

SUBSCRIPTION OF NEW SHARES BY NANYANG COMMERCIAL MANAGEMENT PTE. LTD.

1. OVERVIEW

- 1.1. The Board of Directors (the “**Board**” or the “**Directors**”) of Matex International Limited (the “**Company**”), together with its subsidiaries, collectively the “**Group**” and each a “**Group Company**”) wishes to announce that the Company has on 3 November 2024 entered into a subscription agreement (the “**Subscription Agreement**”) with Nanyang Commercial Management Pte. Ltd. (the “**Subscriber**”) for the issuance and allotment by the Company to the Subscriber of an aggregate number of 154,000,000 new ordinary shares (the “**Subscription Shares**”) in the capital of the Company (“**Shares**”) on the terms and subject to the conditions of the Subscription Agreement (the “**Proposed Subscription**”).
- 1.2. As at the date of this announcement, the Company has an issued and paid-up share capital of 361,698,153 ordinary shares. Following the completion of the Proposed Subscription, the Company’s issued and paid-up share capital will increase to 515,698,153 ordinary shares. The Subscription Shares will represent approximately 42.58% of the existing issued and paid-up share capital of the Company and 29.86% of the enlarged issued and paid-up share capital of the Company immediately after the issuance of the Subscription Shares. Accordingly, the Proposed Subscription, once completed, will result in a transfer of controlling interest in the Company to the Subscriber. Pursuant to Rule 803 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of the Catalist (the “**Catalist Rules**”), approval of shareholders of the Company will be required for the Proposed Subscription and the allotment and issuance of the Subscription Shares to the Subscriber at an extraordinary general meeting to be convened.
- 1.3. The Subscription Shares, when allotted and issued, shall be free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the existing Shares as at the date of issue of the Subscription Shares, except for any dividends, rights, distributions, allotments or other entitlements the Record Date (as defined below) of which falls before such date of issue. “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares, if any.

2. THE PROPOSED SUBSCRIPTION

- 2.1. Pursuant to the Subscription Agreement, the Company will issue and allot the Subscription Shares at the subscription price of S\$0.027 (the “**Subscription Price**”) per Subscription Share for an aggregate consideration of S\$4,158,000 (the “**Subscription Amount**”). The Subscription Price was arrived at following arm’s length negotiations between the Company and the Subscriber.
- 2.2. The Subscription Price represents a premium of 50% to the volume weighted average price per Share of approximately S\$0.018 for trades done on the SGX-ST on 30 October 2024,

being the full market day when trades were done on the Shares prior to the signing of the Subscription Agreement.

- 2.3. The Proposed Subscription is not underwritten and is undertaken in reliance on the exemption provided under Section 272B of the Securities and Futures Act 2001 (the “SFA”). As such, no prospectus or offer information statement will be issued by the Company or lodged with the SGX-ST in connection therewith. No placement agent has been appointed in connection with the Proposed Subscription.

3. INFORMATION ON THE SUBSCRIBER AND INTRODUCER

- 3.1. The information presented herein relating to the Subscriber is based on information provided by the Subscriber and background checks conducted by the Company. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.
- 3.2. The Subscriber is a Singapore-incorporated company. The sole shareholder and sole director of the Subscriber is Mr. Wang Weidong (“**Mr. Wang**”). The Subscriber has informed the Board that it has significant business experience, *inter alia*, in new energy materials and chemical-related industries which have synergy with the existing core businesses of the Group. Accordingly, both the Subscriber and the Group hope to work towards optimizing its operations management and undertake strategic planning through continuous technological innovation and industrial chain integration, with an objective to contribute value to global energy green transformation.
- 3.3. The Subscriber was introduced to the Company by New Lake International Capital Pte. Ltd. (the “**Introducer**”). The Introducer is a company incorporated in Singapore, specializing in providing business and management consultancy services. Save for the introduction of the Subscriber by the Introducer to the Company, the Company confirms, to the best of its knowledge, that the Introducer and its directors and shareholders do not have any existing connection through business relationships (save for the incorporation of a joint venture company as announced on 1 November 2024, in which Mr Zheng FengWen is an indirect shareholder of Zhenghe New Materials Technology (Tianjin) Co., Ltd, which holds a 65% joint-venture shareholding interest in Matex YG (Shanghai) Material Tech Ltd and a shareholder of the Introducer) or any interest, direct or indirect, in the Company and their respective directors and/or substantial shareholders. As at the date of this announcement, the Introducer and its directors and shareholders do not hold, directly or indirectly, any shares or convertible securities in the Company.
- 3.4. An introducer fee equivalent to 1.5% of the Subscription Amount will be payable by the Company to the Introducer upon completion (i.e. S\$62,370). The introducer fee was arrived at following arm’s length negotiations between the Company and the Introducer (“**Introducer Agreement**”).
- 3.5. As at the date of this announcement, the Subscriber and Mr. Wang do not hold, directly or indirectly, any shares or convertible securities in the Company.

4. CONDITIONS PRECEDENT AND SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

Conditions Precedent

- 4.1. The completion of the Proposed Subscription is conditional upon, *inter alia*:
- (a) the approval of the listing and quotation notice for the Subscription Shares on the Catalist Board of the SGX-ST ("**LQN Approval**") having been obtained and not being revoked or amended and, where the LQN Approval is subject to conditions, such conditions being reasonably acceptable to the Subscriber and the Company;
 - (b) any conditions attached to the LQN Approval which is required to be fulfilled on or before the Completion Date (as defined below), and which have been accepted by the Subscriber and the Company, having been fulfilled on or before that date to the satisfaction of the SGX-ST unless waived by the SGX-ST;
 - (c) under Rule 803 of the Catalist Rules, and if so required under the other rules of the Catalist Rules, the approval by the shareholders of the Company for the Proposed Subscription;
 - (d) under Section 161 of the Companies Act 1967 and Rule 805(1) of the Catalist Rules, the approval by the shareholders of the Company for the issuance and allotment of the Subscription Shares ("**Specific Shareholders' Mandate**");
 - (e) neither the Company nor the Subscriber having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the Subscription Agreement and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;
 - (f) the representations, warranties and undertakings provided by the Company and the Subscriber under the Subscription Agreement remaining true and not misleading in any respect at Completion Date, as if repeated at Completion Date;
 - (g) the Company or the Subscriber not being in breach of any of the undertakings and covenants given in the Subscription Agreement as at the Completion Date, and if any of such undertakings and covenants are required to be fulfilled on or before the Completion Date, such undertakings and covenants shall have been fulfilled prior to Completion Date; and
 - (h) the receipt by the Subscriber of such waivers or consents as may be necessary to enable the Subscriber to be registered as holder of any and all of the Subscription Shares (including without limitation shareholders', third party, governmental and regulatory approvals).
- 4.2. In respect of the Condition Precedent set out in 4.1(a), the Company will be submitting an additional listing application through its Sponsor to the SGX-ST in respect of the listing and quotation of the Subscription Shares. The Company will make the necessary announcement once the LQN Approval has been obtained. The listing and quotation notice is not to be taken as an indication of the merits of the Proposed Subscription, the Subscription Shares, the Company, its Subsidiaries and its securities.

Undertakings

- 4.3. The Subscriber undertakes to the Company, *inter alia*, that:

- (a) the Subscription Amount shall be paid by monies which are legitimately owned by the Subscriber and the satisfaction of the Subscription Amount will not result in the breach by the Subscriber or the Company of anti-money laundering laws and regulations in any jurisdiction, including but not limited to the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992;
- (b) the Subscriber has not been and will not be, in any manner, directly or indirectly, involved in any form of money laundering, drug trafficking, tax evasion, financial misconduct or any form of illegal or prohibited activities in any jurisdiction; and
- (c) for a period of six (6) months from Completion, the Subscriber will not offer some or all of the Subscription Shares to another person, except with the consent of the Company. After the period of the first six (6) months from the Completion, the Subscriber will not offer some or all of the Subscription Shares to another person except in reliance on any exemption under subdivision 4 of Division 1 of Part 13 of the SFA provided that the sale by the Subscriber will not cause the Company to be in breach of Section 272B of the SFA.

Termination

- 4.4. Prior to the Completion Date, the Subscription Agreement may be rescinded or terminated by the Company or the Subscriber by written notice upon the occurrence of any of the following events prior to the Completion Date:
- (a) any of the Conditions Precedent set forth above is not satisfied or waived by the Company or the Subscriber in accordance with the Subscription Agreement;
 - (b) there shall have come to the notice of the Company or the Subscriber any material misrepresentation or breach of the representations, warranties and undertakings given by the Subscriber or the Company in the Subscription Agreement;
 - (c) legal proceedings or any analogous legal proceedings (other than those of a frivolous or vexatious nature) in any jurisdiction have been instituted against the Subscriber or any Group Company for its dissolution or winding-up (voluntary or otherwise);
 - (d) if there is a suspension by the SGX-ST of trading of the issued Shares on the Catalist Board of SGX-ST for more than ten (10) business days (other than a trading halt on a temporary basis at the request of the Company); or
 - (e) if the SGX-ST shall make any ruling (or revoke any ruling previously made) the effect of which would restrict or impede the listing and quotation of the Subscription Shares.
- 4.5. Upon the written notice being given, the Subscription Agreement shall terminate and the parties shall be released and discharged of their obligations, without prejudice to any rights in respect of any prior breach under the Subscription Agreement. Thereafter, the Subscription Agreement shall have no further effect and each party shall not be under any liability to the other in respect of the Subscription Agreement save for such costs and expenses incurred by the Subscriber in connection with the Proposed Subscription.

Completion

- 4.6. Completion of the Proposed Subscription shall take place on the date falling seven (7) business days after the date on which the Conditions Precedents above, save for paragraphs 4.1 (e), (f)

and (g), have been satisfied or otherwise waived in writing by the Company or the Subscriber, or other date as may be mutually agreed between the Company and the Subscriber (“**Completion Date**”).

Long-Stop Date

- 4.7. The long-stop date to fulfil the conditions set out in paragraph 4.1 is on or before 30 June 2025 (or such later date as the parties may agree).

Others

- 4.8. The Subscriber shall have the right to appoint one (1) executive director and one (1) independent director to the Board of the Company following Completion. The appointment is subject to the recommendation of the nominating committee of the Company and the approval of the Board in accordance with the latest Code of Corporate Governance and relevant rules under the Catalist Rules.

5. SHARE ISSUE MANDATE

- 5.1. As the Proposed Subscription will be effected pursuant to the Specific Shareholders’ Mandate, the Company will not be exercising the general share issue mandate approved at the annual general meeting of the Company held on 26 April 2024, to allot and issue the Subscription Shares.

6. RATIONALE FOR THE PROPOSED SUBSCRIPTION AND USE OF PROCEEDS

- 6.1. The Subscriber has represented that subsequent to the completion of Proposed Subscription, it intends to collaborate with the Company on the following:
- (a) strengthen marketing and research and development of the Company’s existing dyestuff and auxiliary businesses with the goal of enhancing the Company’s brand influence and market competitiveness;
 - (b) promote research and development into the manufacturing and sales of:
 - (i) new products including adsorption and filtration materials such as diatom, activated carbon and carbon fiber which are used in the field of new energy material manufacturing;
 - (ii) high-end testing instruments and equipment for semiconductor and industrial production processes;
 - (iii) activated carbon products to replace imported special activated carbon for the market; and
 - (iv) probiotic cleaning products safe for skin contact.
 - (c) utilize 30% of the net proceeds from the Proposed Subscription for market expansion of existing and new products in respect of its core business activities (“**Market Expansion**”), 20% for low cost sourcing strategies of existing and new products in respect of its core business activities (“**Low Cost Sourcing**”), 30% for identifying potential new businesses

other than its existing principal business activities (“**Potential New Business**”) and the remaining 20% for the purposes of working capital of the Group (“**Working Capital**”);

- (d) upgrading the infrastructure of the Company; and
- (e) where appropriate, introduce new businesses and opportunities to the Company to expand and/or enhance the existing core businesses of the Group,

6.2. After the completion of the Proposed Subscription, the Subscriber will, in addition, where appropriate, introduce new businesses and opportunities to the Board for its review and evaluation. The Company and the Subscriber look forward to strengthen the Group’s existing dyestuff and auxiliaries product market, deepen cooperation with various garment and textile associations and develop an established brand and sales channel. The Board is of the view that the Group will benefit from the Subscriber’s business networks and expertise in new energy materials and chemical-related industries that carry considerable synergy with the Group’s existing business, including but not limited to other new growth opportunities for the Group. If the Group decides to diversify into any new businesses, the Company will seek the approval of shareholders in accordance with the requirements under the Catalist Rules.

6.3. The net proceeds from the Proposed Subscription (after deducting estimated expenses of approximately S\$180,650) will amount to approximately S\$3.98 million (the “**Net Proceeds**”). The Company intends to use the Net Proceeds in the following proportions:

Use of Net Proceeds	Amount Allocated (S\$)	Percentage Allocation (%)
Market Expansion	1.19 million	30.00%
Low Cost Sourcing	0.8 million	20.00%
Potential New Business	1.19 million	30.00%
Working Capital	0.8 million	20.00%
Total	3.98 million	100.00%

6.4. Pending the utilization of the Net Proceeds as outlined above, the Net Proceeds may be deposited in financial institutions or be used for working capital or any other purpose on a short-term basis as the Directors may deem fit in the interests of the Group.

6.5. The Company will make periodic announcements as and when the Net Proceeds are materially disbursed and whether the disbursements are in accordance with the use of proceeds as stated in this announcement. The Company will also provide a status report on the use of such Net Proceeds in the Company’s interim and full year financial statements issued under Rule 705 of the Catalist Rules and Company’s annual reports. Where there is any material deviation from the stated use of proceeds, the Company will announce reasons for such deviation. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied.

7. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

7.1. The financial effects of the Proposed Subscription as set out below are for illustrative purposes only and do not purport to be indicative or a projection of the future financial performance and financial position of the Group after the completion of the Proposed Subscription.

7.2. The financial effects of the Proposed Subscription have been computed based on the latest audited consolidated financial statements of the Group for financial year ended 31 December 2023 (“**FY2023**”) and the following bases and assumptions:

- (a) the estimated expenses incurred in connection with the Proposed Subscription;
- (b) the financial effects on the consolidated net tangible assets (“**NTA**”) per Share is computed based on the assumption that the Proposed Subscription was completed on 31 December 2023;
- (c) the financial effects on the consolidated loss per share (“**LPS**”) is computed based on the assumption that the Proposed Subscription was completed on 1 January 2023; and
- (d) assume that there is no return earned from the Net Proceeds.

NTA per Share

	Before the Proposed Subscription	After the Proposed Subscription
NTA of the Group as at 31 December 2023 (S\$'000)	12,246	16,223
Number of issued Shares ('000)	361,698	515,698
NTA per Share as at 31 December 2023 (Singapore cents)	3.39	3.15

LPS

	Before the Proposed Subscription	After the Proposed Subscription
Loss attributable to equity holders of the Company for FY2023 (S\$'000)	3,310	3,491
Weighted average number of issued Shares ('000)	337,315	491,315
LPS for FY2023 (Singapore cents)	0.98	0.71

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

8.1. The table below sets out the changes to the shareholding structure of the Company arising from the Proposed Subscription:

	Before the Proposed Subscription⁽¹⁾				After the Proposed Subscription⁽²⁾			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
Directors	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Wang Daofu	-	-	-	-	-	-	-	-
Tan Pang Kee	87,972,630	24.32	-	-	87,972,630	17.06	-	-
Foo Der Rong	-	-	-	-	-	-	-	-
Chiang Yao Chong	-	-	-	-	-	-	-	-
Tan Guan Liang	826,000	0.23	-	-	826,000	0.16	-	-
Yeo Hock Huat ⁽³⁾	-	-	50,000,000	13.82	-	-	50,000,000	9.7
Substantial shareholders								

CSF Fund I Pte. Ltd.	50,000,000	13.82	-	-	50,000,000	9.7	-	-
Yeo Hock Huat	-	-	50,000,000	13.82	-	-	50,000,000	9.7
Existing public shareholders	222,899,523	61.63	-	-	222,899,523	43.22	-	-
Subscriber	-	-	-	-	154,000,000	29.86	-	-

Note:

- (1) Based on existing issued and paid-up share capital of the Company of 361,698,153 ordinary shares.
- (2) Based on enlarged issued and paid-up share capital of the Company of 515,698,153 ordinary shares, immediately after the issuance of the Subscription Shares.
- (3) Yeo Hock Huat is deemed interested in the shares held by CSF Fund I Pte. Ltd..

9. DIRECTORS' OPINION

9.1. The Directors are of the opinion that:

- (a) after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements;
- (b) after taking into consideration the Group's present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements; and
- (c) notwithstanding the above, the Company will benefit from the Proposed Subscription as set out in Section 6 of this announcement.

10. CIRCULAR TO SHAREHOLDERS

10.1. A circular will be despatched to shareholders in due course for the purposes of seeking shareholders' approval for the Proposed Subscription and the resulting transfer of controlling interest in the Company to the Subscriber.

11. GENERAL

- 11.1. None of the Subscription Shares will be placed with any person or groups of persons as set out under Rule 812(1) of the Catalist Rules. Pursuant to the Subscription Agreement, the Subscriber has represented that the Subscriber does not fall within the class of restricted persons under Rule 812(1) of the Catalist Rules.
- 11.2. None of the Directors of the Company have any interest, direct or indirect, in the Proposed Subscription (other than through their respective shareholdings and/or directorships in the Company). The Directors are not aware of any substantial shareholder of the Company having any interest, direct or indirect, in the Proposed Subscription and have not received any notification of any interest in this transaction from any substantial shareholder of the Company (other than through their respective shareholdings in the Company).
- 11.3. None of the Directors have, and the Directors, to the best of their knowledge, are not aware of any substantial shareholder of the Company having, any connection (including business relationship) with the Subscriber, its directors and/or substantial shareholders.

12. TRADING CAUTION

- 12.1. Shareholders are advised to exercise caution in trading their Shares. The Proposed Subscription is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Subscription will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments.
- 12.2. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

14. DOCUMENTS FOR INSPECTION

- 14.1. A copy of the Subscription Agreement and Introducer Agreement are available for inspection during the normal business hours at the registered office of the Company at 1003 Bukit Merah Central, #01-10, Singapore 159836 for a period of 3 months from the date of this announcement.

BY ORDER OF THE BOARD

Dr Tan Pang Kee
Chief Executive Officer / Managing Director
3 November 2024

This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"). It 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 document, including the correctness of any of the statements or opinions made or reports contained in this document.

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