



## MEDTECS INTERNATIONAL CORPORATION LIMITED

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### Unaudited Half Year Financial Statements For The Period Ended 30 June 2021

#### CONDENSED INTERIM STATEMENTS OF INCOME

	Group		
	US\$'000		%
	Latest Half Year Ended 30 June 2021	Previous Half Year Ended 30 June 2020	Increase/ (Decrease)
<b>Revenue</b>	85,303	162,609	(47.5)
Costs of sales and services	(54,529)	(111,187)	(50.9)
<b>Gross profit</b>	30,774	51,422	(40.1)
<b>Other items of income</b>			
Other operating income (expense), net	(8)	2,501	(100.3)
Financial income	13	16	(18.7)
<b>Other items of expense</b>			
Distribution and selling expenses	(5,983)	(5,351)	11.8
Administrative expenses	(5,595)	(4,725)	18.4
Financial expenses	(498)	(995)	(49.9)
<b>Profit before tax</b>	18,703	42,868	(56.3)
Income tax expense	(198)	(3,975)	(95.0)
<b>Net profit for the period</b>	18,505	38,893	(52.4)
<b>Attributable to:</b>			
Equity holders of the Company	19,066	38,890	(50.9)
Non-controlling interests	(561)	3	(18,800.0)
<b>Net profit for the period</b>	18,505	38,893	(52.4)

US\$'000	
Latest Half Year Ended 30 June 2021	Previous Half Year Ended 30 June 2020

Depreciation	1,757	2,655
Amortisation of:		
Assets held for leasing	1,060	1,271
Right-of-use assets	318	315
Interest expense on:		
Loans	318	863
Lease liabilities	150	120
Other finance cost	30	12
Interest income	(13)	(16)
Other operating income (expense), net	(8)	2,501
Foreign exchange gain (loss)	(570)	2,254

#### CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	Group		
	US\$'000		%
	Latest Half Year Ended 30 June 2021	Previous Half Year Ended 30 June 2020	Increase/ (Decrease)
Profit after tax	18,505	38,893	(52.4)
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference on consolidation	(867)	(1,074)	(19.2)
Actuarial gains	10	–	100.0
Total comprehensive income	17,648	37,819	(53.3)
<b>Attributable to:</b>			
Equity holders of the Company	18,209	37,816	(51.8)
Non-controlling interests	(561)	3	(18,800.0)
Total comprehensive income	17,648	37,819	(53.3)

## CONDENSED INTERIM BALANCE SHEETS

	Group		Company	
	US\$'000		US\$'000	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment, net	22,509	21,499	66	50
Investment properties	2,783	2,839	–	–
Assets held for leasing	4,489	4,358	–	–
Right-of-use of asset	5,698	5,573	55	77
Investment in subsidiaries	–	–	28,353	28,353
Goodwill	709	709	–	–
Deferred tax assets	33	33	12	12
Other non-current assets	2,807	4,617	654	297
	<u>39,028</u>	<u>39,628</u>	<u>29,140</u>	<u>28,789</u>
<b>Current assets</b>				
Inventories	49,941	53,678	1,422	611
Trade receivables	47,610	49,308	23,169	17,442
Other current assets	10,454	15,733	8,007	14,498
Due from subsidiaries (trade)	–	–	30,769	30,780
Fixed deposits	1,623	5,178	–	–
Cash and bank balances	Note 1	61,118	82,161	9,292
		<u>170,746</u>	<u>206,058</u>	<u>83,339</u>
<b>TOTAL ASSETS</b>		<u>209,774</u>	<u>245,686</u>	<u>101,799</u>
			<u>112,128</u>	

**EQUITY AND LIABILITIES**

		Group US\$'000		Company US\$'000	
		30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
<b>Current liabilities</b>					
Accounts payable and other current liabilities	Note 2	3,136	10,357	1,413	3,286
Due to subsidiaries (trade)		–	–	–	–
Term loans (current portion)		538	1,250	–	1,250
Bank loans	Note 3	11,168	31,603	–	–
Income tax payable		3,158	2,775	–	1
		<u>18,000</u>	<u>45,985</u>	<u>1,413</u>	<u>4,537</u>
<b>NET CURRENT ASSETS (LIABILITIES)</b>		152,746	160,073	71,246	78,802
<b>Non-current liabilities</b>					
Term loans		–	228	–	–
Lease liabilities – net of current portion		3,162	3,158	173	211
Deferred tax liabilities		147	181	–	–
Other non-current liabilities		1,279	1,644	270	276
		<u>4,588</u>	<u>5,211</u>	<u>443</u>	<u>487</u>
<b>TOTAL LIABILITIES</b>		<u>22,588</u>	<u>51,196</u>	<u>1,856</u>	<u>5,024</u>
<b>NET ASSETS</b>		<u>187,186</u>	<u>194,490</u>	<u>99,943</u>	<u>107,104</u>
<b>Equity attributable to equity holders of the Company</b>					
Share capital		27,471	27,471	27,471	27,471
Share premium		4,721	4,721	4,721	4,721
Actuarial gains/(losses)		(132)	(142)	11	11
Foreign currency translation reserve		2,365	3,232	–	–
Other reserves		394	394	561	561
Revenue reserves/(deficits)		154,015	157,789	69,291	74,340
Less: Treasury shares		(2,112)	–	(2,112)	–
		<u>186,722</u>	<u>193,465</u>	<u>99,943</u>	<u>107,104</u>
<b>Non-controlling interests</b>		464	1,025	–	–
<b>Total equity</b>		<u>187,186</u>	<u>194,490</u>	<u>99,943</u>	<u>107,104</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>209,774</u>	<u>245,686</u>	<u>101,799</u>	<u>112,128</u>

Explanatory notes that are material to an understanding of the information:

Note 1 Decrease in Cash and Cash Equivalents is primarily due to repayment of loans, cash dividends and share buybacks.

Note 2 Decrease in Accounts Payable and Other Current Liabilities is due to payment to creditors.

Note 3 Decrease in Bank Loans is due to fewer borrowings and repayment of loans.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS

Group US\$'000	
Latest Half Year Ended 30 June 2021	Previous Half Year Ended 30 June 2020

### OPERATING ACTIVITIES

Profit before tax	18,703	42,868
Adjustments for:		
Depreciation	1,757	2,655
Amortization of:		
Assets held for leasing	1,060	1,271
Right-of-use assets	318	315
Financial expense	468	983
Other finance costs	30	12
Financial income	(13)	(16)
Operating cash flows before working capital changes	22,323	48,088
Change in operating assets:		
Other current assets	5,279	157
Trade receivables	1,245	(33,673)
Inventories	3,450	105
Change in operating liabilities:		
Pension benefits obligation	35	41
Accounts payable and other current liabilities	(8,007)	12,583
Net cash generated from operations	24,325	27,301
Income taxes received (paid)	151	(1,673)
Other finance costs paid	(30)	(12)
Interest received	13	16
Net cash generated from operating activities	24,459	25,632

Group US\$'000	
Latest Half Year Ended 30 June 2021	Previous Half Year Ended 30 June 2020

### INVESTING ACTIVITIES

Purchases of property, plant and equipment	(2,711)	(4,060)
Decrease / (Increase) in:		
Assets held for leasing	(1,191)	(782)
Other non-current assets	1,810	(569)
Net cash used in investing activities	<u>(2,092)</u>	<u>(5,411)</u>

### FINANCING ACTIVITIES

Proceeds / (Payment) of short-term bank loans – net	(20,435)	539
Payment of term loans – net	(940)	(1,836)
Payment of cash dividends	(22,840)	–
Decrease in fixed deposits	3,555	–
Interest paid	(318)	(863)
Decrease in deferred lease income	(4)	–
Purchase of treasury shares	(2,112)	–
Payment of lease liabilities	(316)	(421)
Net cash used in financing activities	<u>(43,410)</u>	<u>(2,581)</u>
Net increase / (decrease) in cash and bank balances	(21,043)	17,640
Cash and bank balances at beginning of period	<u>82,161</u>	<u>3,070</u>
Cash and bank balances at end of period	<u><u>61,118</u></u>	<u><u>20,710</u></u>

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

### Group

US\$'000										
Attributed to equity holders of the Group								Non-controlling interests	Total equity	
Share capital	Share premium	Actuarial gains (losses)	Translation reserves	Revenue reserves	Other Reserves	Total reserves	Treasury shares			
<b>Balance at 31 December 2019</b>	27,471	4,721	6	231	30,747	394	31,372	–	1,020	64,590
Net profit for the period	–	–	–	–	38,890	–	38,890	–	3	38,893
Other comprehensive loss	–	–	–	(1,074)	–	–	(1,074)	–	–	(1,074)
Total comprehensive income (loss) for the period	–	–	–	(1,074)	38,890	–	37,816	–	3	37,819
<b>Balance at 30 June 2020</b>	27,471	4,721	6	(843)	69,637	394	69,188	–	1,023	102,409
Net profit for the period	–	–	–	–	92,821	–	92,821	–	2	92,823
Other comprehensive income (loss)	–	–	(148)	4,075	–	–	4,075	–	–	3,927
Total comprehensive income (loss) for the period	–	–	(148)	4,075	92,821	–	96,896	–	2	96,744
Cash dividends	–	–	–	–	(4,669)	–	(4,669)	–	–	(4,669)
<b>Balance at 31 December 2020</b>	27,471	4,721	(142)	3,232	157,789	394	161,415	–	1,025	194,490
Net profit for the period	–	–	–	–	19,066	–	19,066	–	(561)	18,505
Other comprehensive loss	–	–	10	(867)	–	–	(867)	–	–	(857)
Total comprehensive income (loss) for the period	–	–	10	(867)	19,066	–	18,199	–	(561)	17,648
Purchase of treasury shares	–	–	–	–	–	–	–	(2,112)	–	(2,112)
Cash dividends	–	–	–	–	(22,840)	–	(22,840)	–	–	(22,840)
<b>Balance at 30 June 2021</b>	27,471	4,721	(132)	2,365	154,015	394	156,774	(2,112)	464	187,186



Company

US\$'000									
Attributed to equity holders of the Company							Non-controlling interests	Total equity	
Share capital	Share premium	Actuarial gains (losses)	Revenue reserves	Other reserves	Total reserves	Treasury shares			
<b>Balance at 31 December 2019</b>	27,471	4,721	24	(8,318)	561	(7,757)	–	–	24,459
Net income for the period, representing total comprehensive income for the period	–	–	–	16,877	–	16,877	–	–	16,877
<b>Balance at 30 June 2020</b>	27,471	4,721	24	8,559	561	9,120	–	–	41,336
Net profit for the period	–	–	–	70,450	–	70,450	–	–	70,450
Other comprehensive loss for the period	–	–	(13)	–	–	–	–	–	(13)
Total comprehensive income (loss) for the period	–	–	(13)	70,450	–	70,450	–	–	70,437
Cash dividends	–	–	–	(4,669)	–	–	–	–	(4,669)
<b>Balance at 31 December 2020</b>	27,471	4,721	11	74,340	561	74,901	–	–	107,104
Net profit for the period, representing total comprehensive income for the period	–	–	–	17,791	–	17,791	–	–	17,791
Purchase of treasury shares	–	–	–	–	–	–	(2,112)	–	(2,112)
Cash dividends	–	–	–	(22,840)	–	(22,840)	–	–	(22,840)
<b>Balance at 30 June 2021</b>	27,471	4,721	11	69,291	561	69,852	(2,112)	–	99,943

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These notes form an integral part of the condensed interim financial statements.

### **1. CORPORATE INFORMATION**

Medtecs International Corporation Limited (the “Company”) is a limited liability company, which is domiciled in the Philippines, incorporated in Bermuda and is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (SGX-ST).

The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at 7B Country Space1 Building, 133 H.V. Dela Costa St., Makati City, Philippines.

The principal activities of the Company are manufacturing and selling of medical supplies and equipment and woven and knitted medical textile products.

The condensed interim consolidated financial statements have not been audited or reviewed by auditors.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

#### **2.1 Basis of preparation**

The condensed interim financial statements of the Company and its subsidiaries (collectively, the “Group”) have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). The condensed interim financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in United States dollars (US\$) and all values in the tables are rounded to the nearest thousand (\$’000) unless otherwise indicated.

#### **2.2 New and amended standards adopted by the Group**

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **2.3 Use of judgments and estimates**

In preparing the condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

### 3. SEGMENT AND REVENUE INFORMATION

#### Business segments

The *manufacturing segment* produces and sub-contracts a wide range of medical consumables, including patients' apparels, disposable surgical masks, boot covers and surgical gowns, underpads, adult diapers, crochet blankets, bed linens and medical bandages. These medical consumables are supplied to large medical multinational corporation distributors, pharmaceutical companies and hospital groups in the USA and Europe.

The *hospital services segment* provides laundry and leasing services to various hospitals that are outsourcing its non-critical functions.

The *distribution segment* is involved in the marketing of Medtecs-branded medical consumables to hospitals, pharmacies and other end users in Asia Pacific. The Group also leverages on its distribution network to market other branded medical supplies and equipment such as wheel chairs, syringes, nebulizers and blood pressure monitors.

#### Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

#### (a) Business segments

The following table presents revenue, results and other information, assets, liabilities and other segment information regarding the Group's business segments for the half-years ended 30 June 2021 and 30 June 2020.

Half-Year Ended 30 June 2021	Manufacturing	Hospital	Distribution	Group
	US\$'000	services US\$'000	and others US\$'000	US\$'000
Revenue	71,714	7,579	6,010	85,303
Results	18,734	145	309	19,188
Financial expenses				(498)
Financial income				13
Income tax expense				(198)
Net profit for the year				18,505
Total assets	189,100	13,434	7,240	209,774
Total liabilities	19,982	2,553	53	22,588
<i>Other segment information:</i>				
Capital expenditure	2,711	–	–	2,711
Depreciation and amortization	2,019	1,060	56	3,135
Other non-cash expenses - net	185	–	–	185

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**

**3. SEGMENT AND REVENUE INFORMATION (continued)**

**(a) Business segments (continued)**

**Half-Year Ended 30 June 2020**

	Manufacturing US\$'000	Hospital services US\$'000	Distribution and others US\$'000	Group US\$'000
Revenue	150,163	7,029	5,417	162,609
Results	40,373	120	3,353	43,846
Financial expenses				(995)
Financial income				17
Income tax expense				(3,975)
Net profit for the year				38,893
Total assets	146,614	13,767	7,660	168,041
Total liabilities	58,217	7,161	254	65,632
<i>Other segment information:</i>				
Capital expenditure	4,060	–	–	4,060
Depreciation and amortization	2,914	1,271	56	4,241
Other non-cash expenses - net	979	–	–	979

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

### 3. SEGMENT AND REVENUE INFORMATION (continued)

#### (b) Geographical segments

The following table presents revenue, capital expenditure and certain assets information regarding the Group's geographical segments as at and for the half-years ended 30 June 2021 and 30 June 2020.

<b>Half-Year Ended 30 June ("1H") 2021</b>	North America US\$'000	Asia Pacific US\$'000	Europe US\$'000	Australia US\$'000	Group US\$'000
Revenue	30,575	35,017	19,711	–	85,303
Results	6,877	7,877	4,434	–	19,188
Financial expenses					(498)
Financial income					13
Income tax expense					(198)
Net profit for the year					18,505
Total assets	7,613	198,051	4,110	–	209,774
Total liabilities	–	22,588	–	–	22,588
<i>Other segment information:</i>					
Capital expenditures	–	2,711	–	–	2,711
Depreciation and amortization	–	3,135	–	–	3,135
Other non-cash expenses - net	–	185	–	–	185

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**

**3. SEGMENT AND REVENUE INFORMATION (continued)**

**(b) Geographical segments (continued)**

<b>Half-Year Ended 30 June 2020</b>	North America US\$'000	Asia Pacific US\$'000	Europe US\$'000	Australia US\$'000	Group US\$'000
Revenue	16,064	88,238	52,098	6,029	162,609
Results	4,331	23,793	14,048	1,674	43,846
Financial expenses					(995)
Financial income					17
Income tax expense					(3,975)
Net profit for the year					38,893
Total assets	3,961	154,034	10,046	–	168,041
Total liabilities	–	65,632	–	–	65,632
<i>Other segment information:</i>					
Capital expenditures	–	4,060	–	–	4,060
Depreciation and amortization	–	4,241	–	–	4,241
Other non-cash expenses - net	–	979	–	–	979

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**

**3. SEGMENT AND REVENUE INFORMATION (continued)**

**Disaggregation of revenue**

	Manufacturing		Hospital Services		Distribution and Others		Total	
	1H2021	1H2020	1H2021	1H2020	1H2021	1H2020	1H2021	1H2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Primary geographical markets</b>								
North America	30,575	16,064	–	–	–	–	30,575	16,064
Asia Pacific	21,428	75,792	7,579	7,029	6,010	5,417	35,017	88,238
Europe	19,711	52,098	–	–	–	–	19,711	52,098
Australia	–	6,209	–	–	–	–	–	6,209
	<u>71,714</u>	<u>150,163</u>	<u>7,579</u>	<u>7,029</u>	<u>6,010</u>	<u>5,417</u>	<u>85,303</u>	<u>162,609</u>
<b>Revenue from contracts</b>								
Revenue from manufacturing	71,714	150,163	–	–	–	–	71,714	150,163
Revenue from hospital services	–	–	7,579	7,029	–	–	7,759	7,029
Revenue from distribution and others	–	–	–	–	6,010	5,417	6,010	5,417
	<u>71,714</u>	<u>150,163</u>	<u>7,579</u>	<u>7,029</u>	<u>6,010</u>	<u>5,417</u>	<u>85,303</u>	<u>162,609</u>
<b>Timing of transfer of goods or services</b>								
At a point in time	71,714	150,163	–	–	5,706	5,113	77,420	155,276
Over time	–	–	7,579	7,029	304	304	7,883	7,333
	<u>71,714</u>	<u>150,163</u>	<u>7,579</u>	<u>7,029</u>	<u>6,010</u>	<u>5,417</u>	<u>85,303</u>	<u>162,609</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**

**4. FINANCIAL INSTRUMENTS**

**As at 30 June 2021**

<b>Group</b>	<b>Financial assets</b>	<b>Other financial liabilities</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Financial assets:</b>			
Cash and bank balances and fixed deposits	62,741	–	62,471
Trade receivables	47,610	–	47,610
Other current assets*	351	–	351
	<u>110,702</u>	<u>–</u>	<u>110,702</u>
<b>Financial liabilities:</b>			
Bank loans	–	(11,168)	(11,168)
Trade payables and other current liabilities**	–	(2,291)	(2,291)
Term loans	–	(538)	(538)
Lease liabilities	–	(3,824)	(3,824)
	<u>–</u>	<u>(17,821)</u>	<u>(17,821)</u>
	<u>110,702</u>	<u>(17,821)</u>	<u>92,881</u>

\*excluding non-financial assets

\*\*excluding non-financial liabilities

**As at 30 June 2021**

<b>Company</b>	<b>Financial assets</b>	<b>Other financial liabilities</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Financial assets:</b>			
Cash and bank balances and fixed deposits	9,292	–	9,292
Trade receivables	23,169	–	23,169
Other current assets*	3,049	–	3,049
Due from subsidiaries (trade)	30,769	–	30,769
	<u>66,279</u>	<u>–</u>	<u>66,279</u>
<b>Financial liabilities:</b>			
Trade payables and other current liabilities**	–	(1,332)	(1,332)
Lease liabilities	–	(218)	(218)
	<u>–</u>	<u>(1,550)</u>	<u>(1,550)</u>
	<u>66,279</u>	<u>(1,550)</u>	<u>64,729</u>

\*excluding non-financial assets

\*\*excluding non-financial liabilities



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**

**4. FINANCIAL INSTRUMENTS (continued)**

**As at 31 December 2020**

<b>Group</b>	Financial assets US\$'000	Other financial liabilities US\$'000	Total US\$'000
<b>Financial assets:</b>			
Cash and bank balances and fixed deposits	87,339	–	87,339
Trade receivables	49,308	–	49,308
Other current assets*	528	–	528
	<u>137,175</u>	<u>–</u>	<u>137,175</u>
<b>Financial liabilities:</b>			
Bank loans	–	(31,603)	(31,603)
Trade payables and other current liabilities**	–	(10,162)	(10,162)
Term loans	–	(1,478)	(1,478)
Lease liabilities	–	(3,544)	(3,544)
	<u>–</u>	<u>(46,787)</u>	<u>(46,787)</u>
	<u>137,175</u>	<u>(46,787)</u>	<u>90,388</u>

\*excluding non-financial assets

\*\*excluding non-financial liabilities

**As at 31 December 2020**

<b>Company</b>	Financial assets US\$'000	Other financial liabilities US\$'000	Total US\$'000
<b>Financial assets:</b>			
Cash and bank balances and fixed deposits	20,008	–	20,008
Trade receivables	17,442	–	17,442
Other current assets*	2,666	–	2,666
Due from subsidiaries (trade)	30,780	–	30,780
	<u>70,896</u>	<u>–</u>	<u>70,896</u>
<b>Financial liabilities:</b>			
Trade payables and other current liabilities**	–	(3,276)	(3,276)
Lease liabilities	–	(211)	(211)
Term loans	–	(1,250)	(1,250)
	<u>–</u>	<u>(4,737)</u>	<u>(4,737)</u>
	<u>70,896</u>	<u>(4,737)</u>	<u>66,159</u>

\*excluding non-financial assets

\*\*excluding non-financial liabilities

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

### 5. TAXATION

The major components of income tax expense for the half-years ended 30 June 2020 and 30 June 2021 are:

	Group		Company	
	1H2021 US\$'000	1H2020 US\$'000	1H2021 US\$'000	1H2020 US\$'000
Current	232	3,979	–	–
Deferred income tax:				
Origination and reversal of temporary differences	(34)	(4)	–	–
Income tax expense (benefit) recognised in the profit and loss accounts	198	3,975	–	–

### 6. DIVIDENDS

On 13 April 2021, the Board of Directors issued a notice on the declaration of cash dividends amounting to US\$0.0418 per ordinary share (tax not applicable) to shareholders of record as of 14 May 2021. The cash dividends were paid on 28 May 2021 amounting to US\$22.8 million (2020: US\$4.7 million).

### 7. INVESTMENT PROPERTIES

	Group	
	2021 US\$'000	2020 US\$'000
<b>Cost:</b>		
As at 1 January	5,465	5,465
<b>Accumulated depreciation:</b>		
As at 1 January	2,626	2,515
Depreciation charge for the period	56	56
As at 30 June	2,682	2,571
Net carrying amount as at 30 June	2,783	2,894

The Group's investment properties includes buildings and building improvements that are mainly held to earn rentals and capital appreciation. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

### 7. INVESTMENT PROPERTIES (continued)

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. A valuation of the fair value of the investment properties was performed by an independent appraiser. Aggregate fair value of the investment properties was determined using the income approach. Income approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The discount rate of 9.9% used under the income approach for valuing anticipated future benefits into current property value is computed under the “Built-Up” method. As at 31 December 2020, fair market value of the investment properties, which is based on its highest and best use, amounted to \$4.3 million. The fair value is categorized under Level 2 (valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable) fair value hierarchy.

### 8. LOANS AND BORROWINGS

Amount repayable in one year or less, or on demand

As at 30 June 2021 US\$'000		As at 31 December 2020 US\$'000	
Secured	Unsecured	Secured	Unsecured
5,380	6,326	7,715	25,138

Amount repayable after one year

As at 30 June 2021 US\$'000		As at 31 December 2020 US\$'000	
Secured	Unsecured	Secured	Unsecured
–	–	228	–

#### Details of any collateral

The Group's secured borrowings comprised of:

- Secured bank loans of approximately US\$0.2 million as of 31 December 2020 are secured by leasehold land and building of the Group in Cambodia, with net book values of approximately US\$1.1 million as of 31 December 2020.
- Secured short-term bank loans of approximately US\$5.4 million and US\$7.7 million as of 30 June 2021 and 31 December 2020, respectively, are secured by property, plant and equipment and guarantee deposit, with net book values of approximately US\$5.5 million and US\$6.9 million as of 30 June 2021 and 31 December 2020, respectively.

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment amounting to US\$2.7 million (30 June 2020: \$4.1 million).

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

### 10. SHARE CAPITAL

#### 10.1 Share Capital

	<u>Group and Company</u>
	US\$'000
<b>Authorised</b>	
As at 1 January 2020, 31 December 2020 and 30 June 2021	50,000
- 1,000,000,000 ordinary shares of US\$0.05 each	
<b>Issued and paid up</b>	
As at 1 January 2020 and 31 December 2020	27,471
- 549,411,240 ordinary shares of US\$0.05 each	
As at 30 June 2021	27,321
- 546,411,240 ordinary shares of US\$0.05 each	<u>27,321</u>

The Company has only one class of shares: ordinary shares of US\$0.05 each, with each share carrying one vote, without restriction. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and subsequently approved by the shareholders.

#### 10.2 Treasury Shares

	<u>Group and Company</u>
	US\$'000
As at 1 January 2020 and 31 December 2020	Nil
- Nil	
As at 30 June 2021	2,112
- 3,000,000 treasury shares	<u>2,112</u>

On 8 March 2021, the Company had repurchased 3 million shares for a total consideration amounting to approximately US\$2.11 million, which are held as treasury shares. Save as aforesaid, there were no changes in the share capital of the Company in the half-year ended 30 June 2021.

The total number of issued Shares (excluding treasury shares) as at 30 June 2021 and 31 December 2020 was 546,411,240 and 549,411,240 respectively. The total number of treasury shares as at 30 June 2020, 31 December 2020 and 30 June 2021 was nil, nil and 3,000,000 respectively, which represented approximately 0.55% of the total number of issued Shares (excluding treasury shares) of 546,411,240 as at 30 June 2021.

The Company had no convertibles or subsidiary holdings as at 30 June 2021 and 30 June 2020.

### 11. SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

**OTHER INFORMATION REQUIRED UNDER APPENDIX 7C OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST**

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at and for the financial year ended 31 December 2020.

**2. 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.

**3. 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:**

Group	
First Half Ended 30 June 2021	First Half Ended 30 June 2020

Earnings per ordinary share for the period after deducting any provision for preference dividends:

(i) Based on weighted average number of ordinary shares in issue	3.489 US cents	7.078 US cents
(ii) On a fully diluted basis	3.489 US cents	7.078 US cents

Explanatory note to 3 (i) and (ii)

Earnings per share for the financial periods ended 30 June 2021 and 30 June 2020 are calculated based on the existing issued share capital, excluding treasury shares, of 546,411,240 and 549,411,240, respectively. The half year earnings per share on a fully diluted basis are calculated based on the number of issued shares, excluding treasury shares, of 546,411,240 and 549,411,240, respectively, for the financial periods ended 30 June 2021 and 30 June 2020. There were no adjustments made to the earnings since the effects of share options are anti-dilutive.

**4. Net asset value (for the issuer and group) per ordinary share based on the total number of issued 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	
As at 30 June 2021	As at 31 December 2020

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on	34.26 US cents	35.40 US cents
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Company	
As at 30 June 2021	As at 31 December 2020

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on

18.29 US cents

19.49 US cents

Explanatory note to 4

The net asset value per ordinary share is calculated based on 546,411,240 and 549,411,240 issued shares, excluding treasury shares, for the financial periods ended 30 June 2021 and 31 December 2020, respectively.

5. **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.**

### **Business Overview**

The Group's revenue decreased by 47.5% from US\$162.6 million in 1H20 to US\$85.3 million in 1H21 on lower sales of Personal Protective Equipment (PPE) and facemasks to customers for the purposes of stockpiling, after the build-up of stocks by most of our customers in the previous year. The Group has stepped-up our marketing efforts coming from the heightened brand awareness of the Medtecs brand as a healthcare supplier of choice. The Group's net profit after tax decreased by 52.4% from US\$38.9 million in 1H20 to US\$18.5 million in 1H21 due to lower sales and higher selling and distribution expenses.

### **Revenue**

Revenue from the Manufacturing division decreased by 52.2% from US\$150.2 million in 1H20 to US\$71.7 million in 1H21 due to lower sales of PPEs and facemasks to customers for the purposes of stockpiling, though the Group still has stable demand from our existing customers.

Revenue from the Hospital Services division increased slightly by 7.8% from US\$7.0 million in 1H20 to US\$7.6 million in 1H21 due to higher service cost on new hospital contracts in Taiwan.

Revenue from the Trading and Distribution division increased slightly by 10.9% from US\$5.4 million in 1H20 to US\$6.0 million in 1H21 arising from higher e-commerce sales and domestic sales in Taiwan.

### **Profitability**

The Group's gross profit decreased by 40.2% from US\$51.4 million in 1H20 to US\$30.8 million in 1H21 arising from lower sales.

Gross profit from the Manufacturing division decreased by 40.5% from US\$47.0 million in 1H20 to US\$28.0 million in 1H21 due to shift in product mix to lower margined OEM sales.

Gross profit from the Hospital Services division increased by 370.9% from US\$146,000 in 1H20 to US\$689,000 in 1H21 due to improved efficiency in the linen management in Philippines and Taiwan.

Gross profit from the Trading and Distribution division decreased by 50.6% from US\$4.3 million in 1H20 to US\$2.1 million in 1H21 due to stability in market prices and supply chain with the influx of more stocks in the market.

Other operating income decreased by 100.3% from gain of US\$2.5 million in 1H20 to loss of US\$8,000 in 1H21 due to foreign exchange losses during the period.

Distribution and selling expense increased by 11.8% from US\$5.4 million in 1H20 to US\$6.0 million in 1H21 due to higher promotional and marketing expenses incurred by the Group to promote the awareness of its brand.

Financial expenses decreased by 49.9% from US\$1.0 million in 1H20 to US\$498,000 in 1H21 due to lower borrowings and borrowing costs.

Income tax expense decreased by 95.0% from US\$4.0 million in 1H20 to US\$198,000 in 1H21 from lower net profits and tax benefits granted by the relevant governments to the manufacturing sector during the COVID-19 pandemic.

Depreciation expenses decreased from US\$2.7 million in 1H20 to US\$1.8 million in 1H21 due to lower depreciation costs as certain fixed assets became fully depreciated last year.

Overall, the Group's net profit after tax decreased from US\$38.9 million in 1H20 to US\$18.5 million in 1H21 due to lower sales, higher operating expenses and foreign exchange losses.

## Cash Flow and Balance Sheet

The Group's total assets decreased from US\$245.7 million as at 31 December 2020 to US\$209.8 million as at 30 June 2021 due to decrease in cash from payment of loans, dividends and treasury shares during the period. Property, plant and equipment increased from US\$21.5 million as at 31 December 2020 to US\$22.5 million as at 30 June 2021 as a result of the acquisition of new machinery and equipment for expansion of PPE line production.

The cash flow from accounts payable decreased from an inflow of US\$12.6 million in 1H20 to an outflow of US\$8.0 million in 1H21 due to payment of creditors and application of customer deposits during the period.

The cash outflow for purchases of property decreased from US\$4.1 million in 1H20 to US\$2.7 million in 1H21 because of fewer plant machinerys and equipment acquired during the period.

The Group's term loans and bank loans decreased by US\$21.4 million from US\$33.1 million as at 31 December 2020 to US\$11.7 million as at 30 June 2021 due to payments during the period and fewer borrowings.

The cash outflow of US\$43.4 million from financing activities was due to payment of loans, interest, cash dividends and share buybacks during the period.

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

It was stated in the announcement of the Group's unaudited full year financial results dated 1 March 2021 and the Company's annual report for the financial year ended 31 December 2020 that "Barring unforeseen circumstances, the Group expects to remain profitable in the financial year ending 31 December 2021". It was further stated in the Company's announcement dated 6 May 2021 that the Company "expects that the revenue in the second quarter ending 30 June 2021 to exceed that of 1Q 2021".

The Group's financial results for the half year ended 30 June 2021 are consistent with the aforementioned prospect statements previously disclosed to shareholders.

### **7. 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.**

Looking ahead to the second half of the year, we still see a stable demand for PPEs and facemasks, especially with the new Delta variant of SARS-CoV-2 which has become the dominant variant in several countries. Barring unforeseen circumstances, the Group's expects to remain profitable for the year.

As part of our growth strategy, and as announced by the Company on 2 March 2021, the Group has entered into a joint venture for the purposes of building a fully vertically integrated product development, manufacturing, sales and distribution platform for PPE. The Group will provide further updates on its joint venture via an SGXNET announcement as and when they become available. The Group will also partner with government agencies and brand owners to build a resilient, global supply chain of PPE, medical devices, and health products.

The Group will capitalize on our expanded production capacity of our key products such as face masks, isolation gowns, and other protective apparels to maintain our competitiveness in terms of quality and cost. The Group will continue to accelerate automation of production facilities while at the same time, outsource non-critical production processes.

The Group will make full use of e-commerce platforms through the business model of "Source and Sell Globally", which will drive customer engagement and help the Group source for better quality raw materials and suppliers of PPE.

The Group has expanded into business to consumer (B2C) services with its own CoverU branded protective equipment and disease prevention products successfully entering the Asian, European and American markets in 2020. The CoverU brand has generated a stable demand and enjoyed increased awareness of the products and the brand globally in 2021 thus far.



The Group has capitalized its manufacturing presence in the Philippines as it has several stockpiling contracts for PPEs and military uniform with the government. The Group is also investing in establishing distribution channels to make Medtecs branded items closer to the consumers through drug store, convenience stores and supermarkets.

The COVID-19 pandemic has increased awareness and demand for the Group's healthcare related products and PPE. With the above-mentioned sales and operational strategies, the Group will continue to build awareness for its own brand, develop and expand sales channels, and gradually decrease the Group's reliance on OPM revenues. The Group remains and will continue to strive to be in the forefront of safety and disease control and management with our high-quality PPE and healthcare related products.

**8. If a decision regarding dividend has been made:**

(a) *Whether an interim (final) ordinary dividend has been declared (recommended).*

No.

(b)

(i) **Amount per share**

Not applicable.

(ii) **Previous corresponding period**

An interim dividend of US\$0.0085 per ordinary share and a full year dividend of US\$0.0418 per ordinary share. were declared in respect of the half-year ended 30 June 2020 and the full-year ended 31 December 2020, respectively.

(c) *Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)*

Not Applicable

(d) *The date the dividend is payable*

Not Applicable

(e) *The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.*

Not Applicable

**9. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared to focus our resources on working capital requirements and upcoming expansion projects.

**10. 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 does not have a shareholders' mandate for interested person transactions.

**11. Negative confirmation pursuant to Rule 705(5).**

The board of directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group for the half year ended 30 June 2021 to be false or misleading in any material respect.

**12. 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 hereby confirms that it has procured undertakings from all its directors and executive officers (in the format as set out in Appendix 7H) in accordance with Rule 720(1) of the Catalist Rules.

**ON BEHALF OF THE BOARD**

Clement Yang Ker-Cheng  
Chairman  
Date: 13 August 2021