

Unaudited Full Year Financial Statement And Dividend Announcement for the Year Ended 31/12/2021
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	2H2021 S\$'000	2H2020 S\$'000	2H2021 vs 2H2020 Increase / (Decrease) %	FY2021 S\$'000	FY2020 S\$'000	FY2021 vs FY2020 Increase / (Decrease) %
Revenue	10,717	11,631	(7.86)	20,925	24,629	(15.04)
Cost of sales	(9,591)	(10,232)	(6.26)	(18,285)	(21,204)	(13.77)
Gross Profit	<u>1,126</u>	<u>1,399</u>	(19.51)	<u>2,640</u>	<u>3,425</u>	(22.92)
Other operating income	173	370	(53.24)	334	678	(50.74)
Selling and distribution expenses	(948)	(1,412)	(32.86)	(1,824)	(2,298)	(20.63)
General and administrative expenses	(3,618)	(4,131)	(12.42)	(7,394)	(7,993)	(7.49)
Other operating expenses	(192)	(3,309)	(94.20)	(192)	(3,309)	(94.20)
Write back of impairment losses on financial assets	91	8	N.M.	100	67	49.25
Finance income	(4)	(4)	-	21	39	(46.15)
Finance expenses	(361)	(301)	19.93	(728)	(547)	33.09
Finance expenses, net	<u>(365)</u>	<u>(305)</u>	19.67	<u>(707)</u>	<u>(508)</u>	39.17
Loss before income tax	(3,733)	(7,380)	(49.42)	(7,043)	(9,938)	(29.13)
Income tax	(25)	8	N.M.	(29)	(51)	(43.14)
Loss after tax for the period	<u>(3,758)</u>	<u>(7,372)</u>	(49.02)	<u>(7,072)</u>	<u>(9,989)</u>	(29.20)
Other comprehensive income :						
Currency translation difference	93	859	(89.17)	217	1,090	(80.09)
Other comprehensive income, net of tax	93	859	(89.17)	217	1,090	(80.09)
Total comprehensive loss	<u>(3,665)</u>	<u>(6,513)</u>	(43.73)	<u>(6,855)</u>	<u>(8,899)</u>	(22.97)
Loss for the period attributable to						
Owners of the Company	(2,692)	(4,833)	(44.30)	(4,930)	(6,375)	(22.67)
Non-controlling interests	(1,066)	(2,539)	(58.01)	(2,142)	(3,614)	(40.73)
	<u>(3,758)</u>	<u>(7,372)</u>	(49.02)	<u>(7,072)</u>	<u>(9,989)</u>	(29.20)
Total comprehensive loss attributable to:						
Owners of the Company	(2,586)	(4,111)	(37.10)	(4,726)	(5,546)	(14.79)
Non-controlling interests	(1,079)	(2,402)	(55.08)	(2,129)	(3,353)	(36.50)
	<u>(3,665)</u>	<u>(6,513)</u>	(43.73)	<u>(6,855)</u>	<u>(8,899)</u>	(22.97)

N.M. - Not meaningful

Other notes :

Loss before income tax is arrived at after charging / (crediting) the following :

	Group					
	2H2021 S\$'000	2H2020 S\$'000	2H2021 vs 2H2020 Increase / (Decrease) %	FY2021 S\$'000	FY2020 S\$'000	FY2021 vs FY2020 Increase / (Decrease) %
Depreciation of property, plant and equipment	477	750	(36.40)	963	1,525	(36.85)
Depreciation of right-of-use assets	89	106	(16.04)	180	182	(1.10)
Amortisation of intangible assets	81	80	1.25	152	161	(5.59)
Cost of Sales	9,550	9,895	(3.49)	18,244	20,867	(12.57)
Write back of impairment losses on financial assets	(91)	(93)	(2.67)	(100)	(152)	(34.53)
Impairment losses on financial assets - trade receivables (Reversal of impairment) / Impairment loss of non-financial assets	-	85	(100.00)	-	85	(100.00)
Research and development	-	3,253	(100.00)	(10)	3,253	N.M.
Research and development	22	17	29.41	41	41	-
Allowance of inventory obsolescence	12	59	(80.01)	12	59	(80.01)
Write back of provision for inventory	(162)	(396)	(59.09)	(162)	(397)	(59.19)
Foreign exchange loss	14	269	(94.64)	18	248	(92.57)
Gain from disposal of property, plant and equipment	(8)	(11)	(27.27)	(2)	(50)	(96.00)
Property, plant and equipment written off	50	360	(86.11)	50	360	(86.11)
Interest expense on borrowings and lease liabilities	361	301	19.93	728	547	33.09
Interest income	4	4	-	(21)	(39)	(46.15)

N.M. - Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	Dec-2021 S\$'000	Dec-2020 S\$'000	Dec-2021 S\$'000	Dec-2020 S\$'000
Non-Current Assets				
Property, plant and equipment	468	9,077	4	11
Right-of-use assets	453	1,056	9	13
Intangible assets	158	320	160	322
Investment in subsidiaries	-	-	5,119	5,119
	1,079	10,453	5,292	5,465
Current Assets				
Inventories	2,530	10,411	-	-
Trade and notes receivables	2,154	4,796	784	1,009
Other receivables	1,200	1,317	1,159	1,910
Prepayment	184	572	54	58
Fixed deposits	1,501	1,500	-	-
Cash and bank balances	5,654	4,469	177	135
	13,223	23,065	2,174	3,112
Assets held for disposal	15,918	-	-	-
	29,141	23,065	2,174	3,112
Total Assets	30,220	33,518	7,466	8,577
Current Liabilities				
Trade payables	1,328	2,462	-	-
Bills payable to banks	-	152	-	-
Other payables and accruals	4,994	5,108	197	312
Contract liabilities	18	124	-	-
Tax payables	25	-	-	-
Lease liabilities	326	527	2	7
Term loans	1,948	8,534	-	-
	8,639	16,907	199	319
Liabilities held for disposal	10,597	-	-	-
	19,236	16,907	199	319
Net Current Assets	9,905	6,158	1,975	2,793
Non-Current Liabilities				
Lease liabilities	348	667	-	2
Term loan	3,499	1,949	-	-
Other long term liabilities	(13)	13	-	-
Deferred tax liabilities	74	51	-	-
	3,908	2,680	-	2
Net Assets	7,076	13,931	7,267	8,256
Equity				
Share capital	24,603	24,603	24,603	24,603
Capital reserve	294	294	-	-
General reserve	4,417	4,417	-	-
Enterprise expansion fund	4,417	4,417	-	-
Translation reserve	244	40	-	-
Retained losses	(26,173)	(21,243)	(17,336)	(16,347)
	7,802	12,528	7,267	8,256
Non-controlling interests	(726)	1,403	-	-
Total Equity	7,076	13,931	7,267	8,256

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2021		As at 31/12/2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,953	321	8,699	514

Amount repayable after one year

As at 31/12/2021		As at 31/12/2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,518	329	1,973	643

Details of any collateral

Secured borrowings

As at 31 December 2021, our Group's borrowings are secured by the following:

- i) Term loan and bills payable to banks of approximately S\$5,447k (31 December 2020: S\$10,635k) were granted to the subsidiaries of the company and were used mainly as working capital and for financing of purchases made in the ordinary course of business; and
- ii) The lease liabilities under the hire purchase is approximately S\$24k (31 December 2020: S\$37k) secured by the underlying assets acquired with total net book values of approximately S\$25k as of 31 December 2021 (31 December 2020: S\$35k).

Unsecured borrowings

- i) The Unsecured debts securities include the office rental which arises from the adoption of SFRS(I) 16 Leases.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	12 Mths Ended Dec 2021 S\$'000	12 Mths Ended Dec 2020 S\$'000
Cash flow from operating activities			
Loss before income tax		(7,043)	(9,938)
Adjustments for:			
Depreciation of property, plant and equipment		963	1,525
Depreciation of right-of-use assets		180	182
Amortisation of intangible assets		152	161
Write-back of trade receivables		(100)	(152)
Impairment losses on financial assets - trade receivables		-	85
Gain from disposal of property, plant and equipment		(2)	(50)
Property, plant and equipment written off		50	360
(Reversal of impairment) / Impairment loss of non-financial assets		(10)	3,253
Allowance for inventory obsolescence		12	59
Write back of provision for inventory		(162)	(397)
Interest expense on borrowings and lease liabilities		728	547
Interest income		(21)	(39)
Translation adjustments		(634)	103
Operating cash flows before changes in working capital		(5,888)	(4,301)
Decrease in inventories		3,130	1,687
Decrease in trade and note receivables		657	3,681
Decrease in other receivables and prepayments		567	245
Increase / (decrease) in trade and other payables		1,681	(4,249)
Decrease in contract liabilities		(65)	(221)
Decrease in other long term liabilities		(25)	(164)
Cash generated from / (used in) operations		57	(3,322)
Interest received		21	39
Interest paid		(728)	(547)
Income tax received / (paid)		50	(153)
Net cash used in operating activities		(600)	(3,983)
Cash flow from investing activities			
Purchase of property, plant and equipment		(273)	(690)
Proceeds from disposal of property, plant and equipment		6	112
Net cash used in investing activities		(267)	(578)

		12 Mths Ended Dec 2021 S\$'000	12 Mths Ended Dec 2020 S\$'000
Cash flow from financing activities			
Decrease in restricted cash		-	267
Proceeds from loans and borrowings		4,153	6,125
Repayment of loans and borrowings		(1,042)	(1,553)
Proceeds from issuance of ordinary shares from Rights Issue		-	1,197
Payment of principal portion of lease liabilities		(461)	(386)
Net cash generated from financing activities		<u>2,650</u>	<u>5,650</u>
Net increase in cash & cash equivalents		1,783	1,089
Effect of exchange rate changes on cash and cash equivalents		203	158
Cash and cash equivalents at beginning of financial period		<u>4,469</u>	<u>3,222</u>
Cash and cash equivalents at end of financial period	A	<u><u>6,456</u></u>	<u><u>4,469</u></u>

Note A: Cash and cash equivalents

Cash and cash equivalents consists of bank balances and fixed deposits.

Cash and cash equivalents included in consolidated statement of cash flows comprise the following balance sheet amounts:

	Dec 2021 S\$'000	Dec 2020 S\$'000
Cash and bank balances	6,455	4,469
Fixed deposits	<u>1,501</u>	<u>1,500</u>
	<u>7,956</u>	<u>5,969</u>
Less : Restricted cash*	(1,500)	(1,500)
Cash and cash equivalents	<u><u>6,456</u></u>	<u><u>4,469</u></u>

*As at 31 December 2021, there was S\$1.5m cash at bank held by the Group (31 December 2020: S\$1.5m) placed with the banks of subsidiary companies, which was used to pledge as collateral for the short term loan and issuance of commercial bills.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Capital reserve	General reserve	Enterprise expansion fund	Translation reserve	Retained losses	Sub-total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group									
As at 01-January-2020	23,406	294	4,417	4,417	(789)	(14,840)	16,905	4,756	21,661
Loss for the year	-	-	-	-	-	(6,375)	(6,375)	(3,614)	(9,989)
Other comprehensive income for the year	-	-	-	-	829	-	829	261	1,090
Total comprehensive loss for the year	-	-	-	-	829	(6,375)	(5,546)	(3,353)	(8,899)
Strike Off of Dedot Pte, Ltd.	-	-	-	-	-	(28)	(28)	-	(28)
Issued of new ordinary shares	1,197	-	-	-	-	-	1,197	-	1,197
As at 31-December-2020	24,603	294	4,417	4,417	40	(21,243)	12,528	1,403	13,931
As at 01-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)
As at 31-December-2021	24,603	294	4,417	4,417	244	(26,173)	7,802	(726)	7,076
Company									
As at 01-January-2020	23,406	-	-	-	-	(14,702)	8,704	-	8,704
Loss for the year	-	-	-	-	-	(1,645)	(1,645)	-	(1,645)
Issued of new ordinary shares	1,197	-	-	-	-	-	1,197	-	1,197
As at 31-December-2020	24,603	-	-	-	-	(16,347)	8,256	-	8,256
As at 01-January-2021	24,603	-	-	-	-	(16,347)	8,256	-	8,256
Loss for the year	-	-	-	-	-	(989)	(989)	-	(989)
Prior year adjustment	-	-	-	-	-	-	-	-	-
Issued of new ordinary shares	-	-	-	-	-	-	-	-	-
As at 31-December-2021	24,603	-	-	-	-	(17,336)	7,267	-	7,267

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and subsidiary holdings held against the total percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital since the end of the previous period reported on, being 31 December 2020. There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 31 December 2021 and 31 December 2020.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

There were no treasury shares as at 31 December 2020 and 31 December 2021. The share capital of the Company comprises 311,698,153 ordinary shares as at 31 December 2021 (31 December 2020 : 311,698,153 ordinary shares).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares as at 31 December 2020 and 31 December 2021.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company did not hold any subsidiary holdings as at 31 December 2020 and 31 December 2021.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable. The Group's latest audited financial statement for the financial year ended 31 December 2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and Company have applied the same accounting policies and methods of computation for the current reporting period compared with audited financial statement as at 31 December 2020.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Loss per share based on loss for the year attributable to owners of the Company

	Year-ended 31 December	
	2021	2020
	Cents	Cents
(a) Based on weighted average number of ordinary shares	(1.58)	(2.38)
(b) Based on a fully diluted basis	(1.58)	(2.38)
Weighted average number of ordinary shares in issue	311,698,153	267,756,478

Loss per share was calculated based on 311,698,153 ordinary shares in issue for year ended 31 December 2021 and 267,756,478 ordinary shares in issue for year ended 31 December 2020.

7 **Net asset value (for the issuer and group) per ordinary share based on the total number of shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and
 (b) immediately preceding financial year.

	Group		Company	
	Cents		Cents	
	31/12/21	31/12/20	31/12/21	31/12/20
Net asset value per ordinary share based on total number of issued shares excluding treasury shares at the end of the respective period	2.50	4.02	2.33	2.65

Net asset value per share as of 31 December 2021 was computed based on 311,698,153 ordinary shares (31 December 2020 : 311,698,153 ordinary shares).

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of financial performance

Revenue

For 2nd half of 2021 ("2H2021"), the Group recorded a total revenue of S\$10.7m, a reduction of S\$0.9m as compared to the corresponding 6 months period in 2020 ("2H2020") of S\$11.6m. The decrease was due mainly to the continued impact from the COVID-19 pandemic on the Textile industry in China.

The Group recorded a total revenue of S\$20.9m for the full year ended 31 December 2021 ("FY2021"), a decrease of approximately S\$3.7m or 15% in the Group's revenue as compared to the corresponding period ended 31 December 2020 ("FY2020") of S\$24.6m. This was due mainly to the impact of COVID-19 pandemic that has disrupted the Group's business and operations since early 2020.

Gross Profit

Gross profit margin decreased to 10.5% for 2H2021 as compared to 12% in 2H2020 due mainly to higher logistics costs and clearing of aging inventories.

Gross profit margin for FY2021 has dropped from 13.9% in FY2020 to 12.6% in FY2021, due mainly to lower revenue, higher logistics costs and clearing of aging inventories. Gross profit reduced by S\$0.8m from S\$3.4m in FY2020 to S\$2.6m in FY2021.

Net Operating Expenses

The Group recorded lower net operating expenses for 2H2021 of S\$4.5m as compared to S\$8.5m for 2H2020 due mainly to the absence of impairment losses on property, plant and equipment ("PPE") and intangible assets of S\$3.3m which was recorded in 2H2020.

For FY2021, the Group recorded lower net operating expenses of S\$9.0m as compared to S\$12.9m in FY2020. This was due mainly to the absence of impairment losses on PPE and intangible assets of S\$3.3m and lower selling & distribution and general & administrative expenses.

Net Financial Expense

For 2H2021, the Group net finance expenses increased by S\$60k to S\$365k as compared to S\$305k due mainly to additional loan facility obtained in FY2021.

The Group recorded a net finance expenses of S\$707k in FY2021, as compared to an amount of S\$508k in FY2020 due mainly to additional loan facility.

Tax

Taxation is in line with profits made by profitable subsidiaries in China and Malaysia.

Net Results

Due to absence of impairment losses in 2H2021 as compared to 2H2020, the loss before tax for 2H2021 is reduced by S\$3.6m to S\$3.8m from S\$7.4m in 2H2020.

As a result of the above, the Group registered a lower loss before tax of S\$7.0m for FY2021 as compared to loss before tax of S\$9.9m for FY2020. The loss for the period attributable to owners of the Group is approximately S\$4.9m in FY2021, as compared to S\$6.4m in FY2020.

Review of financial position

The Group's PPE including the land use rights and right-of-use assets were at S\$0.9m and S\$10.1m as at 31 December 2021 and 31 December 2020 respectively. The reduction in PPE was mainly attributable to the depreciation and amortisation charges of S\$0.3m, and reclassification of non-current assets to current assets held for disposal of S\$8.7m as a result of the proposed disposal of Matex Chemicals (Taixing) Co., Ltd ("**MCT**") and Amly Chemicals Co., Ltd ("**ACL**") as set out in the Company's announcements dated 7 April 2021 and 23 February 2022 respectively.

Intangible assets was reduced by S\$0.2m due mainly to amortisation charges.

Inventories were at S\$2.5m as at 31 December 2021 and S\$10.4m as at 31 December 2020. The decline in inventories was due mainly to reclassification to current assets held for disposal of S\$4.6m and consumption in the normal course of business.

Financial assets carried at amortised costs comprise the following: -

	Group	
	Dec-2021	Dec-2020
	\$'000	\$'000
Trade receivables	1,778	3,331
Notes Receivable	376	1,465
Total Trade and notes receivables	2,154	4,796
Add:		
Other Receivables	1,162	1,156
Deposit	38	38
Cash and bank balances	5,654	4,469
Fixed deposits	1,501	1,500
Total financial assets carried at amortised cost	<u>10,509</u>	<u>11,959</u>

Current trade and notes receivables has decreased from S\$4.8m as at 31 December 2020 to S\$2.2m as at 31 December 2021, due mainly to the reclassification to current assets held for disposal of S\$1.4m and lower sales.

Other receivables has reduced by S\$0.1m from S\$1.3m as at 31 December 2020 to S\$1.2m as at 31 December 2021.

Prepayment has decreased by S\$0.4m from S\$0.6m as at 31 December 2020 to S\$0.2m as at 31 December 2021, due mainly to the reduction in advance payment to suppliers.

Cash and cash equivalents for the period increased from S\$4.5m as at 31 December 2020 to S\$5.7m as at 31 December 2021. The increase in cash was due mainly to the S\$4.1m loans and borrowings obtained by our subsidiaries, which was partially offset by cash used in operations and repayment of loans and borrowings.

Financial liabilities at amortised cost comprise the following:-

	Group	
	Dec-2021	Dec-2020
	\$'000	\$'000
Trade payables	1,328	2,462
Add:		
Bills payables to banks	-	152
Other payables and accruals *	4,981	5,121
Lease liabilities	674	1,194
Term loans	5,447	10,483
Less:		
Provision for unutilised leave	(38)	(50)
Deferred capital grant	(170)	(187)
Total financial liabilities at amortised cost	<u>12,222</u>	<u>19,175</u>

* Other Payables and Accruals

	Group	
	Dec-2021	Dec-2020
	\$'000	\$'000
Other Payables	4,176	4,347
Accrued operating expenses	241	171
Accrued payroll related expenses	394	416
Deferred capital grant	170	187
Total other payables and accruals	<u>4,981</u>	<u>5,121</u>

Trade payables has reduced from S\$2.5m as at 31 December 2020 to S\$1.3m as at 31 December 2021 due mainly to reclassification to current liabilities held for disposal of S\$0.5m and lower purchases in line with the reduction in sales.

Other payables and accruals has decreased from S\$5.1m as at 31 December 2020 to S\$5.0m as at 31 December 2021, due mainly to lower accrual of salary and bonus.

Term loan has decreased from S\$10.5m as at 31 December 2020 to S\$5.0m as at 31 December 2021. This was due mainly to reclassification to current liabilities held for disposal of S\$7.8m and the increase in loans and borrowings of S\$4.1m which was used mainly as working capital and for financing of purchases made in the ordinary course of business, and partially offset by repayment in loans and borrowings.

Overall, Group's equity as at 31 December 2021 was at S\$7.1m, a reduction of approximately of S\$6.8m as compared to S\$13.9m as at 31 December 2020. This was due mainly to the loss incurred during FY2021.

Review of cash flow

Net cash generated from operating activities

In FY2021, approximately S\$0.6m of net cash was used to fund the operating activities, which was a result of operating loss before changes in working capital of S\$5.9m, net working capital inflows of approximately S\$5.9m and net interest and tax expense of S\$0.6m.

Net cash used in investing activities

In FY2021, the Group's net cash outflow from investing activities amounted to approximately S\$267k, which was due mainly to the purchase of PPE of S\$273k and partially offset by the proceeds from the disposal of property, plant and equipment of S\$6k.

Net cash from financing activities

In FY2021, the Group's net cash inflow from financing activities amounted to approximately S\$2.7m. This was due mainly to the increase in loans and borrowings of S\$4.1m, and partially offset by loan repayments of S\$1.0m and lease liabilities repayment of S\$0.5m.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There has not been any forecast or prospect statement in relation to the Group's results previously disclosed to shareholders.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

When will the pandemic end? This straightforward question is clearly crucial for the economic and market outlook, yet the answers remain elusive and nuanced.

As the world prepares for a shift to an endemic situation from the current pandemic, inflation risk and supply chain cost pressures are expected to continue to linger and persist widely in the short to mid-term. At the recent world economic forum at the Davos Agenda, global leaders through a virtual series of sessions, continue to discuss on topics of equitable global vaccination, restoring trust in global trade to build future preparedness with technology cooperation in the fourth industrial revolution, accelerating and scaling up climate innovation. China's recent power supply shortages and its policy on zero COVID policies are of key concerns to the global economy's recovery and rebalancing growth amid potential tightening monetary policies.

With this as a backdrop, Matex continues to do its best to pivot into emerging industries like health and well being, environmental solutions, lifestyle wear with sustainable products and solutions that can add value to help its customers, brands and stakeholders differentiate and innovate. As part of its own internal restructuring efforts to be more streamline and asset light, along with its aim for a more circular economy approach, it will put more efforts into strengthening its distribution channels, green product research and development and reduce manufacturing where possible.

The Company had on 7 April 2021 announced the strategic disposal of the Group's 60% equity interest in MCT ("**Proposed Disposal**"), and had on 28 April 2021, obtained Shareholders' approval for the Proposed Disposal at the extraordinary general meeting ("**EGM**") 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 to also sell their stakes to the purchaser.

As an update, the above condition precedent has yet to be fulfilled. As Shenyang Chemical Research Institute Co., is a PRC state-owned company and Shanghai Tangzhen Investment Development Group Co. Ltd is a company 100% owned by Tangzhen government, the regulations and procedures for them to dispose of the 40% equity interest in MCT are time consuming. Though both of them have given their consent for the disposal to the same buyer, they will still need more time to go through the procedures. The Company estimates that it will take till mid-2022 to complete the sale process. The buyer has agreed to further extend the Acquisition Agreement until 30th June 2022. The Company will provide appropriate updates in due course.

The Company had on 23 February 2022, entered into a Sale & Purchase Agreement in relation to the proposed disposal of ACL. The proposed disposal of ACL is subject to Shareholders' approval at an EGM to be held. The Company will issue the Circular containing information on the proposed disposal of ACL to Shareholders in due course.

The Company had on 4th August 2021 entered into a non-binding Memorandum of Understanding with White Group Pte. Ltd., which is currently still under discussion.

Concurrently, the Company is actively exploring suitable businesses and opportunities for diversification with the funds expected to be obtained from the sale of MCT and ACL.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared/(recommended) for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared/(recommended) for the corresponding period of the immediately preceding financial year?

None.

(c) Whether the dividend is before tax, net of tax or tax exempt

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

12 If no dividend has been declared/(recommended), a statement to that effect.

No dividend has been declared/(recommended) as the Group is not profitable.

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for interested person transactions.

During the financial year, there were interested person transactions based on the terms agreed between the parties as follows:

	Group	
	FY2021	FY 2020
	S\$'000	S\$'000
Fees incurred or paid to a law firm which a director, Mr Wang Dao Fu is a partner	27	6

14 Disclosures on Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A

Please refer to the Company's announcement dated 7 April 2021 in relation to the proposed disposal of MCT and the updates on the disposal as set out in Paragraph 10 of this announcement.

Post 31 December 2021, the Company had on 23 February 2022, entered into a sale and purchase agreement for the proposed disposal of ACL. Please refer to the Company's announcement dated 23 February 2022 for more information.

15 Negative confirmation pursuant to the Rule 705(5).

Not applicable for full year results announcement.

16 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H, under Rule 720(1)).

The Company has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7H of the Catalyst Rules, in accordance with Rule 720(1) of Catalyst Rules.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half-Year Results)

17 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with

	PRC		Other Asia Pacific		Eliminations		Group	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue								
Sales to external customers	15,640	18,326	5,285	6,303	-	-	20,925	24,629
Inter-segment sales	9,603	12,361	808	1,457	(10,411)	(13,818)	-	-
Total revenue	25,244	53,283	6,093	7,760			20,925	24,629
Segment results	(5,384)	(8,352)	(977)	(1,561)	25	484	(6,336)	(9,430)
Financial expense, net							(707)	(508)
Loss before tax							(7,043)	(9,938)
Income tax							(29)	(51)
Loss after tax							(7,072)	(9,989)
Non-controlling interest							2,142	3,614
Loss attributable to owners of the parent							(4,930)	(6,375)

The revenue of the Group is primarily derived from the manufacturing and sales of dye stuffs and auxiliary chemicals. As such, no operating segment revenue and results have been prepared.

18 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 of this announcement for a review of the performance of the Group.

19 A breakdown of sales.

	Group		Increase / (Decrease) %
	FY2021 S\$'000	FY2020 S\$'000	
Sales reported for first half year	10,208	12,998	(21.46)
Operating loss after tax before deducting non-controlling interests reported for first half year	(3,314)	(2,617)	26.63
Sales reported for second half year	10,717	11,631	(7.86)
Operating loss after tax before deducting non-controlling interests reported for second half year	(3,758)	(7,372)	(49.02)

20 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

(a) Ordinary

No dividends were declared for FY2020 and FY2021.

(b) Preference

Not applicable.

(c) Total

Not applicable.

21 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial

Pursuant to Rule 704(10) of the Catalyst Rules, we set out below the persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Pang Sim	71	Brother of Dr Tan Pang Kee, MD & CEO	Appointed as a Director of Unimatex Sdn Bhd, a subsidiary in Malaysia since 2004; responsible for its management and development of corporate policies and procedures.	NA
Tan Pang Jang	51	Brother of Dr Tan Pang Kee, MD & CEO	Appointed as Senior Sales & Marketing Manager of Unimatex Sdn Bhd, a subsidiary in Malaysia since 2013; responsible for looking into the sales & marketing.	NA
Tan Guan Liang	39	Son of Dr Tan Pang Kee, MD & CEO	Appointed as Executive Director in 2010; responsible for managing operational readiness and effectiveness, promoting Matex's image and brand locally and abroad, all business projects work, developing cost-effective plans and project schedule.	NA
Lim Kooi Yee	35	Daughter-in-law of Dr Tan Pang Kee, MD & CEO; and wife of Mr Tan Guan Liang, ED	Appointed as Head of Technical; responsible for technical services, product resource and development for Singapore entities of the Group.	NA

BY ORDER OF THE BOARD

Dr Tan Pang Kee
Chief Executive Officer / Managing Director

28 February 2022

This document has been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. ("Sponsor"), for compliance with the SGX-ST Listing Manual Section B: Rules of Catalyst. 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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