Company's Response:

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. In addition, the NC will consider the contributions (such as the skills, knowledge and experience) of the existing Directors as well as taking into account the future needs of the Group. Taking into account the above, the NC will review the experience of the proposed candidates including conducting the relevant interviews to ensure that the identified candidate will be suitable to assume the role of the chairman of the Board.