Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Matex International Limited

Stock code: M15

Meeting details:
Date: 28 April 2021
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Q1. As noted in the message to shareholders, the group aims to improve its bottom line by selling higher yielding margin products and service solutions in sectors such as antiviral textiles, medical articles (Personal Protection Equipment), and "Athleisure", which benefitted from COVID-19.

(i) **Can management help shareholders understand the group's competitive advantage in these high growth areas?**

(ii) **What is the group's value-add in the value chain?**

(iii) **How does the group acquire new customers?**

(iv) **What is the group's role/involvement in Megapro ECO®? Does the group own or jointly own the intellectual properties of Megapro ECO®? How does the group capture value for shareholders with its involvement in Megapro ECO®?**

Q2. As noted in the corporate governance report, the board comprises five directors, three of whom (including the chairman of the board) are independent and non-executive directors and two are executive directors.

The nominating committee (NC) noted that Dr John Chen has served on the board for 9 or more years from the date of his first appointment. Based on the director's profile (page 10), Dr Chen was appointed the chairman and independent director since 11 July 2003. The NC noted Dr John Chen's long and commendable roles on the board and that he has discharged his duties professionally, ethically and with integrity.

The NC further noted the following:

Having considered the above, the NC had 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 being followed and provide effective oversight and compliance to good corporate governance.

(i) **What are the best practices mentioned by the NC in the paragraph above?**

(ii) **In addition, can the other directors confirm that they are familiar with corporate governance best practices and do they, individually and collectively, also provide effective oversight?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Besides its statutory responsibilities, the board also provides entrepreneurial 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, amongst others (page 26).

The chairman also provides close oversight, guidance, advice and leadership to the CEO & MD and senior management.

In FY2010, equity attributable to owners of the company was $41.7 million. As at 31 December 2020, it has fallen to $16.9 million even after the recent fund raising. No dividend has been given out since 2006.

(iii) **Can the board members, especially the long-tenured non-executive directors, help shareholders understand their effectiveness as board directors, especially in the area of entrepreneurial leadership and setting the strategic direction to create value for shareholders?**

(iv) **Would the board be reviewing how the human and operational resources could be further strengthened?**

Q3. On 30 October 2020, the company proposed to undertake a renounceable non-underwritten rights issue of up to 106,956,928 new ordinary shares in the capital of the company, at an issue price of $0.027 for each rights share on the basis of two rights shares for every five existing ordinary shares in the issued and paid-up capital of the company held by entitled shareholders.

The company announced that valid acceptances and valid excess applications received were for a total of 44,305,833 rights shares. The controlling shareholder, Dr. Tan Pang Kee, who had given his undertaking for the rights issue subscribed to a total of 29,629,630 rights shares – 23,337,200 rights shares under his entitlements and 6,292,430 rights shares under excess application.

This represented approximately 41.42% of the rights shares available for the subscription under the rights issue. Not considering the acceptance and excess application by the controlling shareholder, it is estimated that minority shareholders took up only 10.4% of their entitlement (17.6% if valid acceptance and excess applications are considered).

(i) **Has the board carried out a review to understand the reasons for the low valid acceptances by shareholders (other than the undertaking shareholder)?**

Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

(ii) **With the benefit of hindsight, what could the board have done differently?**

(iii) **Has the board/management evaluated the market's understanding of the group and the appreciation of the group's business model and growth prospects?**

(iv) **Did the board consider the attractiveness of the rights issue given that 30% to 100% of the net proceeds was to be used to repay the shareholder loan?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)