Medtecs International Corporation Limited

2023 ANNUAL REPORT

A Corporation listed on the Catalist Board of the Singapore Exchange Securities Trading Limited

This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**").

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MEDTECS INTERNATIONAL CORPORATION LIMITED

Corporate Profile

Medtecs International Corporation Limited (the "**Company**" or "**Medtecs**") is a leading supplier and distributor of personal protective equipment ("**PPE**") and provider of logistics services to healthcare institutions with over 30 years of experience in the manufacturing of PPE and workwear. The Company and its subsidiaries (collectively, the "**Group**") commenced operations in 1989 and has since established a strong presence in the United States, Europe and Asia Pacific. The Group has offices and facilities spanning across Asia including Singapore, Taiwan, the Philippines, the People's Republic of China ("**China**"), Cambodia and the United States of America. The Company was listed on the Singapore Dealing and Automated Quotation System (SESDAQ) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 6 October 1999 and transitioned to sponsor-supervised regime on Catalist with R & T Corporate Services Pte. Ltd. as its continuing sponsor on 26 February 2010. The Group's Taiwan Depository Receipts ("**TDRs**") have been listed on the Taiwan Stock Exchange since 13 December 2002.


Headquarters – Taipei, Taiwan

The Group's main lines of business include manufacturing, trading and distribution, and providing integrated hospital services. As a manufacturer of a wide range of PPE, workwear apparels and protective coverings for hospitals and manufacturing industries, the Group maintains diversified manufacturing facilities and production lines in the Philippines, Cambodia, Taiwan and China and the United States to reduce supply chain disruptions. For our trading and distribution business, the Group has logistics and warehousing centers in Canada, Europe, Japan and the United States and is working with Amazon, DHL and other e-commerce and logistics services providers to optimise our distribution efficiency. As a hospital services provider, the Group provides hospitals in Taiwan and the Philippines with integrated services which include rental and laundry of linens, management of laundry facilities, hospital automation, as well as procurement solutions for the hospital's PPE and medical devices needs. In Taiwan, the Group is currently the dominant total solutions provider for such hospital services, with a customer base of 19 hospitals.

The Group has also successfully expanded its hospital service in the Philippines, covering 30 hospitals.

The Group is dedicated to safeguarding the health and safety of people worldwide.


Medtecs (Taiwan) Coporation


Medtex Coporation

Hangzhou Jincheng Medical Supplies Manufacture Co., Ltd.


RMKH Glove (Cambodia) Co., Ltd.


Medtecs (Cambodia) Coporation Limited

Corporate Milestones

1989
The beginning

1999
- Listed on Singapore Stock Exchange (SGX)
- Incorporated Medtecs (Cambodia) Corporation
- Incorporated Medtecs (Asia Pacific) Pte. Ltd.

2000
- Incorporated Medtecs (Taiwan) Corporation
- Started Hospital Services in Taiwan

2005
Started Hospital Services in the Philippines

2009
- Key PPE partner of Taiwan national stockpiling
- Largest hospital services provider in Taiwan

2013
Largest hospital service provider in the Philippines

2015
Incorporated MMSEZ in Cambodia

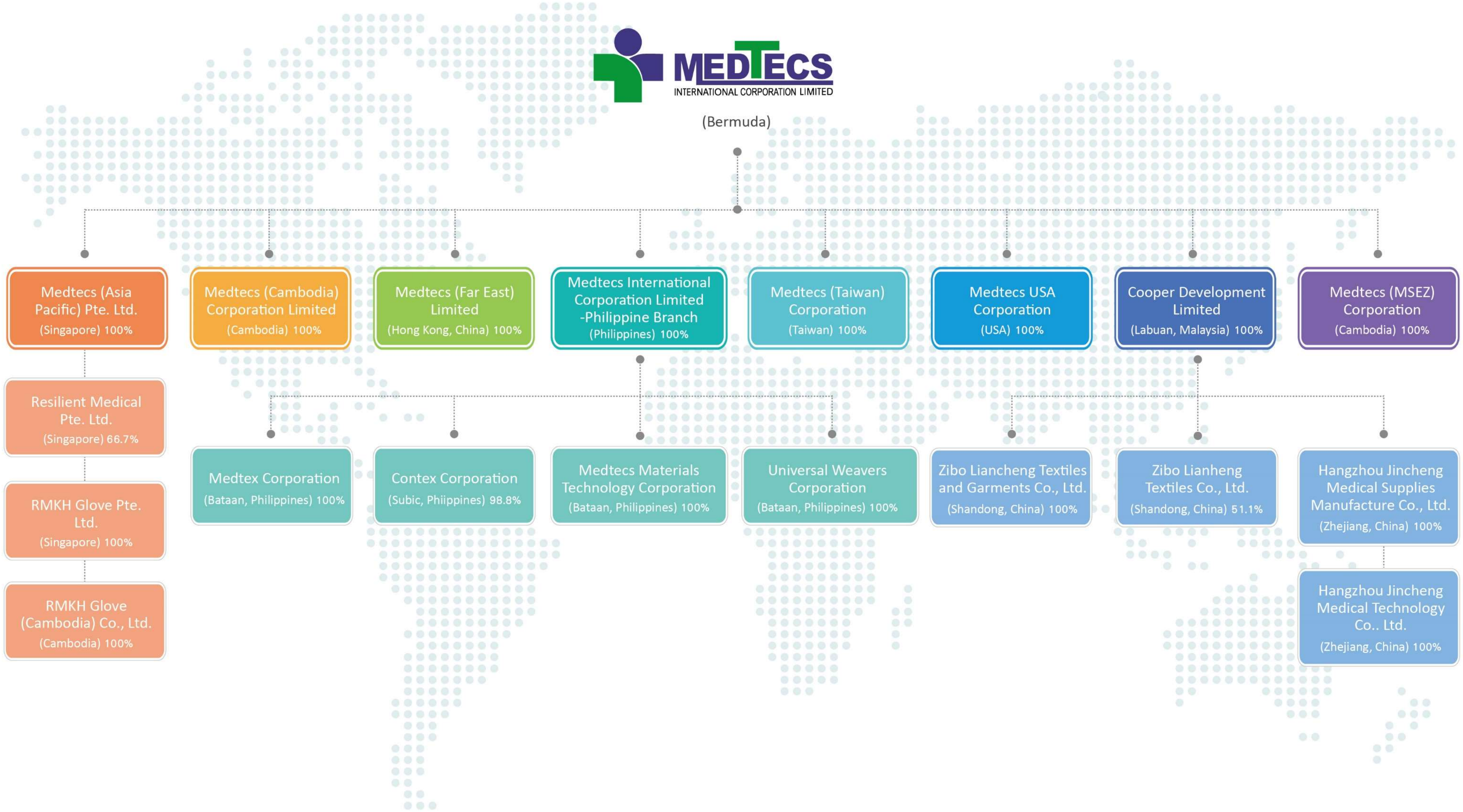
2018
- Commenced B2B e-commerce business
- Source and sell globally

2020
- One-stop shop for PPE
- Commence B2C e-commerce trading
- Expand online and offline sales and distribution network

2021
- Integrations
- Global Stockpiling Service
- Global Procurement Platform

2022-
- Production of disposal nitrile gloves in Cambodia through the joint venture between the Group’s Singapore subsidiary and ACO International Limited
- Continue to build a Global Procurement Platform

Corporate Structure



The Company and its subsidiaries as at 31 December 2023

Chairman's Message

Clement Yang
Chairman

Dear Shareholders,

First and foremost, on behalf of the Board of Medtecs Group, please accept my sincerest greetings, as well as my profound apologies for the Group's less than ideal operating performance in the post-pandemic era over the past two years.

Faced with an immensely challenging global landscape, we remain focused on carrying out targeted efforts and in executing the Group's operations and we are proactively reinforcing operational resilience to seize opportunities arising from the restructuring of global supply chains, while concurrently planning our foray into the silver economy and long-term care industries.

The Year In Review

In FY2023, the global PPE market continued to decline, especially with weak end-user demand. The Group's total revenue decreased by 6.4% year-over-year to $52.64 million, mainly due to the underperformance of the domestic markets in Taiwan and the Philippines. In the second half of FY2023, customers in the original equipment manufacturer ("**OEM**") business segment began placing orders to rebuild their stock levels following the depletion of their oversupplied inventory, and revenue from new product lines (such as our nitrile gloves) also showed a warming trend.

The Group still recorded a net loss of $22.49 million in FY2023, mainly due to the provision for doubtful accounts receivable, impairment losses on fixed assets, higher depreciation expenses from fixed asset investments, and one-time costs associated with the retirement of production line employees.

Focus on Core Business, Strengthen Execution

Continued Development of Core Business

We will continue to focus on the development and production of our core product, namely PPE. By enhancing product quality and production efficiency, we can strengthen our competitiveness in the global market.

Over the past two years, we have maintained close communication with our partner customers, and have undertaken structural adjustments to address their concerns over quality assurance, product certification and compliance, production efficiency, and delivery times, which will undoubtedly contribute to our long-term development.

Strict Cost and Expense Managements

Facing the uncertainty of the global economy and the pressure of rising costs, we strive to maintain the Group's competitiveness. With the implementation of our Enterprise Resource Planning ("**ERP**") system, we will continue to streamline processes and reduce operational expenses by optimising production line efficiency, logistical support department cost management, and energy management. These efforts will help reduce our cost-to-income ratio and enhance our profitability.

Strengthening Supply Chain Management

Amid the escalating risks of geopolitics and warfare, global supply chains face numerous challenges. The Group has undertaken relevant optimisation in supply chain management, including:

- Utilizing ERP and Artificial Intelligence ("**AI**") interface to adjust inventory levels
- Establishing robust collaborative relationships with key suppliers
- Optimising production processes through lean management and automation to improve efficiency
- Enhancing logistics and distribution networks to increase delivery speed

Through these efforts, we can effectively reinforce the stability and flexibility of our supply chain, mitigate operational risks, and ensure rapid and efficient fulfillment of customer demands.

Venturing into Long-Term Care

Since the Group's establishment, we have upheld the vision "to better the world's health for everyone, everywhere" and the mission of "providing safe and effective products with speed, warmth, and care". Whether in the production and manufacturing of PPE or the provision of services to medical institutions, we have consistently advanced in accordance with this philosophy.

As developed nations gradually transition into aging societies, the longevity industry is also rapidly evolving. This encompasses, but is not limited to, healthcare, biotechnology, medical equipment, anti-aging research, health management, nutritional supplements, elderly care services, and home nursing care.

The Group is looking to expand product offerings to include home health products and medical devices to address the needs of an aging society. We are actively promoting high-tech elderly care solutions, health management services, and social participation for the elderly. Our aim is to progressively build a comprehensive and diversified longevity industry ecosystem that caters to the diverse needs of the aging population.

Green Future, Sustainable Development

In response to the environmental, social, and governance (ESG) and corporate social responsibility (CSR) requirements, particularly in the realm of green energy, the Group has implemented a series of strategies to enhance sustainability and reduce its environmental footprint. This includes transitioning towards the use of renewable energy sources such as solar and biomass to increase the proportion of green energy consumption at existing production sites, thereby reducing carbon emissions; building a green supply chain; training employees to raise environmental awareness; and participating in green community projects. Through these initiatives, we not only mitigate the environmental impact of our operations but also bolster our corporate image and competitiveness to achieve corporate sustainability.

Acknowledgement

Amidst the fluctuations and challenges in the global political, economic, and financial landscape, and in addition to implementing the aforementioned operational strategies and countermeasures, we will continue our efforts to execute the "4A Project" initiated last year. This encompasses AI, Application Programming Interface (API), Analytics, and Automation, with the aim of enhancing operational efficiency and effectiveness. In 2024, we will persist in actualizing the 4A Project implementation. Furthermore, we will maintain our unwavering commitment to the 5S/7S activities that have been promoted for the past six years. We firmly believe that by upholding our core values of "Customer Focus, Valuing Our People, and Sustainable Practices," we will undoubtedly scale to new heights through the collective efforts of all our colleagues.

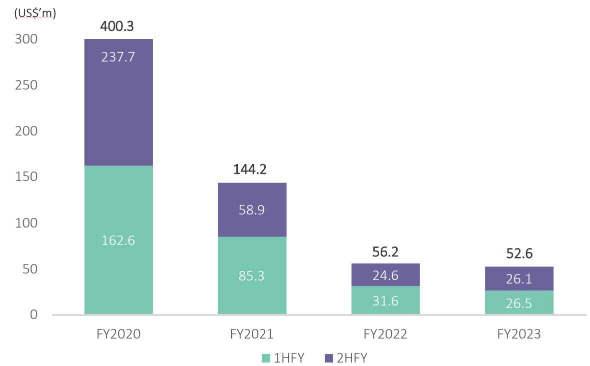
Once again, we extend our gratitude to all shareholders for their support and trust. We look forward to continuing this journey with you in the future.

Clement, Yang Ker-Cheng
Chairman

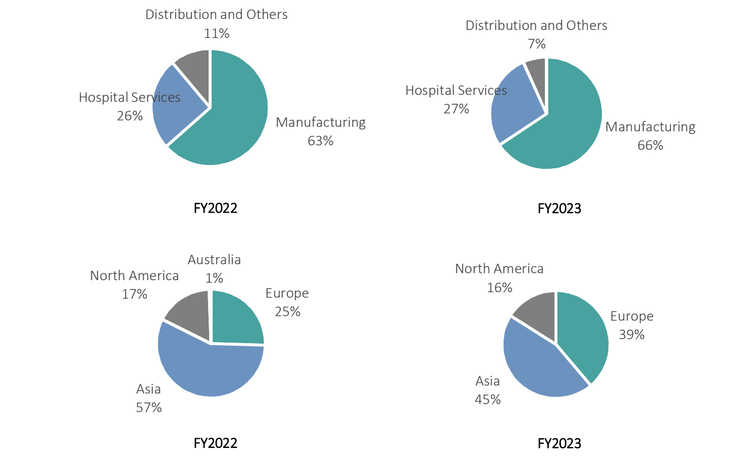
Financial Highlights

Revenues slightly declined in FY2023 following decline in global demand but improved orders from existing OEM customers

Historical Revenue

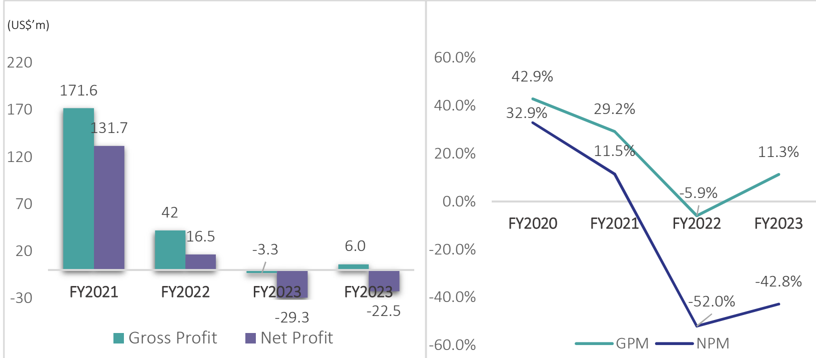


Revenue Breakdown by Business Segment and Geography



FY2023 noted improvements in profits and margins from recovery in OEM orders and lower inventory provisions

Historical Profits and Margins



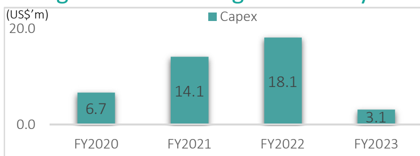
- Improvement in profit margins in FY2023 was due to the higher provisions for inventory losses in FY2022, which was also due to a lowered global demand for the Group's PPE as a result of the easing of COVID-19 prevention measures in FY2022. The Group recognized provision for inventory losses amounting to US$3.1 million in FY2023 in respect mostly of the nitrile gloves.
- The Group has leveraged on its existing OEM customers who have increased PPE orders in FY2023 following depletion of their oversupplied inventories of PPE stockpiled in prior years. The Group also started delivering orders for nitrile gloves after the inauguration of its factory in Cambodia.

Financial Position

Balance Sheet Highlights

(US$'m)	As at 31 Dec 23	As at 31 Dec 22
Cash and cash equivalents	33.0	35.3
Inventories	37.4	36.4
- Inventory days	292	223
Account Receivables	24.3	30.4
- AR days	169	197
Account Payables	2.0	1.8
- AP days	16	11
Key Ratios		
Debt / Equity (x)	0.3x	0.2x
Net Debt / Equity (x)	n.m.	n.m.

Capex level – Reduced spending after inauguration of new glove factory



(US$'000)	FY2023	FY2022
Cashflow from operating activities	(7,185)	1,265
Cashflow from investing activities	9,608	(29,163)
Cashflow from financing activities	1,840	(3,017)
Net cash flow	4,263	(30,915)

Financial Review

Business Overview

The Group's revenue decreased by 6.4% to US$52.6 million in FY2023 from US$56.2 million in FY2022 due to an overall decline in demand of PPE and facemasks and lower stockpiling projects of the Group. Despite that, the Group has leveraged on its existing OEM customers who have increased PPE orders in FY2023 following the depletion of their oversupplied inventories of PPE that were stockpiled in prior years. The Group in FY2023 also started delivering orders for nitrile gloves after the inauguration of its factory in Cambodia in the second half of FY2022. Net loss decreased by 23.2% to US$22.5 million in FY2023 from US$29.3 million in FY2022 due to higher provisions for inventory losses in FY2022, which was also due to a lowered global demand for the Group's PPE as a result of the easing of COVID-19 prevention measures in FY2022.

The Group revenues declined by 6.4% to US$52.6 million and generated a net loss of US$22.5 million on drop in global demand of PPE and provisions from expected credit loss and impairment of property, plant and equipment.

Revenue

Revenue from the Original Product Manufacturing ("**OPM**") division decreased by 3.1% to US$34.6 million in FY2023 from US$35.7 million in FY2022 due to decline in global demand for PPE and facemasks.

Revenues from Hospital Services division increased slightly by 1.6% to US$14.5 million in FY2023 from US$14.3 million in FY2022 due to increased linen consumption in Taiwan and Philippines. Revenues from Distribution and Others decreased by 43.4% to US$3.5 million in FY2023 from US$6.3 million in FY2022 due also to lower demand in Taiwan for PPE and facemasks.

Profitability

The Group's gross profit increased significantly by 278.5% to US$6.0 million gross profit in FY2023 from US$3.3 million gross loss in FY2022 due to lower provision for inventory losses in FY2023 amounting to US$1.6 million, compared to US$11.7 million in FY2022. This led to an increase in the Group's gross profit margins to a positive 11.3% in FY2023 from a negative 5.9% in FY2022. Without the provision for inventory losses, the Group's gross margins would be approximately 14.4% in FY2023 and 14.9% in FY2022.

Gross profit from the OPM division increased significantly by 167.0% to US$3.7 million gross profit in FY2023 from US$5.6 million gross loss in FY2022 due to lower inventory provisions and an increase in orders from existing OEM customers in FY2023. This also resulted to OPM gross profits margins to increase by 169.1% to positive 10.9% in FY2023 from negative 15.7% in FY2022.

Hospital Services division gross profit increased by 7.0% to US$1.9 million in FY2023 from US$1.8 million in FY2022 arising from higher linen consumption in Taiwan and Philippines.

Gross profit from Trading, Distribution and Others division decreased by 38.1% to US$301,000 in FY2023 from US$487,000 in FY2022 due also to lower sales.

Other operating income net decreased by 19.3% to US$2.0 million in FY2023 from US$2.5 million in FY2022 from fewer foreign exchange gains and scrap sales of fabrics and factory supplies.

Distribution and selling expenses decreased by 36.4% to US$7.6 million in FY2023 from US$12.0 million in FY2022 from decline in selling and platform fees from lower e-commerce sales. General and administrative expenses increased by 31.5% to US$23.3 million in FY2023 from US$17.7 million in FY2022 from higher provisions for bad debts on trade receivables and provision for impairment loss on machineries.

Financial expenses decreased by 14.2% to US$816,000 in FY2023 from US$951,000 in FY2022 due to lower financing cost from lease liabilities.

Income tax benefit decreased by 98.1% to US$27,000 in FY2023 from US$1.4 million in FY2022 arising from lower loss before tax of the Group.

Net loss decreased by 23.2% to US$22.5 million in FY2023 from US$29.3 million in FY2022 due to lower provision for inventory losses recognized in FY2023 in respect of the Group's nitrile gloves.

Cash Flow and Statements of Financial Position

Total assets of the Group decreased by US$15.2 million to US$166.8 million in FY2023 from US$182.0 million in FY2022 due to higher net cash used from operations and decrease in trade receivables from provision for bad debts amounting to approximately US$6 million from receivables that have been outstanding for more than six months. Property, plant and equipment decreased to US$40.6 million in FY2023 from US$43.6 million in FY2022 from depreciation expense and provision for impairment loss on machineries.

The Group used cash from its operating cash flow of US$7.2 million in FY2023 from US$1.3 million generated from FY2022, attributable to the lower net working capital generated for the period. Cash outflow for investing activities decreased to US$9.6 million generated in FY2023 from US$29.2 million used in FY2022, due to the completion of the construction of the nitrile glove production factory in Cambodia and reduction of fixed deposit placements. Cash inflow from financing activities of US$1.8 million came from new bank borrowings, partially offset by payments of interest and lease liabilities.

Business Outlook and Prospects

As we look ahead to 2024, the Group is poised for growth, building on our legacy of safeguarding personal and family health with our products and services. Our outlook is anchored in a strategic commitment to expanding our offerings in home health products and medical devices to address the needs of an aging society and enhance our product lines for improved business resilience.

We plan to expand the Group's market reach and innovation through reaching new customers as well as developing new products and channels of distribution. Developing and launching new products, such as health supplements, bug repellents, anti-viral disinfectants, and medical devices equipped with AI technology, remains a cornerstone of our strategy. These efforts are geared towards aligning our portfolio with changing market demands. The Group will also be exploring new distribution channels to enhance market penetration and consumer access to our products.

To support our growth, we will continue to review our Group's operations in order to enhance operational efficiency, by streamlining processes and reducing operational expenses so as to achieve a leaner, more agile operational model. This includes a thorough reassessment of back-office, management, and sales expenses.

Building on our commitment to overcoming challenging business environments in 2023, we remain dedicated to further strengthening our supply chain in 2024. Our focus will be on building resilience, optimizing demand forecasting, and enhancing cooperative relationships with suppliers and distributors. This strategic approach is designed to enable swift responses to market changes and customer needs, ensuring we remain agile and responsive in a dynamic industry landscape.

Our diversification efforts include the full operation of Resilient Medical Pte. Ltd., to support our strategy for global stockpiling business and expanding into the business-to-consumer ("**B2C**") sector. As part of the effort, we are currently exploring the possibility of installing solar panels in our existing factories and pursuing renewable energy opportunities in collaboration with strategic partners in Cambodia and the Philippines.

As disclosed previously, we remain open to exploring renewable energy markets to develop another growth driver for the Group, such as solar power and energy storage services. This initiative reflects our commitment to sustainability efforts and green manufacturing and will be explored in partnership with external strategic partners. As and when there are developments, more information on future plans will be provided to, and requisite approvals will be obtained from, shareholders at the appropriate juncture.

Manufacturing

Manufacturing remains the dominant segment in the Group in terms of revenue and profitability.

With the completion of the nitrile glove factory in Cambodia through its subsidiary, Resilient Medical Pte. Ltd., the manufacturing operations of the Group are poised to benefit from our diversification efforts with an expanded product base. The Group is also entering strategic partnership and alliances with suppliers to enhance its supply chain management to ensure flexibility on changing demands in our product lines.

The Group will also leverage on the heightened awareness of our healthcare and safety products globally. We have also invested in branding and marketing initiatives to develop and promoted the “Medtecs” and “CoverU” brands for both facemasks and PPEs and will leverage on the brand. We have boosted our E-commerce sites like Amazon and retail chains to make our products more accessible globally.

We have tapped the business-to-business and B2C business models to channel the growth in our operations and are working to expand our presence in more e-commerce platforms. We are working on having long-term PPE and facemask stockpiling arrangement with governments and hospital groups to provide stability in demand and be the lead partner in abating infectious diseases globally.

Hospital Services

Our Hospital Services division provides us with a stable source of income. We are looking to strengthen our market presence and grow our market share in both Philippines and Taiwan with more hospitals outsourcing trend for non-core hospital operations over the region. We are also undertaking cost-reduction procedures to optimise margins in this segment.

Trading and Distribution and Others

Our trading and distribution business is critical to the Group not only as a stand-alone profit center but also provides auxiliary support to our other divisions. The Group aims to be one-stop total solutions healthcare provider and the heightened awareness on the healthcare industry has boosted this division.

Research and Development

As we enter the post-pandemic era, Medtecs is not only enhancing its PPE line but also leveraging existing sales channels and crafting new business strategies. In 2023, we launched cleaning products and consumer goods to enrich our product portfolio to meet evolving needs of our target consumer.

In 2023, the Group broadened its Amazon protective clothing lineup with the introduction of the Coverall Yellow and Coverall Collar. These products, crafted from PPSB fabric coated with PE film, meet the AAMI Level 4 standard, ensuring comprehensive protection for users. Furthermore, we added nitrile glove to our product portfolio. Nitrile gloves are favored for their enhanced durability, puncture resistance, and longevity compared to latex gloves. They are ideal for prolonged use and eliminate the risk of latex allergies, making them versatile for various uses, such as medical exams and food processing.

We also launched the OMO Acne Patch ("**OMO**"), which features a patented zero-contact easy removal technology from Korea and an ultra-thin design of 0.01 centimeters. This innovation overcomes the drawbacks of current market offerings, making removal easier and more hygienic. The successful introduction of OMO has allowed Medtecs to tap into physical beauty retail channels smoothly.

In 2023, we continued to prioritize product certifications, receiving U.S. Food and Drug Administration 510(k) premarket notification for our nitrile gloves and Taiwan Food and Drug Administration Class I Medical Device Permit Licenses for four of our products. Additionally, we obtained four Taiwan Food and Drug Administration medical device permits for our surgical mask and CoverU Coverall, along with one pharmaceutical distributor license. These certifications underscore our commitment to providing high-quality and safe products to our customers.

For 2024, our strategy includes closely monitoring market trends and consistently introducing new safety and health-related products to offer a broader variety of options to consumers. This approach aligns with the Company's vision and mission to better the health of everyone, everywhere and provide safe and effective products with speed, warmth, and care. The products planned for launch include bug repellent, which is safe, effective, gentle and non-irritating, with super long-lasting anti-mosquito effect, and a series of healthcare products so that we can offer a more diversified and complete product line for consumers.

Corporate Social Responsibility

Medtecs Group is committed to enhancing global health, safety, and environmental sustainability. As a leading producer of PPE, we embrace the responsibility to extend our influence beyond mere business operations. In 2023, we participated in initiatives across Taiwan, the Philippines, and Cambodia that reinforce our dedication to community welfare and environmental stewardship.

Taiwan

In Taiwan, Medtecs demonstrated its commitment to public health through strategic partnerships with local healthcare organizations. We donated 150,000 medical masks to facilitate blood drive campaigns organized by Lotung Bo-Ai Hospital in Yilan, Taiwan. We further extended our reach by supplying bouffant caps to the oral health team of Taipei Medical University. This essential support played a crucial role in the team's dental healthcare missions focused on delivering services to remote mountain communities.

As the year drew to a close, we expanded our commitment to community service by teaming up with eight local non-profits focused on assisting people with physical and mental challenges, as well as the elderly. This timely collaboration provided critical support during the flu and COVID-19 season by donating medical supplies to safeguard these vulnerable populations. The donated items, including masks, face shields, antibacterial wipes, nitrile gloves, and leak-proof bed sheets, helped to enhance care and protection for those most susceptible to illness.

Continuing our tradition from 2022, we reinforced our dedication to environmental conservation with a beach clean-up in September 2023, organized for our Taipei Headquarters staff. The event not only contributed to local ecological efforts but also the enhancement of collective responsibility among our employees.

To raise breast cancer awareness, Medtecs sponsored a charity marathon in partnership with the Taiwan Cancer Clinical Research and Development Foundation. The event drew approximately 5,000 participants and successfully raised awareness and funds. Medtecs awarded participants with acne patches and masks to recognize their efforts and support for the cause.

Philippines

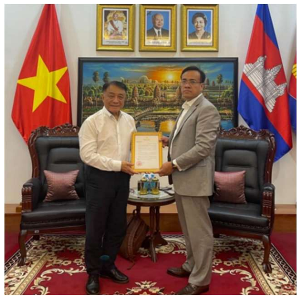
In the Philippines, our contribution of nearly 40,000 face masks to healthcare facilities and community organizations underscored the importance of protective gear in ensuring health and safety. At the Philippine Dental Association's annual convention, we provided 10,000 face masks to member dentists, a move aimed at bolstering infection control and protecting the health of dental professionals and their patients. Our efforts also included donating linens to institutions such as Our Lady of Peace Hospital in Parañaque City, and to students at Blessed Regina Protman Catholic School and Mariveles National High School, to support environments conducive to health and well-being.

Our ongoing collaboration with the Alagang Kapatid Foundation, Inc. ("**AKFI**"), which began in 2022, continued with the provision of Medtecs face masks and gloves. This support significantly bolstered AKFI's efforts in delivering aid to communities impacted by natural disasters.



Cambodia

In Cambodia, Medtecs strengthened its commitment to advocating for labour rights and community welfare. To celebrate International Labour Day in 2023, we hosted an event for over 2000 workers and government officials that included prizes and gifts to reward our dedicated team members. We also deepened our partnership with the Cambodian Red Cross through a $100,000 donation, further demonstrating our focus on supporting local communities. At the same time, we also contributed $5,000 to the Special Forces Command of the Cambodian Armed Forces in recognition of their role in preserving national stability and safety.


These initiatives spotlight Medtecs' values of engaging with partners for social good, and investing in stronger communities. Further details about the positive impacts of our sustainability efforts across all locations will be shared in our upcoming FY2023 sustainability report, to be published on or before 31 May 2024.

Corporate Directory

Board of Directors

Clement Yang Ker-Cheng
Chairman · Executive Director

William Yang Weiyuan
Deputy Chairman · Executive Director · Chief Executive Officer

Lim Tai Toon
Lead Independent Director

Carol Yang Xiao-Qing
Independent Director

Nieh Chien-Chung
Independent Director

Audit Committee

Lim Tai Toon
Chairman

Carol Yang Xiao-Qing
Member

Nieh Chien-Chung
Member

Remuneration Committee

Nieh Chien-Chung
Chairman

Carol Yang Xiao-Qing
Member

Lim Tai Toon
Member

Nominating Committee

Carol Yang Xiao-Qing
Chairman

Lim Tai Toon
Member

Nieh Chien-Chung
Member

Clement Yang Ker-Cheng
Member

William Yang Weiyuan
Member

Company Secretaries

Abdul Jabbar Bin Karam Din
Company Secretary

Codan Services Limited
Assistant Company Secretary

Share Transfer Agent

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

Sponsor

R & T Corporate Services Pte. Ltd.
9 Straits View #06-07
Marina One West Tower
Singapore 018937

Registered Professionals:
Evelyn Wee Kim Lin
Howard Cheam Heng Haw

Registered Office in Bermuda

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Fax: +886-2-2729-8055
http://www.medtecs.com

Auditor

Baker Tilly TFW LLP
(A Member Firm of Baker Tilly International Limited)
600 North Bridge Road
#05-01 Parkview Square
Singapore 18878

Partner in Charge:
Ong Kian Guan
(From 30 October 2023)

Principal Bankers

Bank of Taiwan
No. 120, Sec. 1, Chongqing South Rd.,
Zhongzheng Dist., Taipei City 100, Taiwan

Far Eastern International Bank
27F, No.207, Sec.2, Dunhua S. Road,
Daan District, Taipei City 106, Taiwan

Land Bank of Taiwan
No.46, Guancian Rd., Zhongzheng District,
Taipei City 100, Taiwan

Taipei Fubon Bank
No. 169, Sec. 4, Ren'ai Road,
Daan District, Taipei City 106, Taiwan

First Commercial Bank
No.30, Sec. 1, Chongqing South Rd.,
Zhongzheng Dist., Taipei City 100, Taiwan

Investor Relations

investor.relations@medtecs.com

Profile of the Board of Directors

Mr Clement Yang Ker-Cheng

Chairman · Executive Director
Appointed as Director in 1997, and subject to re-election in 2024

Mr Clement Yang Ker-Cheng is the Chairman of the Company. He oversees the overall management, strategic planning, product development and marketing of the Group. He was the Chief Executive Officer of the Group's operations since 1990 until 2 May 2018 when Mr William Yang Weiyuan took over as the Company's Chief Executive Officer. Mr Clement Yang is a member of the Nominating Committee. Under his leadership, the Medtecs Group has grown into an integrated healthcare services provider and original product manufacturer of a wide range of medical consumables for large multinational healthcare distributors, pharmaceutical companies and hospital groups around the globe.

Prior to founding the Medtecs Group, Mr Clement Yang served as senior vice-president of the Fu-I Industrial Group of companies, and the Chief Executive Officer of Shentex Corporation. From 1986 to 1989, he was director of Taiwan Cotton Weavers Association. Mr Clement Yang was president of the Taiwanese Business Association of Subic Bay and now serves as Chairman of the Cambodia and Philippines committees of the Chinese-Philippine Business Council as well as the Founding Chairman of the Confederation of Philippine Manufacturers of PPE.

Mr Clement Yang has more than forty years of experience in the textile manufacturing industry, with majority of those years devoted to the development of medical consumables for the healthcare industry.

Mr William Yang Weiyuan

Deputy Chairman · Executive Director · Chief Executive Officer
Appointed as Director in 2013 and re-elected in 2023

Mr William Yang Weiyuan was appointed as an Executive Director on 2 September 2013. Mr William Yang was appointed as the Company's Chief Executive Officer, in place of Mr Clement Yang, on 2 May 2018 and was subsequently appointed as the Company's Deputy Chairman on 26 February 2021.

Mr William Yang graduated from New York Institute of Technology with a degree in Electrical and Computer Engineering in 2005. He is the General Manager of the Company's wholly-owned subsidiaries, namely Medtecs (Taiwan) Corporation since 1 July 2010 and Hangzhou Jincheng Medical Supplies Manufacture Co., Ltd. since 2008. As General Manager of two subsidiaries, he takes an active role in the marketing, production, human resources and finance departments.

Mr William Yang has over 15 years of experience in the textile industry, with majority of those years devoted to developments of medical textile products, PPE, and hospital service for the healthcare industry.

Mr Lim Tai Toon

Lead Independent Director · Audit Committee Chairman

Appointed as Director in 2010 and will retire at the conclusion of the FY2023 Annual General Meeting

Mr Lim Tai Toon was appointed as an Independent Director of the Company on 29 October 2010 and Chairman of the Audit Committee and Lead Independent Director on 4 May 2012. He is also a member of the Nominating and Remuneration Committees.

Mr Lim spent the earlier part of his career with the Singapore Armed Forces before embarking on a broad and varied financial and business career. Since 1994, Mr Lim had worked in a number of SGX listed companies; as financial advisor of REA Ltd (formerly known as Superior Fastening Ltd), as executive director of Eastgate Technology Limited (2006 to 2009), managing director of Vashion Group Limited (formerly known as Startech Electronics Limited) from 2003 to 2006 and vice-president (corporate affairs) of Ipco International Limited (1995 to 1996). Between those years, Mr Lim also founded a software development company and was based in China as Country Chief Executive Officer for an Asian company from 1996 to 2000. In addition, Mr Lim served as adjunct lecturer with Loughborough University for 17 years till 2019 and was a council member of Biblical Graduate School of Theology between 2015-2020. Mr Lim is a co-founder of a group of missional companies focused on social impact and poverty alleviation since 2014.

Since March 2021, Mr Lim works as the General Manager of Student Castle Property Management Service (UK) with Cuscaden Peak Investment Private Limited. He is also an independent director and AC Chairman of Medinex Limited (since 2018) and Aedge Group Limited (since 2023).

Mr Lim holds a Master of Business (Information Technology) from Curtin University of Technology (Australia), Master of Business Administration from Henly Management College (United Kingdom) and Bachelor of Accountancy from National University of Singapore (Singapore). He also attended the executive learning on Circular Economy and Sustainable Strategies conducted by University of Cambridge’s Judge Business School. He is a Fellow Chartered Accountant of The Institute of Singapore Chartered Accountants.

Ms Carol Yang Xiao-Qing

Independent Director · Nominating Committee Chairman

Appointed as Director in 2005 and will retire at the conclusion of the FY2023 Annual General Meeting

Ms Carol Yang Xiao-Qing was appointed as an Independent Director of the Company on 1 May 2005 and Chairman of the Nominating Committee on 14 August 2012. She is a member of the Audit and Remuneration Committees.

Ms Yang is Vice President and China Chief Representative of Give2Asia. She is the co-founder of Galaxaco China Group LLC., which is an International Investment Advisory and Development Firm. Ms Yang has been working to support international corporations investing in China. Ms Yang has extensive experience in inbound investments, international business developments, and state regulatory matters. She has been engaged in hands-on project development in China and has served as senior advisor to multinational companies. Ms Yang was once employed as a foreign expert by the State Council of China. For three years in a row from 2007 to 2009, Ms Yang received the award for Best Foreign Investment Advisor from the City of Guangzhou. Ms Yang joined Give2Asia in 2018. In 2020, she led the China team to actively support China's efforts to respond to the COVID-19 outbreak and completed donations worth more than 10 million U.S Dollars.

Ms Yang holds a Bachelor of Arts in Journalism from Jinan University, People’s Republic of China. She also attended Stanford University on a Communications Fellowship in 1985. Subsequently, Ms Yang received her Master of Arts in Communications Management & Investor Relations from Simmons College in Massachusetts.

Dr Nieh Chien-Chung

Independent Director · Nominating Committee Chairman

Appointed as Director in 2005 and re-elected in 2022

Dr Nieh Chien-Chung was appointed as an Independent Director of the Company and Chairman of the Remuneration Committee on 8 August 2019. He is a member of the Audit and Nominating Committees.

Dr Nieh is currently a professor at Tamkang University and National Taipei University. He was also formerly a professor at National Cheng-Chi University. Dr Nieh holds an MBA in Finance in Baruch College, New York, USA. He also holds an MSc in Industrial Engineering, an MA in Economics and a PhD in Economics from Rutgers University, New Jersey, USA.

Financial Calendar

FY ended 31 December 2023
Announcement of Full Year Results 29 February 2024
Annual General Meeting 30 April 2024

FY ending 31 December 2024
Announcement of Half Year Results Middle of August 2024
Announcement of Full Year Results By 1 March 2025

Report on Corporate Governance

Medtecs is committed to achieving and maintaining a high standard of corporate governance within the Group by embracing the tenets of good governance, including accountability, transparency and sustainability, which will engender investor confidence and achieve long-term sustainable business performance. Good corporate governance establishes and maintains an appropriate culture, values and ethical standards of conduct at all levels of the Company, which helps to enhance long-term shareholder value whilst taking into account the interests of other stakeholders.

The Company will also be publishing its Sustainability Report as a standalone report on or before 31 May 2024, in line with the requirements on sustainability reporting prescribed by the SGX-ST.

This report describes the corporate governance framework and practices of the Company that were in place during FY2023 with specific reference made to the principles and provisions of the revised Code of Corporate Governance (the "**2018 Code**") issued in August 2018, which forms part of the continuing obligations of the Company under the listing rules of the SGX-ST.

This Report should be read as a whole, instead of being read separately under the different principles of the 2018 Code.

The Company has complied in all material aspects with the principles and provisions of the 2018 Code. When there are variations from the provisions under the 2018 Code, we have provided our explanations in relation to the Company's practices as to how our practices are consistent with the aim and philosophy of the principles in question, when appropriate.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Role of the Board of Directors (the "**Board**")

The Board has the dual role of setting strategic direction, and the company's approach to governance. This includes establishing the appropriate culture, values and ethical standards of conduct at all levels of the Company. The role of the Board is broader than that of providing oversight as a well-constituted Board would foster more complete discussions, leading to better decisions and enhanced business performance. The Board also sets the tone for the Group in respect of ethics, values and desired organisation culture, and ensure proper accountability within the Group. The Board is responsible for the overall corporate governance of the Company.

The Board assumes responsibility for stewardship of the Group and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders. Through the Board's supervision of the management of the business and affairs of the Group, the Board is able to set the appropriate and desired organisational culture and ensures proper accountability within the Company. The Board is also responsible for providing corporate direction, monitoring managerial performance and reviewing financial results of the Group. In addition, the Board is directly responsible for decision making in respect of the following matters:

a. approving business strategies including significant acquisition and disposal of subsidiaries or assets and liabilities;

b. approving the annual budgets, major funding proposals, significant capital expenditures and investment and divestment proposals;
c. approving the release of the Group's half year and full year financial results and interested person transactions;
d. overseeing the processes for risk management, financial reporting and compliance, and evaluate the adequacy and effectiveness of internal controls, as may be recommended by the Audit Committee ("**AC**");
e. reviewing the performance of management, approve the nomination to the Board and appointment of Key Management Personnel ("**KMP**"), as may be recommended by the Nominating Committee ("**NC**");
f. reviewing and endorsing the framework of remuneration for the Board and KMP, as may be recommended by the Remuneration Committee ("**RC**");
g. establishing corporate policies in keeping with good corporate governance and business practice; and
h. considering sustainability issues, e.g. environmental, social and governance factors, as part of the strategic formulation.

The Board provides shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a half-yearly basis.

The Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The Directors are of the view that they have objectively discharged their duties and responsibilities at all times as fiduciaries in the interest of the Company for FY2023. Directors are entitled to request from Management and should be provided with additional information as needed to make informed decisions. The Directors further understand that they must avoid situations in which their own personal or business interests directly or indirectly conflict or potentially conflict with the interest of the Group. Where a Director has a conflict or potential conflict of interest in relation to any matter, he will immediately declare his interest at the meeting of the Directors or send a written notice to the Chairman and/or Company Secretary, setting out the details of his interest and the conflict and recuse himself from any discussions on the matter and abstain from participating in any Board decision.

Other matters which specifically require the full Board's decision are those involving, *inter alia*:

- conflict of interests for a substantial shareholder or a Director;
- material acquisitions and disposals of assets;
- corporate or financial restructuring and share issuances;
- dividends and other returns to shareholders;
- matters which require the Board's approval as specified under the Company's interested person transactions policy; and
- the appointment and removal of the Company Secretary.

The Board will oversee the Group's sustainability reporting framework by monitoring the environment, social and governance issues that impact the Group's sustainability of its business.

Board Committees

To assist the Board in the execution of its responsibilities, the Board has established Board committees, namely the AC, the NC and the RC (collectively, the "**Board Committees**"), each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. Each Board Committee is formed by clear written terms of reference, setting out the composition, duties, authority and accountabilities of each committee, which have also been detailed in this report on pages 31 to 45.

Board Meetings and Attendance

The Board meets on a quarterly basis and whenever necessary for the discharge of their duties. Dates of Board meetings are normally set by the Directors well in advance. Telephonic attendance and conference audio-visual communication at Board and Board Committee meetings are allowed under the Company's Bye-Laws. Decisions of the Board and Board Committees may also be obtained through circular resolutions. The Board, with the

concurrence of the NC, is of the view that the Directors have actively participated in Board and Board Committee meetings, and that each Director has dedicated sufficient time and attention to the affairs of the Group for FY2023, regardless of their other directorships and/or principal commitments.

The number of meetings held by the Board and Board Committees and attendance thereat during the past financial year are as follows:

DIRECTORS	AGM		SGM		BOARD		AC		RC		NC	
	No. of Meetings	Attended	No. of Meetings	Attended	No. of Meetings	Attended	No. of Meetings	Attended	No. of Meetings	Attended	No. of Meetings	Attended
Clement Yang Ker-Cheng	1	1	1	1	4	4	-	-	-	-	4	4
William Yang Weiyuan	1	1	1	1	4	4	-	-	-	-	4	4
Lim Tai Toon	1	1	1	1	4	4	6	6	4	4	4	4
Carol Yang Xiao-Qing	1	1	1	1	4	4	6	6	4	4	4	4
Dr Nieh Chien-Chung	1	1	1	1	4	4	6	6	4	4	4	4

Induction and Training of Directors

The Board will constantly examine its size and, with a view to determining the impact of its number upon effectiveness, decide on what it considers an appropriate size for the Board. The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience.

The NC ensures that new Directors are aware of their duties and obligations and is tasked with deliberating whether a Director is able to and has been adequately carrying out his/her duties as a Director. At the time of their appointment, Directors are provided with formal letters setting out their duties and obligations. Newly appointed Directors will be interviewed by the Sponsor and be given briefings by the Executive Chairman and/or the Chief Executive Officer ("**CEO**") and/or management of the Company on the business activities of the Group and its strategic directions and corporate governance practices.

The Board recognises that it is important that all Directors remain updated with the business and legal developments so as to be able to serve effectively on, and contribute to, the Board. All Directors have had many years of corporate experience and are familiar with their duties and responsibilities as Directors (including their respective roles as executive, non-executive and Independent Directors). In addition, the Directors understand the Group's business and are provided with opportunities to develop and maintain their skills and knowledge as Directors at the expense of the Company, including visits to the Group's operational facilities and meetings with Management in order to gain a better understanding of the Group's business operations.

The Directors are provided with continuing briefings and updates in areas such as Directors' duties and responsibilities, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties as Board or Board Committee members. The scope of such continuous briefings and updates includes overview of industry trends and developments, governance practices and developing trends, and changes in trends in governance practices and regulatory requirements pertaining to the business.

The Directors had attended the mandated sustainability training course, LED-Environmental, Social and Governance Essentials (Core), conducted by the Singapore Institute of Directors on 31 May 2022.

Access to Information

To assist the Board in fulfilling its responsibilities, the Management provides the Board with a management report containing complete, adequate and timely information prior to Board meetings. The Management welcomes Directors to seek explanations or clarifications from and/or convene informal discussions with the Management on any aspect of the Group’s operations or business. Necessary arrangements will be made for informal discussions or explanations as and when required.

All Directors have separate and independent access to the Management, the Company Secretary and external advisers (where necessary) at all times, at the Company’s expense. The Company Secretary attends all Board meetings and ensures that Board procedures and all other rules and regulations applicable to the Company are complied with. The appointment and removal of the Company Secretary are subject to the Board’s approval.

Changes to regulations are closely monitored by Management and for changes which have an important bearing on the Company or the Directors’ disclosure obligations. The Directors are briefed during Board meetings.

The Directors and the chairmen of the respective committees, whether as a group or individually are able to seek independent professional advice as and when necessary, in furtherance of their duties at the Company's expense. The appointment of such professional advisor is subject to approval by the Board.

Board Composition and Balance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board consists of five (5) Directors, of whom three (3) are independent. The list of Directors is as follows:

Executive Directors

Clement Yang Ker-Cheng	(Chairman, Executive Director)
William Yang Weiyuan	(Deputy Chairman, Executive Director and CEO)

Independent Directors

Lim Tai Toon	(Lead Independent Director)
Carol Yang Xiao-Qing	(Independent Director)
Dr Nieh Chien-Chung	(Independent Director)

The size and composition of the Board and the Board committees are reviewed from time to time by the NC to ensure that they are of an appropriate size and comprise Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age so as to foster effective discussions and decision making. The NC is of the view that the current Board size of five (5) Directors, of whom three (3) are Independent Directors, is appropriate and effective for the time being, taking into account the nature and scope of the Company's operations.

The current Board comprises persons with diverse expertise, skill and experience in various areas that are relevant to the Group’s business and composition of the Board, which includes accounting, business and management, finance and risk management. The Board and NC consider the current composition of the Board as a group possesses the core competencies necessary to meet the Company's requirements. The Directors' objective judgment on corporate affairs and their diverse range of experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.

The current Board's skill matrix is as follows:

Skills	Banking and finance	Accounting	Legal	Corporate Governance	Risk Management	Industry knowledge	Entrepreneurship and Management	Investment	Shipping	Commerce	Strategic and Analytics	Corporate Restructuring
Number of Directors skilled	3 Directors	4 Directors	1 Director	3 Directors	3 Directors	2 Directors	3 Directors	3 Directors	2 Directors	4 Directors	3 Directors	3 Directors

While the Board is of the view that the present combination of skills, talents, experience and diversity of its directors serves the needs and plans of the Company, as detailed above, the Board acknowledges that improvements to Board diversity are an ongoing process and the Board is fully committed to continue to ensure that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. Pursuant to provision 2.4 of the 2018 Code, the Company has adopted a Board Diversity Policy in 2020. Under the Company’s Board Diversity Policy, the NC will, in reviewing the Board’s composition, rotation and retirement of Directors and succession planning, consider a number of aspects, including but not limited to gender, age, nationalities, ethnicity, cultural background, educational background, experience, skills, knowledge, independence and length of service. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

As at the end of FY2023, one (1) out of five (5) Directors are female. This represents 20% of the Board. By 2027, the Company aims to have a minimum representation of 40% women directors on the Board. This target reflects the Group's recognition of the importance of gender diversity in leadership positions and the value it brings in driving innovation and decision-making. To achieve diversity on the Board, the Group will undertake the following initiatives:

a. Broaden the candidate pool: The Company will expand the search and recruitment process to attract a diverse range of candidates for Board positions. This will involve actively seeking candidates from different backgrounds, including those with diverse gender, age, nationalities, cultural background, educational background, experience, skills, and knowledge.

b. Review the Board appointment criteria: The Company will conduct a thorough review of its board appointment criteria to ensure they are inclusive and unbiased. This includes examining the qualifications, experiences, and skills required for board positions to identify any potential barriers that may disproportionately affect women. By adopting more inclusive criteria, the Company will be better positioned to attract a wider range of candidates and create a more gender-diverse Board.

By adhering to the Board Diversity Policy and actively working towards achieving the established targets, the Company is committed to creating a diverse and inclusive Board that reflects the broader stakeholder base and supports the Company's long-term success.

Independence of Directors

The NC reviews the independence of each Director on an annual basis based on the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Rules of Catalist**") and the 2018 Code's definition of what constitutes an independent director. Each Director is required to declare their relationships with the Company, its related corporations, its substantial shareholders or its officers (if any) which may affect his/her independence through the completion and submission of a ‘Confirmation of Independence’ form. Such relationships include business relationships which the Director, his/her immediate family member, or an organisation in which the Director and/or his/her immediate family member is a director, substantial shareholder, partner (with 5% or more stake) or executive officer has with the Company or any of its related corporations and the Director’s direct association with a substantial shareholder of the Company, in the current and immediate past financial year. The said form, which is drawn up based on the definitions and guidelines set forth in Principle 2 of the 2018 Code and the Guidebook for Audit Committees in Singapore (Third Edition) issued by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange in August 2018, requires each Director to assess whether he/she considers himself/herself independent despite not having any relationships identified in the 2018 Code.

The NC is of the view that the three (3) Independent Directors (who represent more than half of the Board) are independent under Rule 406(3)(d)) of the Rules of Catalist during FY2023, and that there has been a strong and independent element on the Board which is able to exercise objective judgment on corporate matters independently, in particular, from Management, and that no individual or small group of individuals has dominated the Board's decision-making process.

Effective from 11 January 2023 and pursuant to Rule 406(3)(d)(iv) of the Rules of Catalist, a director will not be independent if he has been a director for an aggregate period of more than nine (9) years (whether before or after listing). Such director will continue to be considered independent between 11 January 2023 and until the conclusion of the issuer's annual general meeting for financial year ending on or after 31 December 2023 (the "**Transitional Period**").

In respect of Ms. Carol Yang Xiao-Qing and Mr Lim Tai Toon, who have served on the Board for more than nine years from the date of their first appointment on 1 May 2005 and 29 October 2010 respectively, the NC has reviewed (with Ms. Carol Yang Xiao-Qing and Mr Lim Tai Toon abstaining in relation to their respective assessments) based on, amongst others, their attendance and contributions at meetings of the Board and Board Committees and determined that Ms. Carol Yang Xiao-Qing and Mr Lim Tai Toon are considered independent within the meaning of the Rules of Catalist and the 2018 Code during the Transitional Period.

Taking into account the views of the NC, the Board concurred that Ms Carol Yang Xiao-Qing and Mr Lim Tai Toon continue to demonstrate strong independence in character and judgment in the discharge of their responsibilities as the Directors of the Company. Ms Carol Yang Xiao-Qing and Mr Lim Tai Toon have continued to express their individual viewpoints, debated issues and objectively scrutinised and challenged the Management. Ms Carol Yang Xiao-Qing and Mr Lim Tai Toon have sought clarification and amplification as they deemed required, including through direct access to the Group's employees. The Board as a whole has also considered and determined that Ms. Carol Yang Xiao-Qing and Mr Lim Tai Toon have, over time, developed significant insights into the Group's business and operations and provided valuable contributions to the Board through their integrity, objectivity and professionalism notwithstanding their years of service. Further, having gained in-depth understanding of the business and operating environment of the Group, Ms Carol Yang Xiao-Qing and Mr Lim Tai Toon provided the Company with much needed experience and knowledge of the industry. Based on the declaration of independence from Ms Carol Yang Xiao-Qing and Mr Lim Tai Toon, they have no association with the Management that could compromise their independence. Based on the above and on the NC's review and recommendations, the Board has determined that Ms. Carol Yang Xiao-Qing and Mr Lim Tai Toon are independent within the meaning of the 2018 Code and the Rules of Catalist . Ms Carol Yang Xiao-Qing and Mr Lim Tai Toon have abstained from participating in the deliberation and decision on their independence.

The Board, after taking into account the NC's views, is satisfied that Ms Carol Yang Xiao-Qing, Mr Lim Tai Toon and Dr Nieh Chien-Chung remain as Independent Directors during FY2023 as there are no relationships or circumstances which could interfere, or could reasonably be perceived to interfere with the exercise of independent business judgment of each Independent Director. Nonetheless, in compliance with Rule 406(3)(d)(iv) of the Rules of Catalist, Ms Carol Yang Xiao-Qing and Mr Lim Tai Toon will no longer be considered independent

following the conclusion of the Company's Annual General Meeting for FY2023 ("**AGM**"), and will retire at the forthcoming AGM and will not seek re-election.

Following the retirement of Ms Carol Yang Xiao-Qing and Mr Lim Tai Toon at the AGM for FY2023, the Board composition will not comprise a majority of Independent Directors, the composition of each of the AC, NC and RC will be less than the requirement of three (3) members, and the Company will not have at least one (1) director who is resident in Singapore. Accordingly, and as required under Rules 406(3)(c) and 704(7) of the Rules of Catalist, the Company will endeavour to fill the vacancies as soon as possible and by no later than two (2) months from the date of the AGM. The NC and Board are in the process of reviewing and identifying suitable candidates put forward by the Management to be appointed as Independent Directors to ensure the composition of the Board and the committees are reconstituted for compliance with the Rules of Catalist and the 2018 Code and will make further announcements as and when there are material developments.

The Non-Executive Directors and/or the Independent Directors participate actively in Board and Board Committees meetings. With their professional expertise, experience and knowledge, they provide constructive advice and guidance for effective discharge by the Board of its principal functions over the Group's strategies, businesses and other affairs. The Non-Executive Directors and/or Independent Directors also constructively challenge and aid the development of directions on strategy as well as review the performance of the Management in achieving agreed goals and objectives. In addition, they also monitor the reporting of the Group's performance. To facilitate a more effective check on the management, the Non-Executive Directors and/or Independent Directors meet and discuss on the Group's affairs without the presence of the Management where necessary, and the chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

Chairman and CEO

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Group's Chairman is Mr Clement Yang Ker-Cheng, who was also the CEO of the Company until 2 May 2018, and who plays an instrumental role in developing the business of the Group and has also provided the Group with strong leadership vision.

As part of the Group's management succession plan, Mr William Yang Weiyuan, son of the Chairman, Mr. Clement Yang Ker-Cheng, was appointed as the CEO of the Company with effect from 2 May 2018 and subsequently as the Deputy Chairman on 26 February 2021 to comply with the requirement under Bye-Law 126 of the Company's Bye-Laws that a Deputy Chairman be appointed. Mr. William Yang Weiyuan is mainly responsible for the day-to-day operations of the Group.

Given the centrality of the Board to good corporate governance, it is fundamental that the Chairman sets the right tone. The Chairman, in consultation with Management, sets the agenda for Board meetings and ensures that meetings are held when necessary, and during such meetings encourages a full and frank exchange of views from all Directors so that debates benefit from the full diversity of views.

The CEO is responsible for the management of the overall business and development of the Group. The CEO together with senior Management execute plans which are in line with the strategic decisions and goals set out by the Board and ensures that the remaining Directors are kept updated and informed of the Group's business operations and financial position.

Both the Chairman and the CEO exercise control over the quality, quantity and timelines of information flow between the Board and the Management. They ensure that Board meetings are held when necessary and set the Board meeting agenda in consultation with the Directors. The Chairman and the CEO review the Board papers before they are presented to the Board, and they ensure that Board members are provided with complete, adequate and timely information. Management staff who prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or participate in Board meeting at the relevant time. The Chairman and the CEO are responsible for ensuring effective communication with shareholders and the Company's compliance with the 2018 Code.

Mr Lim Tai Toon is the Lead Independent Director, and provides leadership in situations where the Chairman is conflicted. To ensure an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making, a new Lead Independent Director of the Company will be appointed in place of Mr Lim Tai Toon following his retirement after the conclusion of the forthcoming AGM. Shareholders with concerns may contact the incoming Lead Independent Director directly, when contact through the normal channels via the Chairman, the CEO or the Chief Financial Officer ("**CFO**") has failed to provide satisfactory resolution, or when such contact is inappropriate. All the Independent Directors, including the Lead Independent Director, meet annually without the presence of other Executive and Non-Independent Directors to discuss matters of significance which are then reported to the Chairman and the CEO accordingly.

All Board committees are chaired by the Independent Directors. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises the following five (5) members:

Carol Yang Xiao-Qing (Chairman)
Lim Tai Toon
Dr Nieh Chien-Chung
Clement Yang Ker-Cheng
William Yang Weiyuan

The existing NC comprises five (5) Directors, of which two (2) are Executive Directors and three (3) are Non-Executive Independent Directors. The Lead Independent Director is also a member of the NC. In addition, the NC is cognisant of and ensures that (i) each member of the NC abstains from voting on any resolutions if there is any conflict of interest and/or prior relationship (ii) rigorous interviews are conducted with incoming/re-appointed Directors to ensure they are aware of their obligations as a Director and/or and (iii) it progressively reviews the criteria for candidacy. In view of the above, the Board is of the view that there is a sufficiently formal and transparent process for the appointment and re-appointment of Directors.

The NC, which follows written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments. The key terms of reference of the NC are as follows:

- to identify candidates and review all nominations for the appointment or re-appointment of members of the Board, the managing director of the Group, and to determine the selection criteria;
- to ensure that all Board appointees undergo an appropriate induction programme;
- to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- to identify gaps in the mix of skills, experience and other qualities required in an effective Board and to nominate or recommend suitable candidates to fill these gaps;
- to decide whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly where the Director has multiple board representations;
- to review the independence of each Director annually, having regard to the circumstances set forth in the 2018 Code;
- to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval; and to evaluate the effectiveness of the Board as a whole and assess the contribution by each individual Director, to the effectiveness of the Board.

For the financial year under review, the NC held four (4) meetings.

When deciding on the appointment of new Directors to the Board, the NC and the Board consider a variety of factors, including the core competencies, skills and experience that are required on the Board and Board Committees, the Board diversity policy, independence, conflicts of interest and time commitments.

The NC is responsible for the re-appointment of Directors. In its deliberations on the re-appointment of existing Directors, the NC takes into consideration the Directors' contribution and performance. The assessment parameters include attendance as well as the quality of intervention and special contribution.

Pursuant to Bye-Law 86 of the Company's Bye-Laws, one-third (1/3) of the Directors shall retire from office by rotation at each AGM and each Director shall retire at least once every three (3) years. In addition, Rule 720(4) of the Rules of Catalist which came into effect on 1 January 2019 requires that all directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. A newly appointed Director is required by Bye-Law 85 of the Company's Bye-Laws to hold office until the following AGM of the Company and shall be eligible for re-election at that AGM.

In this respect, the NC has recommended that Mr Clement Yang Ker-Cheng, in pursuant of Rule 720(4) of the Rules of Catalist and Bye-Law 86 of the Company's Bye-Laws, who is retiring and/or up for re-election at the forthcoming AGM, be re-elected as a Director.

Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as a Director.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company and Group, notwithstanding that some of the Directors have multiple board representations. The NC is of the view that it would not be necessary to put a maximum limit on the number of listed company board representations and other principal commitments of each Director. In its search and nomination process for new Directors, the NC has, at its disposal, search companies, personal contacts and recommendations, to cast its net as wide as possible for the right candidates.

Key information on the Directors is set out below:

Name of Director	Position	Date of first appointment as a Director	Date of last re-appointment as a Director	Present Directorships or chairmanships in other listed companies	Directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-appointment at the AGM
Clement Yang Ker-Cheng	Chairman, Executive Director	19 November 1997	28 April 2021	None	None	• Universal Weavers Corporation • Contex Corporation • Medtex Corporation • Medtecs (Asia Pacific) Pte Ltd • Medtecs (Far East) Ltd • Medtecs (Taiwan) Corporation • Medtecs Materials Technology Corporation • Cooper Development Ltd • Medtecs (Cambodia) Corporation	Retirement by rotation (Bye-Law 86)
William Yang Weiyuan	Deputy Chairman, Executive Director and CEO	2 September 2013	30 June 2023	None	None	• Medtecs (Taiwan) Corporation • Medtecs MSEZ Corp., Ltd • Cooper Development Ltd • Hangzhou Jincheng Medical Supplies Manufacture Co., Ltd • World Join International Ltd.	No
Carol Yang Xiao-Qing	Independent Director	1 May 2005	29 April 2022	None	None	Give2Asia	No
Lim Tai Toon	Lead Independent Director	29 October 2010	30 June 2023	• Medinex Limited • Aedge Group Limited	None	• General Manager, Student Castle Property Management Service (UK) with Cuscaden Peak Investments Private Limited • Food Studio Pvt Ltd (Sri Lanka) • Biblical Graduate School of Theology (Singapore)	No
Dr Nieh Chien-Chung	Independent Director	8 August 2019	29 April 2022	• Microtips Technology Inc. • FullTech Fiber Glass Corp.	None	• GloLiv Asset Management Ltd • Tamkang University • National Taipei University	No

Note:
The details of Directors' credentials including working experience, academic and professional qualifications, shareholding in the Company and its related corporations and directorships can be found in the Board of Directors and Directors' report sections of the annual report.

The information required under Rule 720(5) of the Rules of Catalist on Mr Clement Yang Ker-Cheng, who is retiring at the forthcoming AGM and is up for re-election, is set out below:

Name of person	Clement Yang Ker-Cheng
Date Of Appointment	19 November 1997
Date of last re-appointment (if applicable)	28 April 2021
Age	72 years old
Country Of Principal Residence	Taiwan
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After assessing Mr Clement Yang's contributions and performance, the NC has recommended that Mr William Yang be re-elected as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Overall business strategy and development of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman, Executive Director Member of the NC
Professional Qualifications	Bachelor's Degree
Working experience and occupation(s) during the past 10 years	CEO of Medtecs Group until 2018. Chairman of the Cambodia and Philippines committees of the Chinese-Philippine Business Council Founding Chairman of the Confederation of Philippine Manufacturers of PPE
Shareholding interest in the listed issuer and its subsidiaries	36,373,285 (Direct Interest) 21,375,198 (Deemed Interest)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Father of Mr William Yang Weiyuan, Deputy Chairman, Executive Director and CEO of the Company; and Ms Wan Chien Yang, general counsel of the Company, a director of Medtecs USA Corporation and Medtecs MSEZ Corp Ltd (Cambodia) and supervisor and director of Medtecs (Taiwan) Corporation; Spouse of Ms Sherry Chen Su-Tien, Non-Executive Chairman of Medtecs (Taiwan) Corporation, a principal subsidiary of the Company.
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* including Directorships# * "Principal Commitments" has the same meaning as defined in the 2018 Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8) (for the past 5 years)	• Universal Weavers Corporation • Contex Corporation • Medtex Corporation • Medtecs (Asia Pacific) Pte Ltd • Medtecs (Far East) Ltd • Medtecs (Taiwan) Corporation • Medtecs Materials Technology Corporation • Cooper Development Ltd • Medtecs (Cambodia) Corporation
Disclose the following matters concerning an appointment of director, CEO, CFO, General Manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given. (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

Name of person	Clement Yang Ker-Cheng
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No

Name of person	Clement Yang Ker-Cheng
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange?	Yes
If Yes, please provide details of prior experience.	Current Executive Director and Chairman of Medtecs International Corporation Limited
If No, Please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, each Board committee separately as well as the contribution by the Chairman and each individual Director to the Board with a view to enhancing effectiveness to promote long-term shareholders' value. Based on the recommendations of the NC, the Board has established processes for evaluating the effectiveness of the Board as a whole and of each Board committee separately.

The performance criteria for the evaluation includes an evaluation of the size and composition of the Board and the respective Board committees, the Board/committee/Directors' access to information, accountability, Board/committee processes, Board/committee performance in relation to discharging its principal responsibilities, communication with Management and standards of conduct of the Directors thereto. The Chairman and the CEO would then act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors, in consultation with the NC.

In the course of the year, the NC has assessed the performance of individual Directors by preparing a questionnaire to be completed by each Director, which were then collated and the findings were analyzed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

The Board, with the concurrence of the NC, is of the view that the performance of the Board as a whole is satisfactory, the Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board. No external facilitator was used in the evaluation process for the financial year under review.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC reviews and makes recommendations to the Board on a framework of remuneration as well as specific remuneration packages for each Director and KMP to and considers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, benefits-in-kind and termination terms, to ensure they are fair.

The RC comprises the following three (3) members, all of whom, including the RC Chairman are Independent Directors:

Dr Nieh Chien-Chung (Chairman)
Lim Tai Toon
Carol Yang Xiao-Qing

The members of the RC have many years of corporate experience. In addition, the RC has access to expert professional advice on remuneration matters as and when necessary.

The members of the RC carry out their duties in accordance with the terms of reference which include, amongst others, the following:

- to review Directors' fees to ensure that they are at sufficiently competitive levels;
- to assess the benefits of implementing a new share option scheme to incentivise and retain talent within the organization;
- to review and administer Medtecs Share Option Scheme for the Directors of the Company and employees of the Group, details which can be found in Directors' report in the annual report;
- to review and advise the Board on the terms of appointment and remuneration of its members, CEO, KMP of the Group and all managerial staff who are related to any of the Directors or the CEO;
- to review the terms of the employment arrangements with Management so as to develop consistent group wide employment practices subject to regional differences;
- to review the Group's obligations arising in the event of termination of the Executive Directors' and KMP's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.
- to recommend to the Board in consultation with senior Management and the Chairman of the Board, any long-term incentive scheme; and
- to review and approve any proposals or recommendations relating to KMPs' remuneration.

For the financial year under review, the RC held four (4) meetings.

There being no specific necessity, the RC did not seek the service of an external remuneration consultant in FY2023.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Company adopts a formal procedure for the fixing of the remuneration packages of individual Directors. No Director is involved in deciding his own remuneration. In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

Each of the two (2) Executive Directors has signed a service contract and the compensation framework for the KMP and the Executive Directors comprises monthly salaries, annual bonuses and allowances. Each Executive Director's annual bonus is determined with reference to the performance and value creation taking into account the strategic objectives of the Company.

The Company's Share Option Scheme, last renewed in 2012, lapsed on 29 May 2022. The Company believes implementing a new share option scheme will provide long-term incentives for Directors and KMP to encourage loyalty and dedication and will be seeking shareholders' approval for the proposed new share option scheme, terms and information for which as set out in the Appendix to the Notice of Annual General Meeting dated 15 April 2024. None of the service contracts has onerous removal clauses. Each of the Chairman's and the CEO's service contracts has a fixed appointment period.

Annual review of the remuneration of Executive Directors and KMP is also carried out by the RC to ensure that the remuneration of the Executive Directors and KMP is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and KMP to successfully manage the Company for the long term, and that such remuneration are commensurate with their performance and value-add to the Group, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Chairman and the CEO (along with that of other KMP) is reviewed periodically by the RC.

The Non-Executive Directors have no service contracts with the Company and their terms are specified in the Bye-Laws. Non-Executive Directors are paid a basic fee for serving as a Director and an additional fee for serving on any of the Board Committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account. Such fees are subject to the approval of the shareholders as a lump sum payment at the AGM. The Board is of the view that the remuneration of the Non-Executive Directors for FY2023 is appropriate to the level of contribution based on the factors above.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The breakdown of remuneration of the Directors, the top KMPs (who are not also Directors or the CEO) and employees who are immediate family members of a Director/CEO/a substantial shareholder of the Company is set out below:

Remuneration of Directors

Names of Directors	Based/fixed salary [1] %	Variable or performance related income/bonus [2] %	Director's fee [3] %	Total %	Remuneration Bands (S$)
Executive Directors					
Clement Yang Ker-Cheng	99%	-	1%	100%	500,000 and above
William Yang Weiyuan	99%	-	1%	100%	500,000 and above
Independent Directors					
Lim Tai Toon	-	-	100%	100%	Below 250,000
Carol Yang Xiao-Qing	-	-	100%	100%	Below 250,000
Dr Nieh Chien-Chung	-	-	100%	100%	Below 250,000

(1) Base salary includes contractual bonus.

(2) Variable payment includes performance bonus and profit sharing.

(3) Approved by shareholders of the Company as a lump sum of S$284,000 at the AGM held on 30 June 2023.

Remuneration of Top Five Key Management Personnel who are not Directors or the CEO

Names of key management personnel (who are not Directors or the CEO)	Based/fixed salary [1] %	Variable or performance related income/bonus [2] %	Total %	Remuneration Bands (S$)
James Lin Yi-Ching	100%	-	100%	Below 250,000
Kao Vereak	100%	-	100%	Below 250,000
Alex Chang	100%	-	100%	Below 250,000
Shyr Mingjung	100%	-	100%	Below 250,000
Duanmu Jianliang	100%	-	100%	Below 250,000

(1) Base salary includes contractual bonus.

(2) Variable payment includes performance bonus and profit sharing.

The 2018 Code requires companies to fully disclose the remuneration of each individual Director and the CEO on a named basis in exact quantum. In the event of non-disclosure, the Company is required to provide reasons for such non-disclosure and how the Company's practices confirm to the principle.

After much deliberation, the Board is of the view that full disclosure of the specific remuneration of each individual Director and the CEO is not in the best interests of the Company or its stakeholders. In arriving at this decision, the Board had taken into consideration, inter alia, the commercial sensitivity and confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates in, and the negative impact such disclosure may have on the Group in attracting and retaining talent at the Board level on a long-term basis. The Board is of the view that the remuneration of the Non-Executive Directors and the Executive Directors (including the Chairman and CEO), is in line with industry practice. As an alternative, the Company has disclosed the name and remuneration of each individual Director and the CEO within bands of S$250,000.

The aggregate of total remuneration paid to the top five KMP (who are not Directors or the CEO) in FY2023 was S$465,000.

The breakdown of the remuneration of immediate family member(s) of a Director or the CEO or a substantial shareholder of the Company in FY2023 in bands of S$100,000 with a percentage breakdown of various components is as follows:

Names of key executives (who are not Directors)	Based/fixed salary [1] %	Variable or performance related income/bonus [2] %	Total %	Remuneration Bands (S$)
Sherry Chen Su-Tien	100%	-	100%	100,000 – 200,000
Wan Chien Yang	100%	-	100%	100,000 – 200,000

Save as disclosed above, there was no employee who is a substantial shareholder of the Company, or an immediate family member of a Director or the CEO, or a substantial shareholder of the Company and whose remuneration exceeded S$100,000 during FY2023.

There are no termination, retirement and post-employment benefits that may be granted to Directors and KMP (who are not Directors or the CEO) that may be granted over and above what has been disclosed.

Approval of Shareholders

Directors' fees for FY2023 were approved by shareholders at the AGM convened in 2023. The remuneration framework for Executive Directors and KMP has been approved by the RC and endorsed by the Board. The Board considers that the remuneration framework need not be approved by the shareholders.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board, with the assistance from the AC, is responsible for the overall governance of risk by ensuring that the Management maintains sound systems of risk management and internal controls to safeguard shareholders' interest and the Group's assets, and for determining the nature and extent of the significant risks which the Company is willing to take in achieving strategic objectives and value creation.

The AC is responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group can be made by the Board in the annual report of the Company according to requirements in the Rules of Catalist and the 2018 Code.

On an annual basis, the Group's internal audit function prepares an audit plan taking into consideration risks identified and assessed from the risk management system. This risk-based audit plan is approved by the AC and audits are conducted to assess the adequacy and effectiveness of the Group's internal control systems in addressing financial, operational, compliance and information technology controls, and risk management system. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditors in the course of the statutory audit.

All audit findings and recommendations made by the internal and external auditors are reported to the AC and significant findings are discussed at the AC meetings. The Group's internal audit function follows up on all recommendations to ensure timely remediation of audit issues and reports the status to the AC every quarter. The Board, led by AC, having reviewed the adequacy of the Group's internal control systems, is satisfied that effective internal controls were put in place and supported by a sound internal audit process and is of the view that the Group's internal audit function is independent, effective and adequately resourced.

Assurance from the CEO and the CFO

The Board has received written assurance from the CEO, CFO and key personnel who are responsible regarding the adequacy and effectiveness of the Company's risk management and internal control systems that:

a. the financial records of the Group have been properly maintained and the financial statements for FY2023 give a true and fair view of the Group's operations and finances; and
b. the risk management and internal control systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the reviews conducted by the management and findings from both the internal and external auditors throughout the financial year, as well as the assurance from the CEO and the CFO, the Board with the concurrence of the AC, is of opinion that the Group's internal controls in addressing financial, operational, compliance and information technology risks as well as the Group's risk management system which the Group considers relevant and material to its operations were adequate and effective as at 31 December 2023.

The Board notes that the systems of internal controls and risk management provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no systems of internal controls and risks management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

Financial risks relating to the Group are set out in Note 32 to the Financial Statements of this annual report.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC comprises the following three (3) members, all of whom are Independent Directors: -

Lim Tai Toon (Chairman)
Carol Yang Xiao-Qing
Dr Nieh Chien-Chung

All members of the AC have many years of experience in senior management positions in both financial and industrial sectors, and at least two members, namely Lim Tai Toon and Carol Yang Xiao-Qing have recent and relevant accounting or related financial management expertise or experience, and none of the members of the AC are former partners or directors of the Company's existing auditing firm or auditing corporation (a) within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation. The Board is of the view that the AC members, having recent and relevant accounting and related financial management expertise or experience, are appropriately qualified to discharge their responsibilities.

The primary reporting line of the internal audit function is to the AC, which also oversees the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group as well as determines the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has full access to the Company's documents, records, properties and personnel, including the AC.

The AC performs the following delegated functions in accordance with its terms of reference:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- reviewing the half-yearly announcements and annual financial statements and the auditors' report on the annual financial statements of the Group before they are presented to the Board, focusing on:
  - significant changes in accounting policies and issues which have a direct impact on financial statements and presentation of the financial statements;
  - compliance with accounting standards, legal and the SGX-ST requirements;
  - management judgments and estimates that may have a material impact on the Group; and
  - findings of the external auditors, including significant audit adjustments and any other matters which the external auditors would like to bring to the attention of the AC;
- reviewing the audit plans and scope of audit examination of the external auditors;
- evaluating the cost effectiveness, independence and objectivity of external auditors;
- reviewing the adequacy of the internal audit function (including the internal accounting controls) and the scope and results of the internal audit procedures;
- ensuring the adequacy of the co-operation given by Management to the internal and external auditors;
- evaluating the adequacy and effectiveness of the internal control systems including financial, operational, compliance and information technology controls, and risk management of the Group by reviewing written reports from the internal and external auditors, and the Management's responses and actions to correct any deficiencies;
- reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- reviewing interested person transactions in accordance with the requirements of the Rules of Catalist;
- meeting with the internal and external auditors, other committees, and the Management to discuss any matters that these groups believe should be discussed privately with the AC;
- reviewing legal and regulatory matters that may have a material impact or a possible impropriety on the financial statements, related compliance policies and programmes and any reports received from regulators;
- reviewing the independence, effectiveness and adequacy of the internal audit function;
- reviewing the nature and extent of non-audit services provided by external auditors; reporting actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate;
- making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns; and
- considering other matters as requested by the Board.

The Company has in place a whistle-blowing policy which sets out the procedures for employees of the Group to, in confidence, make a report to the Company on misconduct or wrongdoing relating to the Company and its officers. A whistle-blower may report his or her concerns to his or her immediate supervisor, the HR Supervisor or HR Manager or confidentially to the Company's AC through a designated email address. If the whistle-blower is not comfortable about writing in, he or she can telephone or meet the appropriate officer in confidence at a time and location to be determined together. Depending on the nature of the concern raised or information provided, the investigation conducted may involve, in order of succession, the HR Department, the Country Manager, the Executive Committee, the AC and the external or internal auditors. The investigating officer(s) will communicate the findings of the investigation(s) to the Chairman or the AC for their necessary action. The Company ensures that the identity of the whistle-blower is kept confidential (unless the whistle-blower chooses to identify himself or herself) and all concerns raised and communications made by the whistleblower are considered highly confidential.

The Company is committed to ensuring protection of the whistle-blower against detrimental or unfair treatment. If an employee raises a genuine concern under the whistle-blowing policy, he or she will not be at risk of losing his or her job or suffering from retribution or harassment as a result. If the concern raised is not confirmed by the investigation, no action will be taken against the employee provided that he or she acts in good faith. The AC is responsible for overseeing the implementation of the whistle-blowing policy and its terms of reference include the oversight and monitoring of whistle-blowing.

The AC also monitors proposed changes in accounting policies, standards and issues which have a direct impact on financial statements and discusses the accounting implications of major transactions. In addition, the AC advises the Board on the adequacy and effectiveness of the Group's internal controls and risk management systems, and the contents and presentation of its reports.

The AC is authorised to investigate any matter within its terms of reference and has full access to the Management and also full discretion to invite any Executive Director or KMP to attend its meetings, as well as reasonable resources to enable it to discharge its function properly. The AC has also conducted a review of interested person transactions, details of which are set out in the Directors' Statement.

Each member of the AC shall abstain from voting on any resolutions in respect of matters he/she is interested in.

In the course of the financial year, the AC carried out independent reviews of the financial statements of the Group before announcements of the Group's half-year and full-year results were released. In the process, the AC considered the reasonableness of estimates, judgements and assumptions made and applied by management and any significant matters which would have a material impact on the financial statements.

In its review of the financial statements for FY2023, the AC also reviewed together with Management, the following key audit matters ("**KAMs**") reported by the external auditor. The AC had concurred with Management on the methodologies, accounting treatments and estimates adopted, as well as the disclosures made in the financial statements, in respect of such KAMs raised. This should be read in conjunction with the Independent Auditor's Report for FY2023.

KAMs	How the KAMs were addressed by AC
Assessment of inventory valuation	The AC considered and evaluated the judgement by management in establishing a basis of allocation of direct labour costs and factory overheads to the finished goods and work-in-progress. The AC also considered and evaluated the valuation technique applied by management, focusing on the key assumptions applied in estimating the amount of allowance required to write down inventories to net realisable value based on replacement costs and latest selling price. The AC considered the findings of the external auditor, including their assessment of the suitability of the valuation technique and key assumptions applied. The AC was satisfied with the inventory valuation process, appropriateness of the valuation technique applied and key assumptions applied for the inventory as disclosed in the financial statements.
Allowance of expected credit losses ("**ECL**") for trade receivables	The AC considered and evaluated the ECL valuation technique applied by management, focusing on the assumptions applied for specific assessment on significant long outstanding trade receivables and provision matrix for other trade receivables by considering both quantitative and qualitative information that is reasonable and supportable, including credit profile and characteristics of trade receivables. The AC considered the findings of the external auditor, including their assessment of the suitability of the valuation technique and key assumptions applied in the ECL impairment assessment for trade receivables. The AC was satisfied with the ECL impairment process, appropriateness of the valuation technique applied and key assumptions applied for the trade receivables as disclosed in the financial statements.
Impairment assessment on property, plant and equipment	The AC considered and evaluated the valuation technique applied by management, focusing on the key assumptions applied in the determination of the recoverable amount of these assets. The AC considered the findings of the external auditor, including their assessment of the suitability of the valuation methodology and underlying key assumptions applied in determining the recoverable amount of these assets. The AC was satisfied with the impairment review process, the valuation methodology applied and the assessment that no impairment in property, plant and equipment was required.

In compliance with the Rule 712(2) of the Rules of Catalist, the Company had appointed Baker Tilly TFW LLP ("**Baker Tilly**") as its external auditor for FY2023 at the Company's SGM held on 30 October 2023.

At least annually, the AC meets with the internal auditors and the external auditors separately in the absence of the Management to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, the independence and objectivity of the external auditors and the observations of the auditors.

The AC has reviewed the independence of the external auditor through discussion with the external auditor as well as by reviewing any non-audit services rendered by the Company's independent external auditor, as set out below and the nature and extent of such services which would prejudice the independence of the external auditor. The AC has recommended to the Board that the external auditor of the Company be re-appointed for the ensuing year subject to shareholders' approval at the forthcoming AGM.

Fees paid/payable FY2023	($'000)	% of total
Audit fees - Baker Tilly	180.4	48
Audit fees - SyCip Gorres Velayo & Co.	154.6	42
Audit fees - Ernst & Young Taiwan	29.5	8
Non-audit fees - SyCip Gorres Velayo & Co. and Ernst & Young Taiwan (Agreed upon procedures and transfer pricing study)	8.1	2

Total	372.6	100

Fees (including fees for non-audit services) paid to the external auditors may be found in Note 9 of the financial statements of the annual report.

The AC and Board, having taken into consideration various factors, including the adequacy of the resources and experience of Baker Tilly, the audit engagement partner assigned to the audit, the number and experience of supervisory and professional staff to be assigned to the audit, and most importantly, the other audit engagements of Baker Tilly, which in the Board's view, align well with the Group's audit requirements, taking into consideration the size and complexity of the Group and the jurisdictions in which it operates, given that Baker Tilly has experience in the audit of mid-market companies with operations in Asian emerging economies, and is familiar with the intricacies of operating in such Asian emerging markets and able to effectively work with the local auditors to ensure a smooth audit process, are satisfied that the appointment of Baker Tilly meets the audit requirements of the Group and will not compromise the standard and effectiveness of the audit of the Company and the Group.

The AC has accordingly recommended to the Board the re-appointment of Baker Tilly as the external auditors of the Company at the forthcoming AGM, subject to shareholders' approval.

The Company hereby confirms its compliance with the requirements under Rule 712 and Rule 715 of the Rules of Catalist. The Board and the AC are of the opinion that Baker Tilly fulfills the audit needs of the Group in accordance with Rule 712 of the Rules of Catalist. Furthermore, in alignment with Rule 715 of the Rules of Catalist, Baker Tilly has been appointed to audit all Singapore-incorporated subsidiaries to maintain the previous audit scope consistency.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Shareholder rights and shareholder meetings

General meetings (including AGMs) are important forums for dialogue and interaction with shareholders. All shareholders are treated fairly and equitably by the Company and all shareholders will receive the notice of the general meeting and the accompanying documents in order to enable them to exercise their rights at the relevant meeting. All shareholders will be informed in the relevant notice or accompanying documents the rules governing voting at such meeting.

Further, the Company welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at the AGM, which is held in Singapore. The chairmen of the AC, NC and RC of the Company are present at the general meetings to answer questions from the shareholders. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders. All Board members had attended the Company's AGM last year, and had addressed the questions put forward by the shareholders at the AGM.

Under the Bye-Laws of the Company, shareholders can vote in person or by proxy through the appointment of not more than two (2) proxies to attend and vote on their behalf at general meetings of shareholders. There is no limit on the number of proxies that can be appointed by nominee companies. Voting and vote tabulation procedures used are disclosed before the general meetings proceed, with independent scrutineers appointed to validate the voting process and procedures. All shareholders are entitled to vote by poll in accordance with the Rules of Catalist and established voting rules and procedures. In absentia voting at general meetings of shareholders by way of mail, facsimile or email is supported and made available.

Separate resolutions are proposed for substantially separate issues at the meeting, unless the issues are interdependent and linked so as to form one significant proposal, in which case the Company will explain the reasons for bundling the resolutions and disclose the material implications in the notice of the general meeting. Each item of special business included in the notice of the general meeting is accompanied, where appropriate, by an explanation for the proposed resolution. All resolutions are voted by poll, following which the detailed results showing, inter alia, the number of votes cast for and against each resolution and the respective percentages will be announced. An announcement of the detailed results is made immediately after the conclusion of the general meeting.

The Company Secretary, with the assistance of his representatives, prepares minutes of shareholders' meetings. These minutes are available to shareholders upon request, and such minutes which record substantial comments or queries from shareholders and responses from the Board and the Management are released via SGXNET and will be published on the Company's corporate website as soon as practicable after such meetings and in any case, within one (1) month from the date of the general meeting.

In line with the continuing disclosure obligations of the Company pursuant to the Rules of Catalist, the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that would be likely to materially affect the price or value of the Company's shares. The Board is of the view that the Company has been compliant with the continuing disclosure obligations under the Rules of Catalist in ensuring that price and/or trade sensitive information is publicly released on a timely basis, and financial results and annual reports are announced or issued within the period stipulated under the Rules of Catalist and applicable laws. All shareholders of the Company receive the annual report and notice of AGM. The notice of AGM is also advertised in the newspapers.

As disclosed in the unaudited results for FY2023, the Board is not recommending any dividend distribution to its shareholders for FY2023 to focus the Group's resources on working capital requirements and upcoming expansion projects. The Company is committed to achieving sustainable income and growth to enhance long-term shareholder return. The Company does not have a fixed policy on the declaration of dividends. The form, frequency and amount of future dividends declared will depend on earnings, general financial position, results of operation, capital requirements, cash flow, general business condition, or development plans and other factors as the Directors may, in their absolute discretion, deem appropriate.

Engagement with shareholders

The Company believes that a high standard of disclosure is key to raising the level of corporate governance. Apart from the SGXNET announcements released on the half and full year results and news releases and its annual report and minutes of its general meetings, the Company updates shareholders on its corporate developments and new initiatives through its corporate website at http://www.medtecs.com. The Company currently does not have an investor relations policy. However, the shareholders can contact the Company with questions via investor.relations@medtecs.com, which has been made available on the Company’s corporate website.

The Company values dialogue sessions with its shareholders. The Company believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Engagement with stakeholders

The Company has identified material stakeholders as those who are impacted by the Group’s business and operations as well as those who have a material impact on the success of the Group’s business and operations. Such stakeholders include shareholders (including institutional and individual investors), customers, employees, government and policy-makers, local communities, suppliers, and financial institutions. The Company considers that addressing the feedback and needs of the material stakeholders is essential to the success of the Group's business as well as integral to achieving sustainable growth. For more on how the Company identifies material stakeholder groups, as well as the Company’s strategy and key areas of focus in terms of stakeholder engagement, please refer to the Company’s Sustainability Report for FY2023 which will be published on or before 31 May 2024. The Company engages its stakeholders through various channels to ensure that the best business interests of the Group are balanced against the needs and interests of its stakeholders.

The Group engages with their different stakeholders through their website at http://www.medtecs.com (which provides for various communication channels to the Company and its subsidiaries), at the Company’s annual general meeting, through corporate publications and announcements, trade shows, charities and donations among others. A detailed explanation on this engagement process will be provided in the Sustainability Report to be published by the Company on or before 31 May 2024.

(E) MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, each of the Directors or controlling shareholders, which are either still subsisting at the end of FY2023 or if not subsisting, entered into since the end of the previous financial year ended 31 December 2022.

(F) DEALING IN SECURITIES

In line with the Rules of Catalist, the Company has adopted and implemented its own internal compliance code on dealing in securities. This has been made known to Directors, officers and staff of the Company and of the Group. In particular, it has been highlighted that it is an offence to deal in the Company’s securities when the officers (Directors and employees) are in possession of unpublished material price sensitive information in relation to those securities. Dealings in the Company’s securities are prohibited one month prior to the announcement of the Company’s half year and full year results. The officers are also discouraged from dealing

in the Company’s securities based on short-term considerations. The Company provides window periods for dealing in the Company’s securities and issues reminders that the law on insider trading is applicable at all times.

The Board confirms that for FY2023, the Company has complied with Rule 1204(19) of the Rules of Catalist on best practices on dealing in securities.

(G) CATALIST SPONSOR

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is R & T Corporate Services Pte. Ltd. (the "**Sponsor**"). There was no non-sponsor fee paid by the Company to the Sponsor during FY2023. The amount of fees paid to Rajah & Tann Singapore LLP, an affiliate of R & T Corporate Services Pte. Ltd., for work done in FY2023, was approximately S$107,828.

(H) USE OF PLACEMENT PROCEEDS

The Company will make periodic announcements on the utilisation of the remaining US$1.4 million, representing 35.9% of the net proceeds of US$3.9 million from the private placement which was completed on 15 October 2015, as and when such remaining proceeds are materially disbursed pursuant to Rule 704(30).

List of Properties

DESCRIPTION	LOCATION	AREA (in sq m)	TENURE OF LEASE (yrs)
Land [1]	Srok Kampong Siam Kampong Cham Province, Cambodia	183,267	70 years
Factory Building	Srok Kampong Siam Kampong Cham Province, Cambodia	40,064	70 years
Land [1]	Manhattan Special Economic Zone, Corner Public Road, Thanh Village, Sangkat, Bavet City, Svay Reang Province, Kingdom of Cambodia	75,000	50 years
Factory Building	Manhattan Special Economic Zone, Corner Public Road, Thanh Village, Sangkat, Bavet City, Svay Reang Province, Kingdom of Cambodia	13,146	50 years
Office Space	Khan Toul Kork, Phnom Penh, Cambodia	606	3 years
Industrial Lot	7th Street, Phase II Mariveles Bataan, Philippines	17,856	25 years
Industrial Lot [2]	SBMA, Olongapo City, Bataan, Philippines	13,124	24 years
Industrial Lot	7th Street, Phase II Mariveles Bataan, Philippines	2,756	50 years
Industrial Lot	7th Street, Phase II Mariveles Bataan, Philippines	4,248	50 years
Industrial Lot	7th Street, Phase I Mariveles Bataan, Philippines	2,980	5 years
Industrial Lot	7th Street, Phase II Mariveles Bataan, Philippines	5,000	50 years
Office Space	22F, The World Centre, 330 Sen. Gil J. Puyat Ave., Makati City, Philippines	742	3 years
Factory and Office Building	Qinghe Economic Park, GaoQing County, Zibo City, Shandong, China	2,880	3 years
Factory Building	202 Zhangshan Road, Renhe Town, Yuhang District, Hangzhou, China	19,417	20 years
Land [1]	202 Zhangshan Road, Renhe Town, Yuhang District, Hangzhou, China	15,333	50 years

(1) The land properties are all held for manufacturing purposes and are 100% owned by the Group.

(2) This property is held for investment purposes. The property has been revalued as of valuation date, 31 December 2023, and the value amounts to an aggregate of US$3.8 million. The aggregated value of these properties do not represent more than 15% of the consolidated net tangible assets of the Group or contribute to more than 15% of the consolidated pre-tax operating profit of the Group. Further information related to the investment property is disclosed in Note 13 of the financial statements of this FY2023 annual report.

STATISTICS OF SHAREHOLDINGS

MEDTECS INTERNATIONAL CORPORATION LIMITED
AS AT 28 MARCH 2024

Number of shares issued:	549,411,240
Class of shares:	Ordinary shares
Voting Rights:	On a show of hands, 1 vote for each member
	On a poll, 1 vote for each ordinary share
No. of treasury shares:	4,500,000
Subsidiary holdings:	Nil

Distributions of Shareholdings

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	12	0.16	427	0.00
100 - 1,000	507	6.93	311,382	0.05
1,001 - 10,000	4,060	55.46	16,468,041	3.00
10,001 - 1,000,000	2,712	37.05	163,105,346	29.69
1,000,001 AND ABOVE	29	0.40	369,526,044	67.26
TOTAL	7,320	100.00	544,911,240	100.00

Shareholdings of Directors

AS AT 28 March 2024

	Direct Interest	%	Deemed Interest	%
Clement Yang Ker-Cheng [a]	36,373,285	6.68	21,375,198	3.92
William Yang Weiyuan [b]	-	-	3,000,000	0.55
Lim Tai Toon [c]	-	-	20,000	0.004

Notes:

(a) Clement Yang Ker-Cheng is deemed to be interested in 18,506,621 shares and 2,868,577 shares held by South World Investment Ltd. and Maybank Kim Eng Securities Pte. Ltd., respectively.

(b) William Yang Weiyuan is deemed to be interested in 3,000,000 shares acquired through his sub-brokerage account maintained with a Taiwan brokerage house.

(c) Lim Tai Toon is deemed to be interested in 20,000 shares held by his wife, Mdm Wong Lai Kwan.

Substantial Shareholders

AS AT 28 March 2024 (based on the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Clement Yang Ker-Cheng	36,373,285	6.68	21,375,198	3.92

Percentage of Shareholdings in Public's Hands

As at 28 March 2024, approximately 88.85% of the total number of issued shares in the capital of the Company (excluding any treasury shares and subsidiary holdings as well as the TDRs) are held in the hands of the public as defined in the Rules of Catalist. Accordingly, the Company has complied with Rule 723 of the Rules of Catalist.

TWENTY LARGEST SHAREHOLDERS

AS AT 28 MARCH 2024

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	212,161,050	38.62
2	YANG CLEMENT K C	36,373,285	6.62
3	SOUTH WORLD INVESTMENTS LIMITED	18,506,621	3.37
4	RAFFLES NOMINEES (PTE.) LIMITED	16,600,951	3.02
5	DBS NOMINEES (PRIVATE) LIMITED	12,370,100	2.25
6	PHILLIP SECURITIES PTE LTD	12,266,071	2.23
7	IFAST FINANCIAL PTE. LTD.	10,363,000	1.89
8	MAYBANK SECURITIES PTE. LTD.	8,052,977	1.47
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,432,614	0.99
10	TIGER BROKERS (SINGAPORE) PTE. LTD.	3,676,400	0.67
11	UOB KAY HIAN PRIVATE LIMITED	2,940,100	0.54
12	OCBC SECURITIES PRIVATE LIMITED	2,934,800	0.53
13	TAN JIN SIANG	2,700,000	0.49
14	KGI SECURITIES PTE. LTD.	2,672,400	0.49
15	BPS NOMINEES (PTE.) LTD.	2,036,800	0.37
16	HSBC (SINGAPORE) NOMINEES PTE LTD	2,000,700	0.36
17	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	1,912,600	0.35
18	MERRILL LYNCH (SINGAPORE) PTE. LTD.	1,610,475	0.29
19	LIM & TAN SECURITIES PTE LTD	1,587,200	0.29
20	POON SENG KUN	1,510,000	0.27
	TOTAL	**357,708,144**	**65.11**

The Group's TDRs were listed on the Taiwan Stock Exchange on 13 December 2002. The number of TDRs issued at that time was 22,000,000.

In May 2004, an additional 4,382,875 TDRs were issued because of a stock split. In October 2009, an additional tranche of 100,000,000 TDRs was issued and traded on the Taiwan Stock Exchange.

As at 28 March 2024, the total number of TDRs issued by the Company is 205,531,500, representing approximately 37.72% of the total number of shares in the capital of the Company.

Interested Person Transactions

No general mandate has been obtained for interested person transactions pursuant to Rule 920(1) of the Rules of Catalist. The aggregate value of interested person transactions carried out during FY2023 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Rules of Catalist) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Rules of Catalist (excluding transactions less than $100,000) (S$'000)
Manhattan International Corp.	Mr Clement Yang Ker-Cheng, the Chairman and an Executive Director of the Company, is the chairman and sole director of the interested person	US$'000	N.A.
- Utility and fuel consumption		850	
- Rent and maintenance fees		211	
- Raw materials and fixed assets		875	
- Others		156	

The amount at risk to the Company of US$2,092,000 represented approximately 1.65% of the audited consolidated net tangible assets of the Group for the financial year ended 31 December 2023.

The AC and the Board have reviewed the interested person transactions above and are of the opinion that the transactions were carried out on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders.

Notice of Annual General Meeting

MEDTECS INTERNATIONAL CORPORATION LIMITED

(Incorporated in Bermuda)

NOTICE OF ANNUAL GENERAL MEETING

*All capitalised terms used in the resolutions below and defined in the Appendix to this Notice of Annual General Meeting dated 15 April 2024 in relation to the proposed renewal of the share purchase mandate and the proposed adoption of the Medtecs Share Option Scheme (the "**Appendix**") shall, unless otherwise defined herein, have the respective meanings ascribed to them in the Appendix.*

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Medtecs International Corporation Limited (the "Company") will be held at 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778 on Tuesday, 30 April 2024 at 2.00 p.m. (Singapore time) for the purpose of considering and, if thought fit, passing the following resolutions as Ordinary Resolutions:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Clement Yang Ker-Cheng, a Director retiring from office by rotation pursuant to Bye-Law 86 of the Company's Bye-Laws and being eligible for re-election.
[See Explanatory Note (i)] **(Resolution 2)**

3. To note Mr Lim Tai Toon, a Director, wishes to retire from office and not offer himself for re-election.

4. To note Ms Carol Yang Xiao-Qing, a Director, wishes to retire from office and not offer herself for re-election.

5. To approve the payment of Directors' fees of S$284,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears. (2023: S$284,000) **(Resolution 3)**

6. To re-appoint Baker Tilly TFW LLP as Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 4)**

7. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

SHARE ISSUE MANDATE

8. "That pursuant to Rule 806 of the Rules of Catalist, authority be and is hereby given to the Directors of the Company to:

(i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise (including shares as may be required to be issued pursuant to any Instrument (as defined below)) made or granted by the Directors while this Resolutions is in force notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time of issue of such shares); and/or

(ii) make or grant offers, agreements or options or otherwise issue convertible securities (collectively, "**Instruments**") that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and from time to time upon such terms and conditions, whether for cash or otherwise, and for such purposes and to such persons as the Directors may think fit for the benefit of the Company, provided that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to such authority) does not exceed one hundred per cent. (100%) of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be offered other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to such authority) does not exceed fifty per cent. (50%) of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercise of share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

provided that adjustments in accordance with sub-paragraphs (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) and the Bye-laws for the time being of the Company; and

(d) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law or by the Bye-Laws of the Company to be held, whichever is the earlier, except that the Directors of the Company shall be authorised to allot and issue shares pursuant to any Instrument made or granted by the Directors while this Resolution was in force notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time of issue of such shares." *[See Explanatory Note (ii)]* **(Resolution 5)**

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

9. "That:

(a) for the purposes of the Companies Act 1981 of Bermuda ("**Bermuda Companies Act**") and otherwise in accordance with the rules and regulations of the SGX-ST, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases through the SGX-ST's trading system, or as the case may be, on any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchases**"); and/or

(ii) off-market purchases in accordance with an equal access scheme as defined in Section 76C of the Companies Act 1967 of Singapore ("**Off-Market Purchases**"),

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate to purchase and/or acquire Shares may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required to be held (whereupon it will lapse, unless renewed at such AGM);

(ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company at a general meeting (if so varied or revoked prior to the next AGM);

(iii) the date on which purchases and/or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iv) the date falling 12 months from the date of the AGM; and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."
[See Explanatory Note (iii)] **(Resolution 6)**

In this Resolution:

"**Average Closing Price**" means:

(i) in the case of a Market Purchase, the average of the Closing Market Prices (as defined below) of a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company; or

(ii) in the case of an Off-Market Purchase, the average of the Closing Market Prices (as defined below) of a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted, in accordance with the Rules of Catalist, for any corporate action that occurs during such five (5) Market Day period and the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Percentage**" means that number of issued Shares representing 10% of the issued Shares as at the date of the passing of this Resolution, unless the Company has, at any time during the Relevant Period, effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Bermuda Companies Act, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered by the capital reduction. Any Shares which are held as treasury shares and any subsidiary holdings will be disregarded for purposes of computing the 10% limit;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related or ancillary expenses in respect of the purchase or acquisition such as brokerage, commission, applicable goods and services tax, stamp duties and clearance fees and other related expenses (where applicable)) to be paid for a Share will be determined by the Directors, provided that such purchase price must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares; and

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution.

PROPOSED ADOPTION OF THE MEDTECS SHARE OPTION SCHEME

10. "That:

(a) the share option scheme to be known as the "Medtecs Share Option Scheme" ("**Share Option Scheme**"), the rules of which ("**Scheme Rules**") has been appended to and a summary of which is set out in the Appendix to the Notice of Annual General Meeting dated 15 April 2024 and under which options (the "**Options**") will be granted to such persons to subscribe for ordinary Shares on such terms and conditions and in accordance with the Scheme Rules, be and is hereby approved and adopted; and

(b) the Directors of the Company and/or such committee comprising Directors of the Company duly authorised and appointed by the board of Directors of the Company to administer the Share Option Scheme, be and are hereby authorised:

(i) to establish and administer the Share Option Scheme;

(ii) to modify and/or amend the Share Option Scheme from time to time provided that the modifications and/or amendments are effected in accordance with the Scheme Rules and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Option Scheme;

(iii) to offer and grant options in accordance with the Scheme Rules and to allot and issue and/or deliver (including through the transfer of Shares of the Company) from time to time such number of Shares as may be required to be allotted, issued and/or delivered pursuant to the exercise of Options under the Share Option Scheme (provided always that the aggregate number of Shares to be issued pursuant to the Share Option Scheme shall not exceed fifteen per cent. (15%) of the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares of the Company from time to time;

(iv) subject to the same being allowed by law, to apply any Share purchased or acquired under any share purchase mandate and to deliver such existing Shares (including any treasury shares) towards the satisfaction of the Options granted under the Share Option Scheme; and

(v) to complete and do all acts and things (including executing such documents as may be required) as they may consider necessary, desirable or expedient to give effect to or for the purposes of this resolution or as they shall deem fit in the interests of the Company."
[See Explanatory Note (iv)] **(Resolution 7)**

BY ORDER OF THE BOARD

Abdul Jabbar Bin Karam Din
Company Secretary

Singapore, 15 April 2024

Explanatory Notes:

(i) Mr Clement Yang Ker-Cheng, upon re-election as a Director of the Company, will remain as the Chairman of the Board and Executive Director and a member of the Nominating Committee of the Company. The profile of Mr Clement Yang Ker-Cheng can be found under the sections entitled "Board of Directors" and "Board Membership" in the report on Corporate Governance in the Annual Report for the financial year ended 31 December 2023 ("**Annual Report 2023**").

(ii) Ordinary Resolution 5 proposed in item 8 above, if passed, is to authorise the Directors to allot and issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 5 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed one hundred per cent. (100%) of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares of the Company, with a sub-limit of fifty per cent. (50%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares of the Company will be calculated based on the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares of the Company at the time of the passing of Resolution 5, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and (iii) any subsequent bonus issue, consolidation or subdivision of shares. The adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of Resolution 5.

(iii) Ordinary Resolution 6 proposed in item 9 above, if passed, is to renew the Share Purchase Mandate to enable the Company to purchase or acquire its issued shares. Shareholders had previously approved the renewal of the Share Purchase Mandate at the last AGM of the Company that was held on 30 June 2023. Please refer to the Appendix to this Notice of AGM for more details.

(iv) Ordinary Resolution 7 proposed in item 10 above, if passed, is to authorise the Directors to offer and grant Options in accordance with the Share Option Scheme and to allot and issue shares under the Share Option Scheme. Please refer to the Appendix to this Notice of AGM for more details.

Notes:

1. The AGM of the Company will be held, in a wholly physical format at 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778 on 30 April 2024 at 2.00 p.m. There will be no option for Shareholders to participate in the AGM virtually.

2. Attendees must bring their original NRIC/Passport for verification and registration on the day of the AGM.

3. Documents and information relating to the AGM, including the (i) Annual Report 2023; (ii) this Notice of AGM; (iii) the Appendix to this Notice of AGM; and (iv) the Proxy Forms are electronically available on the Company's website at the URL https://www.medtecs.com/investor-relations/agm-and-sgm/ and on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

4. Printed copies of the Annual Report 2023 and the Appendix will not be despatched to Shareholders, unless otherwise requested.

   For Shareholders' convenience, printed copies of (a) this Notice of AGM, (b) the Proxy Forms and (c) a Request Form (to request for printed copies of the Annual Report 2023 and/or the Appendix) (the "**Request Form**") have been despatched to Shareholders.

   For Shareholders to receive the physical copies of Annual Report 2023 and/or the Appendix, please have the Request Form completed and returned to the office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 no later than 22 April 2024. Alternatively, the completed Request Form may be submitted electronically via email to medtecs@boardroomlimited.com no later than 22 April 2024. Printed copies of the Annual Report 2023 and/or the Appendix will then be sent to the address specified by the Shareholder(s) at his/her/its own risk.

5. Questions and answers and minutes of the AGM

   Shareholders and persons who hold Shares through a relevant intermediary (including SRS investors), or where applicable, their appointed proxy(ies) are strongly encouraged to submit to the Company, questions related to the

resolutions to be tabled for approval at the AGM in advance of the AGM. In order to do so, their questions must be received by the Company no later than 5 p.m. (Singapore time) on 22 April 2024, being at least seven (7) calendar days from the Notice of AGM. Such questions may be submitted in the following manner:

(a) Shareholders (including SRS investors) may submit their questions electronically to the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. via email to medtecs@boardroomlimited.com or by post or by depositing it at the office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632;

(b) persons who hold Shares through relevant intermediaries (other than SRS investors) may submit questions through their relevant intermediary, who in turn may submit a consolidated list of questions to the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., via email to medtecs@boardroomlimited.com; or

(c) Shareholders and persons who hold Shares through a relevant intermediary (including SRS investors) who submit questions in advance of the AGM should provide the following information to the Company (or, in the case of persons who hold Shares through a relevant intermediary, their relevant intermediary) for verification purposes:

   (i) the Shareholder's full name;
   (ii) the Shareholder's address, contact number and email address; and
   (iii) the manner in which the Shareholder holds Shares (e.g. if you hold Shares directly, please provide your NRIC/Passport No.; otherwise, please state if you hold your Shares through SRS, or through a relevant intermediary).

"**relevant intermediary**" means:

(a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds Shares in that capacity; or

(c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of Shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Shareholders attending the AGM may also ask questions at the AGM. The Company will endeavour to address all substantial and relevant questions (which are related to the resolution(s) to be tabled for approval at the AGM) submitted in advance of the AGM and received by 5 p.m. (Singapore time) on 22 April 2024, being at least seven (7) calendar days from the Notice of AGM.

The Company will publish the responses to those questions which the Company will not be addressing during the AGM, on the Company's website and on SGXNET at least forty-eight (48) hours prior to the closing date and time for the lodgment of proxy forms. Should there be subsequent clarification sought, or follow up questions after the deadline for submission of questions, the Company will address those substantial and relevant questions during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

The Company will publish the minutes of the AGM within one (1) month after the AGM on the Company's website at https://www.medtecs.com/investor-relations/agm-and-sgm/ and on SGXNET at https://www.sgx.com/securities/company-announcements and the minutes will include the responses to the substantial and relevant questions received from Shareholders which are addressed during the AGM.

6. Voting, or appointing proxy(ies) to vote, at the AGM

   A Shareholder who is a natural person and entitled to attend, speak and vote at the AGM and hold two (2) or more shares is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy need not be a Shareholder.

   A Shareholder who is not a natural person and entitled to attend, speak and vote at the AGM is entitled to appoint more than two (2) proxies to attend, speak and vote in his/her stead.

Where a Shareholder appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

A Shareholder who wishes to exercise his/her/its voting rights at the AGM may: (a) vote at the AGM in person or (b) appoint proxy(ies) to vote on his/her/its behalf at the AGM. A Shareholder who wishes to submit an instrument appointing proxy(ies) must complete the accompanying Proxy Form before submitting it in the manner set out below.

In the Proxy Form, a Shareholder should specifically direct the proxy on how he/she/it is to vote for, vote against, or abstain from voting on, each of the resolution(s) to be tabled at the AGM. All valid votes cast via proxy on each resolution will be counted. If no specific direction as to voting is given, the proxy (including the Chairman of the AGM) may vote or abstain from voting at his/her/its discretion.

A Shareholder who wishes to appoint a proxy/proxies to attend the AGM and vote on his/her/its behalf at the AGM, should complete the Shareholders' Proxy Form and submit the duly completed Shareholders' Proxy Form to the Company **by 2.00 p.m. on 28 April 2024**, being not less than forty-eight (48) hours before the time appointed for holding the AGM, through any one of the following manners:

(a) if by electronic communication, via email to the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at medtecs@boardroomlimited.com; or

(b) if sent personally or by post, be lodged at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

A Depositor (who is not a natural person) whose name appears in the Depository Register and who wishes to attend and vote at the AGM, should complete the CDP Proxy Form and submit the duly completed CDP Proxy Form to the Company **by 2.00 p.m. on 28 April 2024**, being not less than forty-eight (48) hours before the time appointed for holding the AGM, through any one of the following manners:

(a) if by electronic communication, via email to the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at medtecs@boardroomlimited.com; or

(b) if sent personally or by post, be lodged at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

In the case of Depositors whose names are not shown in the records of the Depository as at forty-eight (48) hours before the time appointed for holding the AGM as supplied by the Depository to the Company, the Company may reject such proxy form submitted to the Company.

A Depositor who is a natural person need not complete the CDP Proxy Form if he/she intends to attend in person.

Printed copies of the Proxy Forms have been despatched to Shareholders and the Proxy Forms may also be accessed at the Company's website at https://www.medtecs.com/investor-relations/agm-and-sgm/ and on SGXNET at https://www.sgx.com/securities/company-announcements.

Completion and submission of the Proxy Form shall not preclude a Shareholder from attending, speaking and voting at the AGM. Any appointment of a proxy or proxies (including the Chairman of the AGM) shall be deemed to be revoked if a Shareholder attends the AGM, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

Note: Please refer to the Notes to the Proxy Form for additional documentary requirements in the event the Proxy Form is signed by an attorney or duly authorised officer or executor(s) on behalf of a deceased individual's estate.

Personal data privacy:

By attending the AGM, submitting questions in advance of the AGM and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Depositor or a member of the Company (i) consents to the collection, use and disclosure of the Depositor's or the member's personal data, as contained in any communication from or on behalf of the Depositor or member in relation to the AGM (including but not limited to questions sent in advance of the AGM and proxy forms), by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, questions submitted and the answers thereto for disclosure and publication before, at or after (as the case may be) the AGM and/or on SGXNET and the Company's website (including publication of the names of the Shareholders/proxies/representatives asking questions) and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules including code of corporate governance, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that all information submitted is true and accurate, and where the Depositor or the member discloses the personal data of the Depositor's or the member's proxy(ies) and/or representative(s) and/or any other party to the Company (or its agents or service providers), the Depositor or the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Depositor or the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Depositor's or the member's breach of warranty.

This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**").

This document has not been examined or approved by the Exchange. 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.

The contact persons for the Sponsor are Ms Evelyn Wee (Telephone Number: +65 6232 0724) and Mr. Howard Cheam Heng Haw (Telephone Number: +65 6232 0685), R&T Corporate Services Pte. Ltd., at 9 Straits View, Marina One West Tower, #06-07 Singapore 018937.

Financial Statements

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Medtecs International Corporation Limited (the "**Company**") and its subsidiaries (the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2023.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 73 to 141 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are:

Clement Yang Ker-Cheng	(Chairman)
William Yang Weiyuan	(Deputy Chairman and CEO)
Carol Yang Xiao-Qing	
Lim Tai Toon	
Nieh Chien-Chung	

Pursuant to Rule 720(4) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist (the "Rules of Catalist") and in accordance with By-Law 86 of the Company's By-Laws, Clement Yang Ker-Cheng retires by rotation and, being eligible, offer himself for re-election.

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

According to the register of directors' shareholdings, the following directors, who held office at the end of the financial year, had interests in the share of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			**Deemed interest**		
Name of directors	**At 1 January 2023**	**At 31 December 2023**	**At 21 January 2024**	**At 1 January 2023**	**At 31 December 2023**	**At 21 January 2024**
Ordinary shares of the Company at par value of US$0.05 each						
Clement Yang Ker-Cheng	24,673,285	24,673,285	24,673,285	33,075,198	33,075,198	33,075,198
William Yang Weiyuan	–	–	–	3,000,000	3,000,000	3,000,000
Lim Tai Toon	–	–	–	20,000	20,000	20,000

Directors' interest in shares or debentures (cont'd)

Clement Yang Ker-Cheng is deemed to be interested in 18,506,621 shares, and 14,568,577 shares, held by South World Investment Ltd. and Maybank Kim Eng Securities Pte. Ltd., respectively.

William Yang Weiyuan is deemed to be interested in 3,000,000 shares acquired through his sub-brokerage account maintained with a Taiwan brokerage house.

Lim Tai Toon is deemed to be interested in 20,000 shares held by his wife, Mdm. Wong Lai Kwan.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Other information required by the SGX-ST

Save as disclosed in the section entitled "Interested Person Transactions" in this annual report, no material contracts to which the Company or any subsidiary is a party and which involve the interests of the CEO, each director or controlling shareholder, subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share options

The Company's Share Option Scheme (the "Scheme"), issued on 30 April 2012, has lapsed on 29 May 2022. The Company will be implementing a new share option scheme to incentivise and retain talent within the organisation. Shareholders approval is being sought for the adoption of Medtecs Share Option Scheme.

The committee in charge of administering the Scheme, before it lapsed, consists of:

Nieh Chien-Chung (Chairman)
Carol Yang Xiao-Qing
Lim Tai Toon

As at the end of the financial year, no options to take up unissued shares of the Company or its subsidiaries were granted, and no shares were issued by virtue of the exercise of options or warrant to take up unissued shares of the Company or its subsidiaries.

Audit Committee

The Audit Committee ("**AC**") carried out its functions, including the following:

- Reviews the audit plans of internal and external auditors of the Company and review the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviews the half yearly announcements and annual financial statements and the auditors' report on the annual financial statements of the Group before submission to the Board of Directors ("BOD");
- Reviews the adequacy and effectiveness of the Group's material internal control systems, including financial, operational, compliance and information technology controls, and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that they have a material impact on the financial statements, related compliance policies and programmes and any report received from regulator;
- Reviews the independence, effectiveness and adequacy of the internal audit function;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the Board of Directors the external auditors to be nominated, approves the compensation of the external auditors and reviews the scope and results of the audit;
- Reports actions and minutes of meetings of the AC to the BOD with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Rules of Catalist.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. Fees (including fees for non-audit services) paid to external auditors may be found in Note 9 of the financial statements of the annual report. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Clement Yang Ker-Cheng Director	William Yang Weiyuan Director

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDTECS INTERNATIONAL CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Medtecs International Corporation Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 73 to 141, which comprise the statements of financial position of the Group and the Company as at 31 December 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of changes in equity of the Company are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in the equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Assessment of inventory valuation

The Group has $37,359,000 of inventories as of 31 December 2023, representing 22% of its total assets. The Group records its inventories at the lower of cost and net realisable value. Cost of inventory is determined on a weighted-average method. Allowances for write down of inventory are provided and to reduce the carrying amount of the inventories to their net realisable values.

Management establishes a basis of allocation of direct labour and factory overheads to the finished goods and work-in-progress. Management also reviews the inventory ageing report to identify slow-moving inventories and estimates the amount of allowance based on latest replacement costs of raw materials and subsequent selling prices for inventories.

Significant judgment and estimates are involved in the allocations of direct labour and factory overheads and the assessment of inventory allowance which may have significant impact on the valuation of inventories. Hence, inventory valuation is identified as a key audit matter.

Together with the component auditors, we have performed the following audit procedures, amongst others, in response to the above-mentioned key audit matter:

- Obtained an understanding of management's control on recording of purchases of raw materials, allocation of direct labour and production overheads to cost of inventories and management's assessment of allowance for write down of inventory;
- On a sample basis, we:
  - Verified purchases, direct labour and overhead costs incurred to suppliers' invoice and payroll records;
  - Tested mathematical accuracy of weight-average costing for inventories and allocation of labour costs and overheads;
  - Tested the integrity of the inventory reports in order to conclude that the inventory reports can be relied upon for the assessment of allowance for write down of inventory;
- Corroborated management's assessment of allowance for write down of inventory considering factors such as type of inventory, latest replacement costs of raw materials and selling prices subsequent to the financial year;
- Observed and inquired management for any identified obsolete or slow-moving inventories during our stocktake observation; and
- Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

The related disclosures on the allowance for inventory assessment are included in Note 2.7 and Note 19 to the financial statements. The key sources of estimation uncertainty in relation to allowance for inventory are disclosed in Note 3(iii) to the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDTECS INTERNATIONAL CORPORATION LIMITED (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Allowance of expected credit losses for trade receivables

The Group has $24,349,000 of trade receivables as of 31 December 2023, representing 14% of its total assets. In determining the ECLs, Management performs specific assessment on significant long outstanding trade receivables and provision matrix for other trade receivables by considering both quantitative and qualitive information that is reasonable and supportable, including credit profile and characteristics of trade receivables. Given the materiality of the trade receivables and significant estimations involved in the ECLs assessment, we have identified this as key audit matter.

Together with the component auditors, we have performed the following audit procedures, amongst others, in response to the above-mentioned key audit matter:

- Obtained an understanding of the Group's credit policies and credit assessment procedures and the controls relating to the monitoring of trade receivables;
- Evaluated management's assumptions used in establishing the ECLs impairment model through analysis of receivables ageing, review of historical credit loss experiences and consideration of data and information used by management in determining the forward-looking adjustments based on current economic condition;
- Reviewed collectability of material and long aged trade receivables by way of obtaining evidence of receipts subsequent to the balance sheet date from the customers. For long overdue debts without subsequent collection, we discussed with management on their assessment of the ECLs for these debtors. Where applicable, we reviewed debtors' payment history, current and future conditions of the debtors' operations and expected settlement plans for the outstanding balances; and
- Reviewed the adequacy and appropriateness of disclosures made in the financial statements.

The related disclosures on the ECLs for trade receivables and credit risk management process are included in Note 2.6 and Note 20 to the financial statements. The key sources of estimation uncertainty in relation to ECLs for trade receivables are disclosed in Note 3(ii) to the financial statements.

Impairment assessment on property, plant and equipment

As at 31 December 2023, the carrying amount of the Group's property, plant and equipment amounted to $40,566,000, representing 24% of its total assets. The carrying amount of these assets are reviewed annually by management to assess whether there are indicators of impairment and if there are such indicators, an estimate is made for the recoverable amount of the property, plant and equipment concerned. During the financial year, the Group recognised impairment loss on property, plant and equipment of US$2,000,000.

For cash-generating units ("CGUs") where there are indicators impairment, management has prepared value-in-use and fair value less cost of disposal computations in assessing the recoverable amounts of the property, plant and equipment. This assessment required management to exercise significant estimation over the assumptions used in the preparation of the forecast and determination of fair values of the property, plant and equipment. The key assumptions and judgment adopted are the annual revenue growth rate, terminal growth rate, forecasted gross margins and discount rate and the determination of fair values less cost of disposal of the property, plant and equipment. Given the materiality of the property, plant and equipment, and significant estimation involved in assessing the recoverable amount of these assets, we have identified the impairment of property, plant and equipment as a key audit matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDTECS INTERNATIONAL CORPORATION LIMITED (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Impairment assessment on property, plant and equipment (cont'd)

Together with the component auditors, we have performed the following audit procedures, amongst others, in response to the above-mentioned key audit matter:

- Reviewed management's assessment of indicators of impairment of property, plant and equipment and the methodology used by management to estimate value-in-use and fair value less costs of disposal when indicators are present;
- Assessed market value adopted and reasonableness of adjustments made for the age and condition of the equipment and cost of disposal;
- Assessed the reasonableness of key assumptions such as annual revenue growth rate and forecasted gross margins used in the forecast by comparing to historical trend and the latest budgets and other available information;
- Involved our internal valuation specialists to assist us in assessing the reasonableness of the discount rate used in the forecast;
- Performed sensitivity analysis of the recoverable amounts to changes in the key assumptions taking into consideration the general economic outlook; and
- Reviewed the adequacy and appropriateness of disclosures made in the financial statements.

The related disclosure is included in Note 12 to the financial statements. The key sources of estimation uncertainty in relation to impairment of non-financial assets are disclosed in Note 3(i) to the financial statements.

Other Matters

The financial statements of the Group and the Company for the financial year ended 31 December 2022 were audited by another auditor whose report dated 14 June 2023 expressed an unmodified opinion on those financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDTECS INTERNATIONAL CORPORATION LIMITED (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDTECS INTERNATIONAL CORPORATION LIMITED (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the provisions of the Companies Act 1967 (the "Act") to be kept by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ong Kian Guan.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

11 April 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEDTECS INTERNATIONAL CORPORATION LIMITED AND ITS SUBSIDIARIES
For the financial year ended 31 December 2023

	Note	Group 2023 US$'000	Group 2022 US$'000
Revenue	4	**52,639**	56,243
Costs of sales and services		**(46,682)**	(59,580)
Gross profit/(loss)		**5,957**	(3,337)
Other items of income			
Other income - net	5	**1,987**	2,461
Financial income	7	**1,304**	905
Other items of expense			
Distribution and selling expenses		**(7,637)**	(12,009)
Administrative expenses		**(23,310)**	(17,723)
Financial expenses	8	**(816)**	(951)
Loss before tax	9	**(22,515)**	(30,654)
Tax expense	10	**27**	1,391
Net loss for the year		**(22,488)**	(29,263)
Other comprehensive income:			
Items that will be reclassified to profit or loss:			
Foreign currency translation reserve		**(115)**	(3,132)
Items that will not be reclassified to profit or loss:			
Remeasurement (loss)/gain on retirement benefit obligation, net of tax		**(39)**	198
Unrealised gain/(loss) on financial assets at fair value through other comprehensive income ("FAFVOCI")		**635**	(375)
Total comprehensive loss for the year, net of tax		**(22,007)**	(32,572)
Net loss attributable to:			
Equity holders of the Company		**(21,066)**	(28,596)
Non-controlling interests		**(1,422)**	(667)
Net loss for the year, net of tax		**(22,488)**	(29,263)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(20,585)**	(31,905)
Non-controlling interests		**(1,422)**	(667)
Total comprehensive loss for the year, net of tax		**(22,007)**	(32,572)
Loss per share attributable to the equity holders of the Company (cents per share)	11		
- Basic and diluted		**(3.866)**	(5.244)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

MEDTECS INTERNATIONAL CORPORATION LIMITED AND ITS SUBSIDIARIES
At 31 December 2023

	Note	Group 2023 US$'000	Group 2022 US$'000	Company 2023 US$'000	Company 2022 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12,35	**40,566**	43,592	**121**	194
Investment property	13	**2,505**	2,617	**–**	–
Assets held for leasing	14	**3,915**	4,116	**–**	–
Right-of-use assets	15,35	**9,109**	9,903	**145**	261
Net investment in sub-lease	15,35	**–**	–	**4,621**	4,544
Investment in subsidiaries	16	**–**	–	**28,241**	28,352
Intangible assets	17,35	**3,363**	848	**–**	–
Deferred tax assets	10,35	**2,254**	2,155	**–**	–
Trade receivables	20	**4,265**	–	**4,265**	–
Other non-current assets	18,35	**4,995**	8,429	**79**	112
		70,972	71,660	**37,472**	33,463
Current assets					
Inventories	19	**37,359**	36,394	**345**	3,304
Trade receivables	20	**20,084**	30,358	**9,980**	25,870
Other current assets	21,35	**5,311**	8,356	**156**	1,976
Due from subsidiaries, net	22	**–**	–	**15,379**	16,925
Cash, bank balances and fixed deposits	23	**33,041**	35,281	**351**	3,366
		95,795	110,389	**26,211**	51,441
Total assets		**166,767**	182,049	**63,683**	84,904
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables and other current liabilities	24,35	**5,974**	6,447	**703**	579
Lease liabilities	15	**801**	575	**21**	129
Loans and borrowings	25	**23,861**	15,643	**–**	–
Income tax payable		**2,332**	2,415	**–**	–
		32,968	25,080	**724**	708
Net current assets		**62,827**	85,309	**25,487**	50,733
Non-current liabilities					
Lease liabilities	15	**2,243**	3,335	**186**	187
Deferred tax liabilities	10	**312**	391	**11**	13
Pension benefit obligation	6	**918**	811	**194**	167
Other non-current liabilities		**18**	117	**–**	–
		3,491	4,654	**391**	367
Total liabilities		**36,459**	29,734	**1,115**	1,075
Net assets		**130,308**	152,315	**62,568**	83,829

The accompanying notes form an integral part of these financial statements.

MEDTECS INTERNATIONAL CORPORATION LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (cont'd)
At 31 December 2023

		Group		Company	
		2023	2022	**2023**	2022
	Note	**US$'000**	US$'000	**US$'000**	US$'000
Equity attributable to equity holders of the Company					
Share capital	26	**27,471**	27,471	**27,471**	27,471
Less: Treasury shares	26	**(2,361)**	(2,361)	**(2,361)**	(2,361)
Share premium		**4,721**	4,721	**4,721**	4,721
Revenue reserves		**99,618**	120,424	**32,071**	53,332
Remeasurement gain on retirement benefit obligations		**211**	250	**105**	105
Foreign currency translation reserves	27	**(850)**	(735)	**–**	–
Other reserves	27	**394**	19	**561**	561
		129,204	149,789	**62,568**	83,829
Non-controlling interests	16	**1,104**	2,526	**–**	–
Total equity		**130,308**	152,315	**62,568**	83,829
Total equity and liabilities		**166,767**	182,049	**63,683**	84,904

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEDTECS INTERNATIONAL CORPORATION LIMITED AND ITS SUBSIDIARIES
For the financial year ended 31 December 2023

	Share capital (Note 26) US$'000	Share premium US$'000	Revenue reserves US$'000	Remeasurement gain on retirement benefit obligations US$'000	Foreign currency translation reserves (Note 27) US$'000	Other reserves (Note 27) US$'000	Treasury shares (Note 26) US$'000	Non-controlling interest (Note 16) US$'000	Total US$'000
2023									
Group									
Balance at 1 January 2023	27,471	4,721	120,424	250	(735)	19	(2,361)	2,526	152,315
Net loss for the year, net of tax	–	–	(21,066)	–	–	–	–	(1,422)	(22,488)
Other comprehensive income									
Foreign currency translation reserves	–	–	–	–	(115)	–	–	–	(115)
Unrealised gains on FAFVOCI	–	–	–	–	–	635	–	–	635
Disposal of FAFVOCI	–	–	260	–	–	(260)	–	–	–
Remeasurement loss on retirement benefit obligation, net of tax	–	–	–	(39)	–	–	–	–	(39)
Other comprehensive income/(loss) for the year	–	–	260	(39)	(115)	375	–	–	481
Total comprehensive (loss)/income for the year, net of tax	–	–	(20,806)	(39)	(115)	375	–	(1,422)	(22,007)
Balance at 31 December 2023	**27,471**	**4,721**	**99,618**	**211**	**(850)**	**394**	**(2,361)**	**1,104**	**130,308**

The accompanying notes form an integral part of these financial statements.

MEDTECS INTERNATIONAL CORPORATION LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
For the financial year ended 31 December 2023

	Share capital (Note 26) US$'000	Share premium US$'000	Revenue reserves US$'000	Remeasu-rement gain on retirement benefit obligations US$'000	Foreign currency translation reserves (Note 27) US$'000	Other reserves (Note 27) US$'000	Treasury shares (Note 26) US$'000	Non-controlling interest (Note 16) US$'000	Total US$'000
2022									
Group									
Balance at 1 January 2022	27,471	4,721	152,291	52	2,397	394	(2,112)	2,693	187,907
Net loss for the year, net of tax	–	–	(28,596)	–	–	–	–	(667)	(29,263)
Other comprehensive income									
Foreign currency translation reserves	–	–	–	–	(3,132)	–	–	–	(3,132)
Unrealised losses on FAFVOCI	–	–	–	–	–	(375)	–	–	(375)
Remeasurement gain on retirement benefit obligation, net of tax	–	–	–	198	–	–	–	–	198
Other comprehensive income/(loss) for the year	–	–	–	198	(3,132)	(375)	–	–	(3,309)
Total comprehensive (loss)/income for the year, net of tax	–	–	(28,596)	198	(3,132)	(375)	–	(667)	(32,572)
Purchase of treasury shares (Note 26)	–	–	–	–	–	–	(249)	–	(249)
Minority investment	–	–	–	–	–	–	–	500	500
Cash dividends (Note 28)	–	–	(3,271)	–	–	–	–	–	(3,271)
Balance at 31 December 2022	27,471	4,721	120,424	250	(735)	19	(2,361)	2,526	152,315

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

MEDTECS INTERNATIONAL CORPORATION LIMITED AND ITS SUBSIDIARIES
For the financial year ended 31 December 2023

	Share capital (Note 26) US$'000	Share premium US$'000	Revenue reserves US$'000	Remeasu-rement gain on retirement benefit obligations US$'000	Other reserves (Note 27) US$'000	Treasury shares (Note 26) US$'000	Total equity US$'000
2023							
Company							
Balance at 1 January 2022	27,471	4,721	68,230	49	561	(2,112)	98,920
Net loss for the year	–	–	(11,627)	–	–	–	(11,627)
Remeasurement gain on retirement benefit obligation, representing other comprehensive income for the year, net of tax	–	–	–	56	–	–	56
Total comprehensive (loss)/income for the year, net of tax	–	–	(11,627)	56	–	–	(11,571)
Purchase of treasury shares (Note 26)	–	–	–	–	–	(249)	(249)
Cash dividends (Note 28)	–	–	(3,271)	–	–	–	(3,271)
Balance at 31 December 2022/ 1 January 2023	27,471	4,721	53,332	105	561	(2,361)	83,829
Net loss for the year, representing total comprehensive loss for the year, net of tax	–	–	(21,261)	–	–	–	(21,261)
Balance at 31 December 2023	**27,471**	**4,721**	**32,071**	**105**	**561**	**(2,361)**	**62,568**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

MEDTECS INTERNATIONAL CORPORATION LIMITED AND ITS SUBSIDIARIES
For the financial year ended 31 December 2023

	Note	2023 US$'000	2022 US$'000
Operating activities			
Loss before tax		**(22,515)**	(30,654)
Adjustments for:			
Depreciation:			
- Property, plant and equipment	12	**4,118**	3,177
- Assets held for leasing	14	**1,956**	1,988
- Right-of-use assets	15	**1,023**	1,128
- Investment property	13	**112**	111
Impairment loss on property, plant and equipment	12	**2,000**	–
Write off of:			
- Receivables	21	**90**	–
- Golf membership	18	**29**	–
Provision for:			
- Write down of inventory	19	**3,072**	11,748
- Expected credit losses on receivables	20	**6,004**	3,591
- Impairment on other current assets	21	**822**	204
Reversal of:			
- Write down of inventory	19	**(1,440)**	–
- Expected credit losses on receivables	20	**(125)**	–
Interest expense on loans and lease liabilities	8	**742**	819
Unrealised currency translation gains		**(51)**	(261)
Net changes in pension benefits obligation		**68**	(66)
Other finance expenses	8	**74**	132
Interest income	7	**(1,304)**	(642)
Dividend income from quoted equity investments	5	**(126)**	(263)
Gain on disposal of property, plant and equipment	5	**(345)**	(165)
Operating cash flows before changes in working capital		**(5,796)**	(9,153)
(Increase)/decrease in:			
- Inventories		**(2,596)**	728
- Trade receivables		**157**	7,872
- Other current assets		**1,844**	4,524
- Guarantee deposits and deposits (non-current)		**99**	(312)
Decrease in:			
- Trade payables and other liabilities		**(578)**	(1,691)
- Deferred lease income		**(4)**	(5)
Cash (used in)/generated from operations		**(6,874)**	1,963
Income taxes paid		**(237)**	(590)
Other finance cost paid		**(74)**	(132)
Interest received from loans and receivables		**–**	24
Net cash (used in)/generated from operating activities		**(7,185)**	1,265

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
For the financial year ended 31 December 2023

	Note	2023 US$'000	2022 US$'000
Investing activities			
Proceeds from disposal of:			
- Property, plant and equipment	12	**364**	180
- Assets held for leasing		**24**	22
- Quoted equity investments	18	**3,938**	–
Purchases of:			
- Property, plant and equipment	12	**(3,113)**	(13,597)
- Assets held for leasing	14	**(1,779)**	(1,674)
- Intangible assets	17	**(2,515)**	–
Refund received/(deposits paid) for purchase of property, plant and equipment	21	**289**	(2,254)
Investment in:			
- Quoted equity investment		**–**	(1,893)
- Investment in unquoted bond		**–**	(3,000)
Interest received from fixed deposit and investment in unquoted bond	7	**1,304**	618
Dividend received from quoted equity investments	5	**126**	263
Fixed deposits with maturity of more than 90 days		**10,970**	(7,828)
Net cash generated from/(used in) investing activities		**9,608**	(29,163)
Financing activities			
Interest paid on loans and borrowings	8	**(470)**	(423)
Pledge of fixed deposits		**(4,547)**	(56)
Proceeds from loans and borrowings	25	**23,861**	15,643
Repayment of loans and borrowings	25	**(15,643)**	(9,306)
Cash dividends paid		**–**	(3,271)
Purchase of treasury shares	26	**–**	(249)
Minority investment		**–**	500
Principal payments of lease liabilities	15	**(1,089)**	(5,459)
Interest payments of lease liabilities	15	**(272)**	(396)
Net cash generated from/(used in) financing activities		**1,840**	(3,017)
Net increase/(decrease) in cash and cash equivalents		**4,263**	(30,915)
Cash and cash equivalents at beginning of the financial year	23	**18,122**	49,015
Effects of currency translation on cash and cash equivalents		**(80)**	22
Cash and cash equivalents at end of the financial year	23	**22,305**	18,122

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

MEDTECS INTERNATIONAL CORPORATION LIMITED AND ITS SUBSIDIARIES
For the financial year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying 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 Company's principal place of business is located at 22/F The World Center Building, #330 Sen. Gil Puyat Avenue Bel-air, 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 and nitrile gloves. The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

2 Material accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The 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.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Adoption of new and amended standards and interpretations

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

2 Material accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Adoption of new and amended standards and interpretations (cont'd)

The adoption of these new/revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company except as disclosed below:

Amendments to SFRS(I) 1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

The amendments to SFRS(I) 1 and SFRS(I) Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments require entities to disclose their material accounting policies rather than their significant accounting policies, and provide guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Group has adopted the amendments to SFRS(I) 1 on disclosures of accounting policies. The amendments have no impact on the measurement, recognition and presentation of any items in the Group's and the Company's financial statements.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2023 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

2.2 Functional and foreign currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in US$, which is the Company's functional currency.

2.3 Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value. Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Leasehold buildings and improvements are depreciated over the term of the lease or the life of the asset, whichever is shorter. The estimated useful lives of property, plant and equipment are as follows:

	Years
Buildings and improvements	5 - 30
Machinery, equipment and others	10 - 15
Furniture, fixtures and equipment	3 - 10
Leasehold improvements	3 - 10
Transportation equipment	5 - 10

Construction-in-progress represents assets in the course of construction for production, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss until construction or development is completed.

2.4 Investment property

Investment property is property that is owned by the Group to earn rentals.

Investment property is measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is computed on a straight-line basis over the estimated useful life of 48 years or term of the lease, whichever is shorter.

2 Material accounting policies (cont'd)

2.5 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Computer software

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. The costs are amortised using the straight-line method over their estimated useful lives of 10 years.

2.6 Financial instruments

i) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents, trade and other receivables (excluding prepayments) and investment in unquoted bond. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group only has debt instruments at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Equity instruments

The Group has designated all of its equity investments that are not held for trading as at FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss except for equity investment designated at FVOCI which would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to retained earnings upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

2 Material accounting policies (cont'd)

2.6 Financial instruments (cont'd)

i) Financial assets (cont'd)

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

ii) Financial liabilities

Financial liabilities include trade and other payables, and loans and bank borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value minus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.7 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials: purchase costs on a weighted average costing method.
- Finished goods and work-in-progress: costs of direct materials on a weighted average costing method and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Where necessary, allowance is provided to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2 Material accounting policies (cont'd)

2.8 Employee benefits

Defined benefits pension plans

The Group operates defined benefits pension plans. The pension benefits in the Philippines are unfunded and non-contributory covering substantially all the regular employees of the Group's subsidiaries in the Philippines. Pension benefit expense determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Pension benefit expense includes current service cost and interest cost. Remeasurement gains and losses are recognised under other comprehensive income in the period in which they occur.

The past service cost is recognised as an expense when the plan amendment occurs regardless of whether they are vested.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation reduced by past service cost not yet recognised.

2.9 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and ROU assets representing the right to use the underlying leased assets.

Right-of-use assets ("ROU")

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful lives of the assets which ranges from 2 to 50 years.

The right-of-use assets are presented as a separate line in the balance sheets.

The Group applies FRS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

2 Material accounting policies (cont'd)

2.9 Leases (cont'd)

As lessee (cont'd)

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liabilities are presented as a separate line in the balance sheets.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Deposits payables

Deposits payables are measured at amortised cost. Deposits payables refer to security deposits received from various tenants upon inception of the respective lease contracts on the Group's investment properties. At the termination of the lease contracts, the security deposits received by the Group are returned to tenants, reduced by unpaid rental fees, penalties and/or deductions from repairs of damaged leased properties, if any. The related lease contracts usually have a term of more than twelve months.

As intermediate lessor

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance lease by reference to the right-of-use asset arising from the head lease.

2.10 Assets held for leasing

Assets held for leasing are carried at cost and consist mainly of medical clothes and quilts. These are amortised on a straight-line basis over five years.

Assets held for leasing are derecognised either when they have been disposed of or when the assets are permanently withdrawn from use and no future economic benefit is expected from the assets' disposal. Any gains or losses on the retirement or disposal of assets held for leasing are recognised in the profit and loss accounts in the year of retirement or disposal.

2 Material accounting policies (cont'd)

2.11 Revenue recognition

Manufacturing, distribution and others

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume discounts and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting date, the Group updates its measurement of any asset for the right to recover returned goods for changes in its expectations about returned goods.

Hospital laundry services

Revenue is recognised as earned when the service is rendered.

The obligation to provide the hospital services are obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group. The Group measures the satisfaction of the performance obligation based on the value transferred to the customer. The Group will apply the right to invoice practical expedient that allows the Group to recognise revenue as invoiced which is the amount that corresponds directly with the value to the customer of the entity's performance to date.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.12 Share capital, share premium and share issue expenses

Share capital is stated at par value of the share. Proceeds received in excess of par value, if any, is recognized as share premium in equity.

Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2 Material accounting policies (cont'd)

2.13 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

2.14 Segment reporting

For management purposes, the Group is organised on a world-wide basis into three major geographical segments. The divisions are the basis on which the Group reports its primary segment information.

Segment revenues, expenses and results include transfers between geographical segments and between business segments. Such transfers are accounted for on an arm's-length basis.

2.15 Dividends

Cash dividends will be recorded as a liability when the distribution is authorised, and the distribution is no longer at the discretion of the Company. The distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.16 Cash and cash equivalents in the statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, deposits that are readily convertible (maturity of less than 90 days) to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

3 Critical accounting judgements and key sources of estimation uncertainty

Judgements made in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the preceding paragraphs):

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Impairment of investments in subsidiaries, goodwill, property, plant and equipment, investment property and assets held for leasing

The Group determines whether goodwill is impaired at least on an annual basis. For investments in subsidiaries, property, plant and equipment, investment property and assets held for leasing, the Group and Company assess, at each reporting date, whether there is an indication that the asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As at 31 December 2023, there is no impairment indicator that the investment property and assets held for leasing held by the Group may be impaired.

In determining value in use of the asset, the Group and the Company estimate the expected future cash flows from the cash-generating unit incorporating the annual revenue growth rate, forecasted gross margins and terminal growth rate and also to choose a suitable discount rate in order to calculate the present value of those cash flows. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

During the financial year, an impairment of $111,000 (2022: $1,000) and $2,000,000 (2022: Nil) was made against investments in subsidiaries and property, plant and equipment respectively. No impairment was recognised for goodwill. Further details of the impairment of investments in subsidiaries, goodwill and property, plant and equipment are disclosed in Note 16, and Note 17 to Note 12.

ii) Allowance of expected credit losses ("ECLs") for trade receivables

Management performs specific assessment on significant long outstanding trade receivables and provision matrix for other trade receivables by considering both quantitative and qualitive information that is reasonable and supportable, including credit profile and characteristics of trade receivables.

The Group considers the debtors' payment history, current and future conditions of the debtors' operations and expected settlement plans for the outstanding balances to calculate ECLs for specific assessment trade receivables.

The loss rate is calculated based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience and consideration of data and information used by management in determining the forward-looking adjustments based on current economic condition. At every reporting date, historical credit loss rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (consumer price index and inflation rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The information about the ECLs on the Group's trade receivables is disclosed in Note 20.

During the financial year, the Group and the Company recognised provision for ECL amounting to $6,004,000 (2022: $3,591,000) and $6,000,000 (2022: $2,738,000) respectively.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

iii) Inventory valuation

The Group establishes a basis of allocation of direct labour and factory overheads to the finished goods and work-in-progress. Significant management judgement is required to determine the basis of allocation for each stage of production of inventories upon taking into consideration of the cost directly related to the production during the period.

The Group recognises provision for write down of inventory when the net realisable values of inventory items become lower than cost due to obsolescence or other causes. Management reviews the inventory ageing report on monthly basis to identify slow-moving inventories. For identified slow-moving inventories, Management estimates the amount of allowance based on latest replacement costs of raw materials and subsequent selling prices of inventories.

During the financial year, the Group recognised allowance for inventory of $3,072,000 (2022: $11,748,000). The information about the allowance for inventory is disclosed in Note 19.

iv) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

The carrying amount of the Group's income tax payable as at 31 December 2023 was $2,332,000 (2022: $2,415,000).

(v) Useful lives of property, plant and equipment and assets held for leasing

The Group estimates the useful lives of its property, plant and equipment and assets held for leasing based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of the property, plant and equipment and assets held for leasing based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The carrying amount of the Group's property, plant and equipment and assets held for leasing as at 31 December 2023 are disclosed in Notes 12 and 14.

vi) Estimating the incremental borrowing rate of the leases

The Group uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs such as market interest rates, when available and is required to make certain entity-specific estimates, such as the subsidiary's stand-alone credit rating. Any change in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use asset. The carrying amount of lease liabilities and right-of-use assets are disclosed in Notes 15.

4 Revenue

Disaggregation of revenue

Group	Manufacturing		Hospital Services		Distribution and Others		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Primary geographical markets								
North America	**8,411**	9,610	**–**	–	**–**	–	**8,411**	9,610
Asia Pacific	**5,731**	11,513	**14,544**	14,312	**3,537**	6,251	**23,812**	32,076
Europe	**20,416**	14,343	**–**	–	**–**	–	**20,416**	14,343
Australia	**–**	214	**–**	–	**–**	–	**–**	214
	34,558	35,680	**14,544**	14,312	**3,537**	6,251	**52,639**	56,243
Timing of transfer of goods or services								
At a point in time	**34,558**	35,680	**–**	–	**2,924**	5,638	**37,482**	41,318
Over time	**–**	–	**14,544**	14,312	**613**	613	**15,157**	14,925
	34,558	35,680	**14,544**	14,312	**3,537**	6,251	**52,639**	56,243

Revenue is derived from external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

	Attributable segment	**2023** **US$'000**	2022 US$'000
Customer A	Manufacturing	**15,075**	11,705
Customer B	Distribution and Others	**3,940**	5,767
		19,015	17,472

5 Other income - net

	Group	
	2023 **US$'000**	2022 US$'000
Foreign exchange (loss)/gain	**(35)**	830
Rent income	**369**	213
Gain on disposal of property, plant and equipment	**345**	165
Scrap sales	**304**	630
Gain from insurance claims	**–**	78
Other income from reversal of long-outstanding liabilities	**207**	42
Reversal of expected credit loss on receivables	**125**	–
Dividend income from quoted equity investments	**126**	–
Others	**546**	503
	1,987	2,461

Others include facilitation grant, administration fee and various miscellaneous and operating income generated.

Dividend income from quoted equity investments of $126,000 related to the quoted equity investment designated at FAFVOCI disposed during the year.

6 Employee benefits

	Group	
	2023 **US$'000**	2022 US$'000
Personnel expenses		
Wages, salaries and bonus	**25,312**	25,437
Defined benefit plans and other employee benefits	**1,679**	1,368
	26,991	26,805

Personnel expenses include amounts disclosed as directors' remuneration in Note 29(b).

The other employee benefits include the expenses related to the defined contribution plan of MTC. The Labor Pension Act (the "Act") in Taiwan, which provides for a new defined contribution plan, took effect on 1 July 2005. Employees already covered by the Labor Standard Law (the "Law") can choose to remain to be subject to the pension mechanism under the Law or to be subject to the Act. Under the Act, the rate of the employer monthly contribution to the pension fund should be at least 6% of the employee's monthly wages.

6 Employee benefits (cont'd)

Pension plan

This relates to the amount of pension benefit expense provided for the subsidiaries and the branch in the Group operating in the Philippines covering substantially all its full time employees. Retirement benefits under the plan are based on a percentage of latest monthly salary and years of credited service. The directors review the pension benefits expense with sufficient regularity such that the amount recorded does not differ materially from the amount to be recorded in compliance with SFRS(I) 1-19 at the end of the year.

Under the existing regulatory framework, Republic Act 7641 of the Philippines, Retirement Pay Law, a provision for retirement pay is required to qualified private sector employees in the absence of any retirement plan in the entity, provided however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The latest independent actuarial valuation of the plan was as of 31 December 2023 prepared by an independent actuary, and is determined using the projected unit credit actuarial cost method in accordance with SFRS(I) 1-19.

The components of the pension benefit expense recognised in the profit and loss accounts are as follows:

	Group	
	2023 US$'000	2022 US$'000
Current service cost	**60**	74
Interest cost	**58**	49
Net benefit expense	**118**	123

The amount recognised in the balance sheet arising from the Group's unfunded obligation in respect of its defined benefit plan in 2023 were $918,000 (2022: $811,000). The management of the Group is still contemplating on a scheme to fund the pension plan.

Changes in the present value of the unfunded defined benefit obligations are as follows:

	Unfunded pension plan Group	
	2023 US$'000	2022 US$'000
As at 1 January	**811**	1,075
Current service cost	**60**	74
Interest cost	**58**	49
Benefits paid	**(50)**	(35)
Translation adjustment	**–**	(154)
Net remeasurement gain/(loss)	**39**	(198)
As at 31 December	**918**	811

6 Employee benefits (cont'd)

Pension plan (cont'd)

The principal actuarial assumptions as at 31 December used to determine pension benefits are as follows:

	Group	
	2023 %	2022 %
Discount rate	**6.03 - 6.06**	7.02 - 7.10
Salary increase rate	**5.0**	5.0

The history of experience adjustments are as follows:

	2023 US$'000	2022 US$'000	2021 US$'000	2020 US$'000	2019 US$'000
Group					
Unfunded defined benefit obligation	**918**	811	1,075	1,221	927
Change in assumption adjustments on plan liabilities	**100**	(233)	(221)	267	133
Experience adjustments on plan liabilities	**(66)**	(30)	27	(119)	110

A quantitative sensitivity analysis for significant assumption as at 31 December 2023 is as shown below:

Assumptions	**Sensitivity Level (%)**	**Impact on defined benefit obligation (Decrease)/increase US$'000**
Discount rates	+0.5	(52)
	-0.5	55
Future salary increases	+2	218
	-2	(268)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a key assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following payments are expected contributions to the defined benefit plan obligation in future years as at 31 December 2023:

	Group US$'000
Within the next 12 months (next annual reporting period)	19
More than 1 year to 5 years	158
More than 5 years to 10 years	652
More than 10 years to 15 years	1,875
More than 15 years to 20 years	1,223
More than 20 years	4,367
	8,294

The average duration of the defined benefit plan obligation at the end of the reporting period is 18.75 years (2022: 18.50 years).

7 Financial income

	Group 2023 US$'000	2022 US$'000
Interest income from:		
- Fixed deposits	**1,139**	453
- Investment in unquoted bond	**165**	165
- Loan and receivables	**–**	24
Dividend income from quoted equity investments	**–**	263
	1,304	905

8 Financial expenses

	Group 2023 US$'000	2022 US$'000
Interest expenses from:		
- Loans from third parties (Note 25)	**470**	423
- Lease liabilities (Note 15)	**272**	396
Other financial expenses	**74**	132
	816	951

Other finance expenses include bank charges for loans, transfers of funds, payments and collections, and other related costs.

9 Loss before tax

	Group 2023 US$'000	2022 US$'000
Costs of goods sold	**16,548**	20,568
Provision for:		
- Write down of inventory (Note 19)	**3,072**	11,748
- Expected credit losses on receivables (Note 20)	**6,004**	3,591
- Impairment on other current assets (Note 21)	**822**	204
Reversal of:		
- Write down of inventory (Note 19)	**(1,440)**	–
- Expected credit losses on receivables (Note 20)	**(125)**	–
Depreciation:		
- Property, plant and equipment (Note 12)	**4,118**	3,177
- Assets held for leasing (Note 14)	**1,956**	1,988
- Right-of-use assets (Note 15)	**1,023**	1,128
- Investment property (Note 13)	**112**	111
Operating lease expenses (Note 15)	**368**	414
Write off of:		
- Receivables (Note 21)	**90**	–
- Golf membership (Note 18)	**29**	–
Impairment loss on property, plant and equipment (Note 12)	**2,000**	–
Auditor remuneration:		
Audit services		
- auditor of the Company	**180**	235
- other auditors	**184**	204
Non-audit services		
- auditor of the Company	**–**	–
- other auditor of the Company	**8**	38

10 Tax expense

a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December are:

	Group 2023 US$'000	2022 US$'000
Current tax expense	**154**	499
Deferred tax expense:		
Origination and reversal of temporary differences	**(181)**	(1,890)
Income tax credit	**(27)**	(1,391)

b) Relationship between tax credit and accounting loss

The reconciliation between the tax credit and the product of accounting (loss)/profit multiplied by the applicable corporate tax rates for the years ended 31 December 2023 are as follows:

	Group 2023 US$'000	2022 US$'000
Loss before tax	**(22,515)**	(30,654)
Tax on relevant profits/(losses) at the Parent Company's statutory rate	**–**	–
Adjustments:		
Effect of higher tax rates in Cambodia	**(96)**	(1,918)
Effect of higher tax rates in Philippines	**(1,243)**	(299)
Effect of higher tax rates in Taiwan	**107**	218
Effect of higher tax rates in China	**4**	5
Non-deductible expenses	**51**	(48)
Movement of unrecognised deferred tax assets	**1,011**	346
Translation adjustment	**222**	276
Unutilised tax losses	**–**	23
Other income subjected to final tax	**(64)**	(5)
Others	**(19)**	11
Income tax credit recognised in profit and loss	**(27)**	(1,391)

10 Tax expense (cont'd)

c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax account are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Balance at beginning of the year	**1,764**	(114)	**(13)**	12
Currency translation differences	**(9)**	44	**–**	–
Tax credit/(charge) to				
- Profit or loss	**181**	1,890	**2**	(25)
- Other comprehensive income	**6**	(56)	**–**	–
Balance at end of the year	**1,942**	1,764	**(11)**	(13)
Representing:				
Non-current				
Deferred tax asset	**2,254**	2,155	**–**	–
Deferred tax liabilities	**(312)**	(391)	**(11)**	(13)
	1,942	1,764	**(11)**	(13)

10 Tax expense (cont'd)

The following are the major deferred tax liabilities and (assets) recognised by the Group and the movements thereon, during the current and prior reporting periods.

	Translation adjustments US$'000	**Right-of-use assets US$'000**	**Lease liabilities US$'000**	**Unutilized tax losses US$'000**	**Pension liabilities US$'000**	**Total US$'000**
Group						
Cost						
At 1 January 2022	(230)	(2,109)	2,120	–	105	(114)
Charged to profit or loss	(409)	1,557	(1,473)	2,105	110	1,890
Charged to other comprehensive income	–	–	–	–	(56)	(56)
Exchange differences	–	–	–	–	44	44
At 31 December 2022 (Note 35)	(639)	(552)	647	2,105	203	1,764
Charged to profit or loss	(187)	114	(100)	330	24	181
Charged to other comprehensive income	–	–	–	–	6	6
Exchange differences	–	–	–	–	(9)	(9)
At 31 December 2023	**(826)**	**(438)**	**547**	**2,435**	**224**	**1,942**

	Translation adjustments US$'000	**Total US$'000**
Company		
Cost		
At 1 January 2022	12	12
Charged to profit or loss	(25)	(25)
At 31 December 2022	(13)	(13)
Charged to profit or loss	2	2
At 31 December 2023	**(11)**	**(11)**

At the balance sheet date, the Group has unutilised tax losses of $15,844,000 (2022: $12,397,000) that are available for carry forward to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Deferred tax asset has been recognised in respect of $11,396,000 (2022: $10,519,000) of such losses. No deferred tax asset has been recognised in respect of the remaining $3,908,000 (2022: $1,878,000) losses as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. Included in unrecognised tax losses are losses of $15,844,000 (2022: $12,397,000) that will expire in 2024 - 2028 (2022: 2023 - 2027). Other losses do not expire under current tax legislation.

Deferred tax asset of $500,000 has also not been recognised in respect of deductible temporary differences arising from impairments because it is not probable that future taxable profit will be available against which the related tax benefits can be utilised therefrom.

10 Tax expense (cont'd)

d) Other matters

The Company is an exempted company incorporated in Bermuda and as such, the income and capital gains of the Company are not subjected to tax in Bermuda.

Certain subsidiaries and the branch of the Company operating in the Philippines are registered as economic zone enterprises enjoying incentives such as a 5% special tax rate on gross margin earned after the tax holiday in lieu of all Philippine national and local taxes, and tax and duty-free importation of raw materials, capital equipment, household and personal items for use solely within the economic zone area. In 2010, the economic zone was converted into a freeport zone by virtue of the Republic Act (RA) No. 9728. Under the new law, existing enterprises within the ecozone are eligible to register as freeport enterprises with option to avail of existing incentives under RA No. 7916. The subsidiaries and the branch registered with the freeport zone and availed of the existing incentives.

In Cambodia, the tax on profit ("ToP") is the higher of 20% of taxable income or a minimum tax of 1% of total revenue.

There are no income tax consequences attaching to payment of dividends by the Company to its shareholders.

11 Loss per share

The following tables reflect the profit and loss accounts and share data used in the computation of basic and diluted loss per share for the year ended 31 December 2023:

	Group	
	2023 US$'000	2022 US$'000
Net loss attributable to ordinary equity holders of the Company used in the computation of basic and diluted EPS	**(21,066)**	(28,596)
Weighted average number of ordinary shares used to compute earnings per share ('000)	**544,911**	545,286
Basic and diluted loss per share (cents)	**(3.866)**	(5.244)

Earnings per share ("EPS") computation

The basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares (excluding treasury shares) outstanding during the year.

12 Property, plant and equipment

	Building and improvements US$'000	Machinery equipment and others US$'000	Furniture, fixtures and equipment US$'000	Leasehold improvements US$'000	Transportation Equipment US$'000	Construction in-progress US$'000	Total US$'000
Group							
Cost							
At 1 January 2022	25,239	40,480	3,013	4,690	1,598	10,233	85,253
Additions	132	6,549	187	91	332	10,814	18,105
Disposals	(51)	(3,819)	(44)	–	(29)	–	(3,943)
Reclassification	12,483	5,295	30	134	57	(17,999)	–
Exchange differences	(977)	(511)	(661)	(44)	(34)	–	(2,227)
Prior year adjustment (Note 35)	–	(2,254)	–	–	–	–	(2,254)
At 31 December 2022 (Note 35)	36,826	45,740	2,525	4,871	1,924	3,048	94,934
Additions	1,603	755	33	188	411	123	3,113
Disposals	–	(2,366)	(44)	–	(81)	–	(2,491)
Reclassification	3,102	(9)	(13)	(2)	2	(3,080)	–
Exchange differences	(10)	(3)	24	3	2	–	16
At 31 December 2023	**41,521**	**44,117**	**2,525**	**5,060**	**2,258**	**91**	**95,572**
Accumulated depreciation and impairment loss							
At 1 January 2022	14,004	32,049	2,068	4,193	829	–	53,143
Depreciation charge for the year	836	1,593	401	148	199	–	3,177
Disposals	(51)	(3,819)	(44)	–	(14)	–	(3,928)
Reclassifications	299	(299)	–	–	–	–	–
Exchange differences	(338)	(300)	(365)	(25)	(22)	–	(1,050)
At 31 December 2022	14,750	29,224	2,060	4,316	992	–	51,342
Depreciation charge for the year	1,215	2,317	182	182	222	–	4,118
Disposals	–	(2,352)	(39)	–	(81)	–	(2,472)
Reclassifications	(159)	9	(11)	158	3	–	–
Impairment loss	–	2,000	–	–	–	–	2,000
Exchange differences	(22)	1	24	8	7	–	18
At 31 December 2023	**15,784**	**31,199**	**2,216**	**4,664**	**1,143**	**–**	**55,006**
Net carrying amount							
At 31 December 2022	22,076	16,516	465	555	932	3,048	43,592
At 31 December 2023	**25,737**	**12,918**	**309**	**396**	**1,115**	**91**	**40,566**

12 Property, plant and equipment (cont'd)

Impairment assessment

During the financial year, in light of recurring losses of a subsidiary, management has determined that there is an indicator that property, plant and equipment ("PPE") may be impaired. The recoverable amount of the PPE of $1,534,000 was determined based on fair value less cost of disposal. The fair value was determined based on current market price of similar equipment and a 17% discount adjustment was made for the age and condition of the equipment and cost of disposal. The fair value measurement is categorised in Level 3 of the fair value hierarchy. As a result of the review, an impairment loss of $2,000,000 was recognised under "general and administrative expense" line item for the financial year ended 31 December 2023.

A decrease of 5% in current market price would result in additional impairment loss of $76,000.

For PPE of other loss-making subsidiaries, the recoverable amounts of those PPE are determined based on the value in use calculations using cash flow. The following assumptions were based on management's reasonable estimates of the Group's operations:

	2023	2022
	%	%
Revenue growth rates	**4.0 - 44.0**	3.0 - 8.0
Terminal growth rates	**5.0 - 6.0**	1.0 - 3.0
Pre-tax discount rates	**13.3 - 16.7**	9.6 - 18.2

Key assumptions used for value-in-use calculation

The following describes management's key assumptions on the cash flow projections to undertake impairment testing of PPE:

Budgeted gross margins

Gross margins are based on a mix of historical margins and expected rates improvements based on management's growth strategies. These are increased over the budget period for anticipated efficiency improvements.

Revenue growth rates

The forecasted revenue growth rates are based on management's estimate of the long-term average growth relevant to the assets.

Terminal growth rates

The forecasted terminal growth rates are based on published industry research and do not exceed the long term average growth rate for the industries relevant to the assets.

Pre-tax discount rates

Discount rates reflect management's estimate of the risks specific to these assets. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for these assets, reference has been given to the specific circumstances of the assets and derived from their weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Risk specific to these assets is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

12 Property, plant and equipment (cont'd)

Key assumptions used for value-in-use calculation (cont'd)

Sensitivity to changes in assumptions

If the revenue growth rates and terminal growth rates have been decreased to the following rates or pre-tax discount rates have been increased to the following rates, the estimated recoverable amount would be almost equal to the carrying amount.

	2023	2022
	%	%
Revenue growth rates	**1.0 - 42.0**	0 - 7.0
Terminal growth rates	**0 - 5.0**	0 - 0.7
Pre-tax discount rates	**17.1 – 19.7**	10.4 - 19.0

	Building and improvements US$'000	**Machinery, furniture, fixtures and equipment US$'000**	**Leasehold improvements US$'000**	**Transportation equipment US$'000**	**Construction in-progress US$'000**	**Total US$'000**
Company						
Cost						
At 1 January 2022	2,458	3,538	10	50	100	6,156
Additions	–	28	14	25	34	101
Reclassification	–	–	134	–	(134)	–
At 31 December 2022	2,458	3,566	158	75	–	6,257
Disposals	–	(17)	–	–	–	(17)
Reclassification	–	2	(2)	–	–	–
At 31 December 2023	**2,458**	**3,551**	**156**	**75**	**–**	**6,240**
Accumulated depreciation						
At 1 January 2022	2,454	3,459	9	50	–	5,972
Depreciation charge for the year	4	40	43	4	–	91
At 31 December 2022	2,458	3,499	52	54	–	6,063
Depreciation charge for the year	–	19	49	5	–	73
Disposals	–	(17)	–	–	–	(17)
At 31 December 2023	**2,458**	**3,501**	**101**	**59**	**–**	**6,119**
Net carrying amount						
At 31 December 2022	–	67	106	21	–	194
At 31 December 2023	**–**	**50**	**55**	**16**	**–**	**121**

12 Property, plant and equipment (cont'd)

Assets pledged as security

As of 31 December 2023, there were property, plant and equipment with carrying amount of $4,951,000 (2022: $4,959,000) that were mortgaged to secure various loans as disclosed in Note 25.

13 Investment property

	Group	
	2023	2022
	US$'000	US$'000
Cost		
As at 1 January and 31 December	**5,465**	5,465
Accumulated depreciation		
As at 1 January	**2,848**	2,737
Depreciation charge for the year	**112**	111
As at 31 December	**2,960**	2,848
Net carrying amount as at 31 December	**2,505**	2,617
The following amounts are recognised in profit or loss:		
Rental income (Note 15)	**613**	613
Depreciation charge (Note 9)	**(112)**	(111)
Repairs and maintenance	**(9)**	(9)
Taxes and licenses	**(12)**	(11)
Insurance	**(3)**	(3)
	477	479

The Group's investment property includes building and building improvements located in No. 7 corners of Argonaut Highway, Efficiency Avenue and Duty street, within Subic Bay Gateway Park, Subic Bay Freeport Zone, Olongapo City, Zambales, Philippines that are held to earn rentals. 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.

Valuation of investment property

A fair valuation of the investment properties was performed by an independent appraiser with recognised and relevant professional qualification. Details of valuation techniques and inputs used are disclosed in Note 33 to the financial statements.

Aggregate fair value of the investment property 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. During the current financial year, the discount rate of 11.1% (2022: 12.3%) used under the income approach for valuing anticipated future benefits into current property value is computed under the "Built-Up" method. As of 31 December 2023, fair market value of the investment property, which is based on its highest and best use, amounted to $3,757,000 (2022: $3,774,000). The fair value is categorised under Level 3 (valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable) fair value hierarchy.

Medtecs International Corporation Limited and its subsidiaries

14 Assets held for leasing

	Group	
	2023	2022
	US$'000	US$'000
Cost		
As at 1 January	**10,533**	9,652
Additions	**1,779**	1,674
Disposals	**(957)**	(793)
As at 31 December	**11,355**	10,533
Accumulated depreciation		
As at 1 January	**6,417**	5,200
Depreciation charge for the year	**1,956**	1,988
Disposals	**(933)**	(771)
As at 31 December	**7,440**	6,417
Net carrying amount as at 31 December	**3,915**	4,116

15 Leases

Group as lessor

The Group leases its medical clothes and quilts under its hospital services (Note 14). The lease term for each hospital service contract is between one to five years renewable by agreement of the parties. The rate per hospital is based on their consumption and the future minimum lease is not practically determinable.

The Group entered into operating lease agreement in respect of a building and its improvements (Note 13). Operating lease income recognised as revenue amounted to $613,000 (2022: $613,000) as disclosed in Note 4 under "Distribution and Others". Security deposit to be refunded and/or to be applied to unpaid rent of the lessee upon termination of the lease as at 31 December 2023 amounted to $68,000 (2022: $64,000). The excess of the principal amount of the security deposit over its fair value, at the inception date of the operating lease, is presented as 'Deferred lease income'. Current and non-current portion of the deferred lease income as at 31 December are as follows:

	Group	
	2023	2022
	US$'000	US$'000
Deferred lease income - current	**5**	5
Deferred lease income - non-current	**18**	23
	23	28

The Group also entered into short-term lease arrangement in respect of its building and recognised operating lease income as other income amounted to $369,000 (2022: $213,000).

15 Leases (cont'd)

Group as lessor (cont'd)

Future minimum rental receivable under the operating lease at the end of the reporting period are as follows:

	Group	
	2023	2022
	US$'000	US$'000
Within 1 year	**640**	627
1 - 2 years	**653**	640
2 - 3 years	**666**	653
3 - 4 years	**679**	666
4 - 5 years	**517**	679
More than 5 years	**–**	517
	3,155	3,782

Group and Company as lessee

The Group and the Company have entered into lease agreements in respect of land and building, with lease terms ranging from 2 to 50 years. The lease terms do not contain restrictions on the Group's activities concerning dividends, additional debts or further leasing.

The Group also has certain leases with lease terms of 12 months or less and with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

In 2022, the Company entered into a land lease agreement with Manhattan International Corp. ("MIC") for 50 years. MIC is a company controlled by a director of the Company (Note 29).

a) Right-of-use assets

	Group		Company	
	2023	2022	**2023**	2022 (Note 35)
	US$'000	US$'000	**US$'000**	US$'000
Land	**8,122**	8,325	**48**	50
Building and office	**967**	1,556	**97**	211
Equipment	**20**	22	–	–
As at 31 December	**9,109**	9,903	**145**	261

15 Leases (cont'd)

Group and Company as lessee (cont'd)

a) Right-of-use assets (cont'd)

	Group		Company	
	2023	2022	**2023**	2022 (Note 35)
	US$'000	US$'000	**US$'000**	US$'000
As at 1 January	**9,903**	8,386	**261**	380
Additions	**258**	2,680	**–**	–
Depreciation	**(1,023)**	(1,128)	**(116)**	(119)
Write-off	**(16)**	–	**–**	–
Foreign currency exchange adjustment	**(13)**	(35)	**–**	–
As at 31 December	**9,109**	9,903	**145**	261

b) Lease liabilities

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
As at 1 January	**3,910**	6,779	**316**	476
Additions	**258**	2,680	**–**	–
Interest expenses (Note 8)	**272**	396	**30**	36
Payment of lease liabilities				
- principal	**(1,089)**	(5,459)	**(104)**	(119)
- interest	**(272)**	(396)	**(30)**	(36)
Foreign currency exchange adjustment	**(19)**	(90)	**(5)**	(41)
Written off	**(16)**	–	**–**	–
	3,044	3,910	**207**	316
Current	**801**	575	**21**	129
Non-current	**2,243**	3,335	**186**	187

15 **Leases (cont'd)**

Group and Company as lessee (cont'd)

c) Amounts recognised in profit or loss

	Group 2023 US$'000	2022 US$'000
Depreciation of right- of-use assets (Note 9)	**1,023**	1,128
Interest expense on lease liabilities (Note 8)	**272**	396
Operating lease expenses related to short term and low value leases (Note 9)	**368**	414
	1,663	1,938

During the financial year, the Group has total cash outflows for leases (including short-term and leases of low value assets) of $1,729,000 (2022: $6,269,000).

Company as lessor

Sublease - classified as an intermediate lessor

On 1 May 2022, the Company entered into a finance sublease agreement with its subsidiary, Resilient Medical Pte. Ltd. (sublessee), for a period of 9 years until 30 June 2031. The sublease agreement contains an option to extend the term for an additional period of 10 years with a maximum term of 50 years in line with the original lease agreement of MICL with MIC. Management assess that the option shall be exercised for a period of 50 years.

Being an intermediate lessor, the management classified the sublease agreement as a finance lease considering the substantial period of the lease term by reference to right-of-use asset arising from the head lease, rather than by reference to the land.

The Company derecognised the ROU asset on the head lease at the sublease commencement date amounted to $4,500,000.

Further, the Company, as the sublessor, recognised a net investment in the sublease amounting to $4,500,000.

a) Net investment in sub-lease

	Company 2023 US$'000	2022 (Note 35) US$'000
Present value of minimum lease payments	**4,544**	–
Additions	**–**	4,500
Interest income	**527**	344
Payment received	**(450)**	(300)
As at 31 December	**4,621**	4,544

15 **Leases (cont'd)**

Company as lessor (cont'd)

Sublease - classified as an intermediate lessor (cont'd)

a) Net investment in sub-lease (cont'd)

Lease contract receivables are due in yearly instalments broken down as follows:

	Company 2023 US$'000	2022 (Note 35) US$'000
Lease contract receivables:		
Within 1 year	**450**	450
1 - 2 years	**450**	450
2 - 3 years	**450**	450
3 - 4 years	**310**	450
4 - 5 years	**479**	310
More than 5 years	**41,440**	41,919
	43,579	44,029
Unearned lease income	**(38,958)**	(39,485)
Net investment in lease contract receivables	**4,621**	4,544

b) Amounts recognised in profit or loss

	Company 2023 US$'000	2022 (Note 35) US$'000
Interest income from lease contract receivables, represented total amount recognised in profit or loss	**527**	344

16 **Investment in subsidiaries**

	Company 2023 US$'000	2022 US$'000
Unquoted equity shares, at cost	**28,369**	28,369
Less: Impairment loss	**(128)**	(17)
	28,241	28,352

16 Investment in subsidiaries (cont'd)

(a) The Group has the following subsidiaries as at 31 December:

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Company		Cost of investment by the Company	
			2023	2022	**2023**	2022
			%	%	**US$'000**	US$'000
Held by the Company						
Universal Weavers Corporation (UWC) [a]	Manufacturing and trading of woven and knitted fabrics	Philippines	**100.0**	100.0	**5,863**	5,863
Contex Corporation (CC) [a]	Trading of hospital textiles and garments, pillow cases, bed sheets, gowns and apparel, and subleasing activities	Philippines	**98.8**	98.8	**1,854**	1,854
Medtecs (Taiwan) Corporation (MTC) [b]	Manufacturing, leasing, marketing and distribution of medical consumables and provision of hospital laundry services	Republic of China	**100.0**	100.0	**7,569**	7,569
Medtex Corporation [a]	Manufacturing and sale of elastic bandages, garters and other garment products	Philippines	**100.0**	100.0	**474**	474
Medtecs (Cambodia) Corporation Limited (MCCL) [c]	Manufacturing of medical consumables and provision of procurement services	Cambodia	**100.0**	100.0	**2,038**	2,038
Medtecs (Asia Pacific) Pte. Ltd. (MAP) [d]	Sale of woven and knitted fabrics and other made-up articles of textile products	Singapore	**100.0**	100.0	**1,241**	1,241
Medtecs Materials Technology Corporation (MMTC) [a]	Manufacturing, leasing and trading of woven and knitted fabrics, other made-up articles of textile, medical and healthcare related products, and provision of hospital laundry services	Philippines	**100.0**	100.0	**1,910**[g]	2,021
Medtecs MSEZ Corp., Ltd. (MMSEZ) [c]	Manufacturing of woven and non-woven fabric	Cambodia	**100.0**	100.0	**3,370**	3,370
Medtecs USA Corporation [f]	Manufacturing and supplying of PPE and healthcare products	United States of America (USA)	**100.0**	100.0	**100**	100
Medtecs (Far East) Limited [f]	Sale of woven and knitted fabrics and other made-up articles of textile products	Hong Kong Special Administrative	**100.0**	100.0	–	–
Cooper Development Limited [f]	Investment holding	Malaysia	**100.0**	100.0	**3,822**	3,822

16 Investments in subsidiaries (cont'd)

(a) The Group has the following subsidiaries as at 31 December (cont'd):

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Company		Cost of investment by the Company	
			2023	2022	**2023**	2022
			%	%	**US$'000**	US$'000
Held through subsidiaries						
Hangzhou Jincheng Medical Supplies Manufacture Co., Ltd. (Jinchen) [e]	Manufacturing and trading of woven and non-woven medical consumables	People's Republic of China	**100.0**	100.0	**–**	–
Zibo Lianheng Textiles Co., Ltd. (Lianheng) [f]	Manufacturing and trading of woven fabrics	People's Republic of China	**51.1**	51.1	**–**	–
Zibo Liancheng Textiles & Garments Co. Ltd. [f]	Manufacturing and trading of woven fabrics	People's Republic of China	**100.0**	100.0	**–**	–
Resilient Medical Pte. Ltd. (RMPL) [d]	Manufacturing and supplying of PPE and healthcare products	Singapore	**66.7**	66.7	**–**	–
RMKH Glove Pte. Ltd. (RMKH Glove) [d]	Manufacturing and supplying of PPE and healthcare products	Singapore	**66.7**	66.7	**–**	–
RMKH Glove (Cambodia) Co., Ltd. (RMKH Cambodia) [c]	Manufacturing and sale of gloves	Cambodia	**66.7**	66.7	**–**	–
Hangzhou Jincheng Medical Technology Co., Ltd. (Jinchen Technology) [e]	Sale of hygiene products, medical equipment and disposable medical supplies	People's Republic of China	**100.0**	100.0	**–**	–
					28,241	28,352

16 Investments in subsidiaries (cont'd)

(a) The Group has the following subsidiaries as at 31 December (cont'd):

[a] Audited by Sycip, Gorres, Velayo & Co. ("SGV") (Member of Ernst & Young Global)
[b] Audited by Ernst & Young, Taiwan
[c] Audited by SGV for consolidation purpose
[d] Audited by Baker Tilly TFW LLP, Singapore
[e] Audited by other accounting firms
[f] No statutory audit is required in the country of incorporation
[g] In 2023, the Company recognised provision for impairment on investment in MMTC of $111,000 in the administrative expenses.

(b) Interests in subsidiaries with material non-controlling interests:

	Proportion of ownership interest held by material non-controlling interests		Accumulated material non-controlling interest at end of reporting period	
	2023	2022	**2023**	2022
	%	%	**US$'000**	US$'000
Lianheng	**48.9**	48.9	**367**	367
RMPL and subsidiaries	**33.3**	33.3	**789**	2,214

(c) Summarised financial information of subsidiaries with material non-controlling interests

The following summarised financial information for the subsidiaries with non-controlling interests are prepared in accordance with SFRS(I)s, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Summarised statements of financial position

	Lianheng		RMPL and subsidiaries	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Non-current assets	**–**	–	**24,170**	22,218
Current assets	**750**	750	**5,611**	3,335
Non-current liabilities	**–**	–	**(4,301)**	(4,211)
Current liabilities	**–**	–	**(22,763)**	(14,692)
Net assets	**750**	750	**2,717**	6,650
Net assets attributable to NCI	**367**	367	**906**	2,214

16 Investments in subsidiaries (cont'd)

(c) Summarised financial information of subsidiaries with material non-controlling interests (cont'd)

Summarised statements of comprehensive income

	Lianheng		RMPL and subsidiaries	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Revenue	**–**	–	**999**	–
Loss for the year, representing total comprehensive loss (net of tax)	**–**	–	**(4,225)**	(2,016)
Total comprehensive loss allocated to NCI	**–**	–	**(1,427)**	(671)

Summarised statements of cash flows

	Lianheng		RMPL and subsidiaries	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Cash flows from operating	**–**	–	**1,661**	(834)
Cash flows from investing	**–**	–	**(1,864)**	(8,458)
Cash flows from financing	**–**	–	**(450)**	50
Net decrease in cash and cash equivalents	**–**	–	**(653)**	(9,242)

(d) Impairment assessment

During the financial year, management has performed an impairment test for the investment in MMTC (manufacturing segment) as the net asset of MMTC was lower than the cost of investment. An impairment loss of $111,000 was recognised for the year ended 31 December 2023 to write down this subsidiary to its recoverable amounts of $1,910,000. The recoverable amount was determined based on value in use calculations using cash flow projections from financial budget approved by management covering a five-year period. The forecast has been updated to reflect the most recent developments as at the reporting date.

The following assumptions were based on management's reasonable estimates:

	2023	2022
	%	%
Revenue growth rates	**8.0**	3.0
Terminal growth rates	**3.5**	3.0
Pre-tax discount rates	**13.4**	14.3

A decrease in forecasted terminal growth rates by 0.5% would result in an additional impairment of $77,000.

17 Intangible assets

	Group	
	2023	2022
	US$'000	US$'000
Computer software	**2,654**	139
Goodwill	**709**	709
	3,363	848

Goodwill

	Group	
	2023	2022
	US$'000	US$'000
As at 1 January and 31 December	**709**	709

Goodwill acquired through business combinations has been allocated to the CGU, for impairment testing as follows:

	2023	2022
	US$'000	US$'000
Manufacturing	**198**	198
Hospital services	**511**	511
	709	709

Impairment assessment

The recoverable amounts of the CGUs are determined based on the value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. For the purpose of estimating the recoverable amounts of the CGUs, management had used the following key assumptions for the cash flow projections given its existing business model and expansion of its distribution channel in China and Taiwan:

	Revenue growth rates	**Terminal growth rates**	**Pre-tax discount rates**
	%	**%**	**%**
2023			
Manufacturing	8.0	1.0	11.8
Hospital services	8.0	1.0	11.8
2022			
Manufacturing	7.0 - 10.0	1.0	9.6
Hospital services	7.0 - 10.0	1.0	9.6

Key assumptions used for value-in-use calculation

The following describes management's key assumptions on the cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins

Gross margins are based on a mix of historical margins and expected rates improvements based on management's growth strategies. These are increased over the budget period for anticipated efficiency improvements.

17 Intangible assets (cont'd)

Impairment assessment (cont'd)

Key assumptions used for value-in-use calculation (cont'd)

Revenue growth rates

The forecasted revenue growth rates are based on management's estimate of the long-term average growth relevant to the cash-generating unit.

Terminal growth rates

The forecasted terminal growth rates are based on published industry research and do not exceed the long term average growth rate for the industries relevant to the cash-generating unit.

Market share assumptions

Market share assumptions are important because management assesses how the cash-generating unit's position relative to its competitors might change over the budget period.

Pre-tax discount rates

Discount rates reflect management's estimate of the risks specific to each cash-generating unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each cash-generating unit, reference has been given to the specific circumstances of the cash-generating units and derived from their weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Risk specific to the cash-generating unit is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

Manufacturing

If the revenue growth rates and terminal growth rates have been decreased by 1%, the estimated recoverable amount would be almost equal to the carrying amount.

Hospital services

If the terminal growth rate has been decreased by 1% would result in the estimated recoverable amount lower than the carrying amount by $461,000.

18 Other non-current assets

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Quoted equity investments	**–**	3,303	**–**	–
Investment in unquoted bond	**3,000**	3,000	**–**	–
Deposits	**1,019**	1,121	**79**	92
Guarantee deposit	**560**	557	**–**	–
Others	**416**	448	**–**	20
	4,995	8,429	**79**	112

18 Other non-current assets (cont'd)

Quoted equity investments
The Group has considered the nature, characteristics and risks of investment as well as the level of the fair value hierarchy within which the fair value measurement is categorised.

The Group measured its quoted equity investments at fair value through other comprehensive income under Level 1 of the valuation hierarchy and its valuation techniques is based on quoted market prices in active markets for identical assets or liabilities.

During the financial year ended 31 December 2023, the Group disposed quoted equity investments for a consideration of $3,938,000. The cumulative gain recognised in other comprehensive income of $260,000 was reclassified to retained earnings.

Investment in unquoted bond
In prior financial year, the Group has invested in unquoted government bonds from Cambodian government amounting to $3,000,000 with a term of 3 years and interest rate of 5.5%. The Group measured its investment in unquoted bond at amortised cost and for which the fair value is disclosed based on unobservable inputs for the quoted market prices, valuations or quotes under Level 3 of the valuation hierarchy. Details are presented under Note 33.

Deposits
Deposits pertain to refundable deposits from lease agreement and utility consumption agreements, which will be refunded to the Group at the end of term of the contract.

Guarantee deposit
Guarantee deposit pertains to deposits given to hospital clients in Taiwan as guarantee to perform services during the term of the service contracts, which will be refunded to the Group at the end of the term of the contract.

Others
Others include golf club membership and other long-term investments. During the financial year, the Group and the Company had written off golf membership of US$29,000 and US$20,000, respectively.

19 Inventories

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
At cost				
Goods-in-transit	**35**	2,510	**1**	2,190
Raw materials	**30,074**	27,925	**–**	–
Work-in-progress	**805**	2,198	**–**	–
Supplies and spare parts	**830**	972	**–**	–
Finished goods	**20,908**	18,536	**922**	3,027
	52,652	52,141	**923**	5,217
At net realisable value				
Goods-in-transit	**35**	2,424	**1**	1,445
Raw materials	**23,409**	21,545	**–**	–
Work-in-progress	**502**	777	**–**	–
Supplies and spare parts	**808**	961	**–**	–
Finished goods	**12,605**	10,687	**344**	1,859
	37,359	36,394	**345**	3,304
At lower of cost or net realisable value	**37,359**	36,394	**345**	3,304

Medtecs International Corporation Limited and its subsidiaries

19 Inventories (cont'd)

The Group's cost of inventories charged to operations in 2023 were $16,548,000 (2022: $20,568,000). Inventories are stated at net realisable value ("NRV") after allowance for inventory. Movements in the allowance for inventory during the year are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
As at 1 January	**15,747**	4,161	**1,913**	–
Charge for the year	**3,072**	11,748	**25**	1,913
Reversal	**(1,440)**	–	**–**	–
Written off	**(2,085)**	(158)	**(1,360)**	–
Exchange differences	**(1)**	(4)	**–**	–
As at 31 December	**15,293**	15,747	**578**	1,913

During the financial year, the Group and the Company recognised an allowance for inventory amounting to $3,072,000 and $25,000 (2022: $11,748,000 and $1,913,000) respectively, arising from the inventory write-down of cost to its NRV, following the steep decline in average selling prices of certain products in the global market at the end of the COVID-19 pandemic.

The Group also recognised reversal of allowance for inventory amounting to $1,440,000 for inventories that were provided for in prior financial year and sold during the financial year.

20 Trade receivables

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Current	**20,084**	30,358	**9,980**	25,870
Non-current	**4,265**	–	**4,265**	–
	24,349	30,358	**14,245**	25,870
Trade receivables				
- Manufacturing	**29,800**	31,473	**21,866**	28,608
- Hospital services	**2,292**	2,253	**–**	–
- Distribution and Others	**812**	426	**–**	–
	32,904	34,152	**21,866**	28,608
Less: Allowance for expected credit losses ("ECLs")	**(8,555)**	(3,794)	**(7,621)**	(2,738)
Total trade receivables	**24,349**	30,358	**14,245**	25,870

During the year, the Group and the Company had initiated repayment plans with four debtors to settle total outstanding amounts of $22,563,000. The repayment plans allow the debtors to settle the outstanding amounts over 1 to 6 years with market interest rate to be charged on settlement more than a year. Consequently, the Group and the Company reclassified settlement exceeding one year as non-current.

20 Trade receivables (cont'd)

Current trade receivables are non-interest bearing and are generally on 1 to 4 months' term. They are recognised at their original invoice amounts, which represent fair values on initial recognition.

Trade receivables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Philippine Peso	**1,058**	339	**–**	–
Renminbi	**35**	51	**–**	–
New Taiwan Dollar	**2,828**	2,333	**–**	–

Expected credit losses ("ECLs")

The movement in allowance for ECLs of trade receivables computed based on lifetime ECL are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
As at 1 January	**3,794**	235	**2,738**	–
Charge for the year	**6,004**	3,591	**6,000**	2,738
Written off	**(1,117)**	(23)	**(1,117)**	–
Reversal	**(125)**	–	**–**	–
Exchange differences	**(1)**	(9)	**–**	–
As at 31 December	**8,555**	3,794	**7,621**	2,738

During the financial year, the Group and the Company recognised a provision for ECL amounting to $6,004,000 and $6,000,000 (2022: $3,591,000 and $2,738,000), respectively, arising from specific provisions on aged receivables and general provisions from management's assessment on collectability to its customers based on historical default rates.

21 Other current assets

	Group		Company	
	2023	2022 (Note 35)	**2023**	2022 (Note 35)
	US$'000	US$'000	**US$'000**	US$'000
Advances to suppliers	**2,576**	2,918	**1,033**	1,027
Prepayments	**405**	846	**115**	568
Advances to employees	**45**	165	**16**	28
Tax receivables	**729**	944	**–**	–
Other deposits	**1,960**	2,361	**9**	107
Sundry receivables	**672**	1,376	**59**	500
Less: Impairment loss	**(1,076)**	(254)	**(1,076)**	(254)
	5,311	8,356	**156**	1,976

21 Other current assets (cont'd)

Advances to suppliers are payments to suppliers for future deliveries of inventories that are to be liquidated within a year. In prior financial year, the Group has written off $1,500,000 of advances to suppliers due to management's assessment that the aged advances will no longer be collectible.

During the financial year, the Group has written off $90,000 of sundry receivables due to management's assessment that the aged receivables will no longer be collectible.

Other deposits include refundable deposit and amount receivable from supplier for deposits paid for purchase of property, plant and equipment which the Group expects to collect the full amount within next 12 months.

Other current assets denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
New Taiwan Dollar	**2,252**	709	**–**	–
Renminbi	**758**	1,248	**–**	–
Philippine Peso	**666**	303	**42**	38
Singapore Dollar	**1**	9	**–**	–

Impairment loss

The movement in allowance for impairment loss of other current assets are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
As at 1 January	**254**	50	**254**	50
Charge for the year	**822**	204	**822**	204
As at 31 December	**1,076**	254	**1,076**	254

During the financial year, the Group and the Company recognised impairment loss of $822,000 (2022: $204,000), arising from specific provisions on a supplier undergoing bankruptcy proceedings, and the Company assessed that the amount will not be collectible.

22 Due from subsidiaries, net

	Company	
	2023	2022
	US$'000	US$'000
Due from subsidiaries (trade)	**25,377**	24,421
Due from subsidiaries (non-trade)	**22,466**	14,130
Less: Allowance for ECL	**(6,504)**	–
	41,339	38,551
Due to subsidiaries (trade)	**25,960**	21,626
Presented as:		
Due from subsidiaries, net	**15,379**	16,925

Amounts due from subsidiaries (trade) are unsecured, non-interest bearing and are payable upon demand.

Amounts due from subsidiaries (non-trade) pertain to advances made by the Company to RMPL for funding its construction activities, which are unsecured, interest bearing at 7% per annum and are also payable upon demand.

Amounts due to subsidiaries (trade) are unsecured, non-interest bearing and are payable upon demand.

Expected credit losses ("ECLs")

The movement in allowance for ECLs of amounts due from subsidiaries computed based on lifetime ECL are as follows:

	Company	
	2023	2022
	US$'000	US$'000
As at 1 January	**–**	–
Loss allowance measured:		
Lifetime ECL		
- *Credit-impaired*	**6,504**	–
As at 31 December	**6,504**	–

23 Cash, bank balances and fixed deposits

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Cash in hand	**81**	2,815	**1**	2,771
Cash at bank	**15,161**	9,262	**350**	595
Fixed deposits	**17,799**	23,204	**–**	–
	33,041	35,281	**351**	3,366
Less: Fixed deposits with maturity of more than 90 days but less than a year (including pledged fixed deposits)	**(10,736)**	(17,159)	**–**	–
Cash and cash equivalents	**22,305**	18,122	**351**	3,366

23 Cash, bank balances and fixed deposits (cont'd)

Bank balances of the Group and of the Company earns interest at floating rates based on bank deposit rates.

Fixed deposits of the Group amounting to $5,380,000 (2022: $833,000) are pledged in connection with credit facilities granted by banks and short-term maturing loans. In addition, the withdrawal of such fixed deposits is subject to the banks' approval in connection with overdraft facilities, which the Group has total unused credit facilities amounting to $7,800,000 as of 31 December 2023 (2022: $53,000,000). The fixed deposits are denominated in US$ and PHP and earn annual interest ranging from 1.63% to 5.90% (2022: 1.75% to 5.25%).

The cash and bank balances denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Philippine Peso	**2,944**	4,866	**32**	43
New Taiwan Dollar	**4,168**	3,451	**–**	2,770
Singapore Dollar	**538**	683	**137**	134
Renminbi	**1,019**	685	**–**	–
Euros	**8**	7	**1**	1

Interest income earned by the Group and Company from fixed deposits amounted to $1,139,000 (2022: $453,000) and Nil (2022: $26,000), respectively.

24 Trade payables and other current liabilities

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**2,045**	1,815	**153**	199
Other current liabilities:				
Other creditors	**1,365**	2,660	**395**	356
Accrued operating expenses	**2,564**	1,972	**155**	24
Total trade and other current liabilities	**5,974**	6,447	**703**	579

Trade payables are unsecured, non-interest bearing and are payable within one year.

Amounts due to other creditors include payable to government institutions and advances from customers.

Trade payables and other current liabilities denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
New Taiwan dollar	**1,913**	1,178	**–**	–
Renminbi	**1,048**	1,515	**–**	–
Philippine peso	**605**	1,065	**67**	78

25 Loans and borrowings

	Weighted average effective interest rate (per annum) %	Maturity	Group 2023 US$'000	2022 US$'000
New Taiwan Dollar (NTD) loans				
- Unsecured	1.64	2024	**2,950**	978
- Secured	2.12	2024	**20,911**	14,665
Total current interest-bearing loans and borrowings			**23,861**	15,643

Property, plant and equipment and fixed deposits with carrying amounts of $4,900,000 and $5,380,000, respectively (2022: $4,900,000 and $833,000, respectively) (Notes 12 and 23) are used to secure the loans and borrowings of the Group amounting to $20,911,000 (2022: $14,665,000).

The loans and borrowings pertain to withdrawn amount from the revolving credit line of the Group, which are short-term in nature, have payment terms from 2 to 6 months and can be renewed upon maturity.

	Group Loan Borrowings US$'000	Accrued loan interest US$'000
Balance at 1 January 2022	9,306	–
Changes from financing cash flows		
Proceeds from loans and borrowings	15,643	–
Repayment of loans and borrowings	(9,306)	–
Interest paid on loans and borrowings (Note 8)	–	(423)
Other changes		
Loan interest	–	423
Balance at 31 December 2022	15,643	–
Changes from financing cash flows		
Proceeds from loans and borrowings	23,861	–
Repayment of loans and borrowings	(15,643)	–
Interest paid on loans and borrowings (Note 8)	–	(470)
Other changes		
Loan interest	–	470
Balance at 31 December 2023	**23,861**	–

26 Share capital and treasury shares

Ordinary Shares

	Group and Company 2023 US$'000	2022 US$'000
Authorised		
- 1,000,000,000 ordinary shares of $0.05 each	**50,000**	50,000
Issued and paid up		
As at 1 January and 31 December		
- 549,411,240 ordinary shares of $0.05 each	**27,471**	27,471

The Company has only one class of shares: ordinary shares of $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.

Treasury Shares

Treasury shares are ordinary shares of the Company that are purchased and held by the Company and are presented as a component within shareholders' equity.

	Group and Company 2023 No. of shares'000	2023 US$'000	2022 No. of shares'000	2022 US$'000
At 1 January	**4,500**	**2,361**	3,000	2,112
Acquisition of treasury shares				
- 1,500,000 shares at $0.166 each	**–**	**–**	1,500	249
At 31 December	**4,500**	**2,361**	4,500	2,361

27 Foreign currency translation and other reserves

a) Foreign currency translation reserves

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group 2023 US$'000	2022 US$'000
At 1 January	**(735)**	2,397
Net effect of exchange differences arising from translation of financial statements of foreign operations	**(115)**	(3,132)
At 31 December	**(850)**	(735)

27 Foreign currency translation and other reserves (cont'd)

b) Other reserves

	Group	
	2023	2022
	US$'000	US$'000
Unrealised loss on financial assets at FVTOCI	**–**	(375)
Others*	**394**	394
	394	19

*In 2014, the Company shares were issued in consideration of the acquisition of the non-controlling interest of Medtecs (Taiwan) Corporation (MTC). The excess of the consideration over the fair value of the net assets acquired was recorded in "Other reserves" under the equity section of the statements of financial position.

28 Dividends

No dividends were recommended or declared in 2023.

On 27 May 2022, the Board of Directors issued a notice on the declaration of cash dividends amounting to $0.0060 per ordinary share (tax not applicable) to shareholders of record as of 16 June 2022. The cash dividends were paid on 13 July 2022 amounting to $3,271,000.

29 Significant related party transactions

a) Transactions with related parties

Related parties refer to companies controlled by a director of the Company.

In addition to the related party information disclosed elsewhere in the financial statements, the following are the significant transactions between the Group and related parties that took place at terms agreed between the parties during the financial year:

	Group	
	2023	2022
	US$'000	US$'000
Costs and expenses:		
Operating expenses from related parties	**2,092**	926

Other than the above, the Group has no other related party transactions except for the lease agreement as disclosed in Note 15.

29 Significant related party transactions (cont'd)

b) Compensation of key management personnel

Key management personnel compensation (including executive director's remuneration) comprised:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Director's fee*	**214**	208	**212**	205
Wages, salaries and bonus	**5,104**	2,858	**5,104**	2,858
Defined benefit plans and other social expenses	**25**	18	**25**	18
	5,343	3,084	**5,341**	3,081
Comprise directors' remunerations for executive directors of:				
- the Company	**4,809**	2,539	**4,809**	2,539
- the subsidiaries	**–**	–	**–**	–
	4,809	2,539	**4,809**	2,539

* Include director's fee for directors of subsidiaries amounting to $2,000 (2022: $3,000)

The remuneration of key management personnel are determined by the Remuneration Committee having regard to the performance of individuals and market trends.

There are no termination benefits or other long-term employee benefits granted to key management personnel in 2023 and 2022.

30 Contingent liabilities

Contingent assets

On 12 November 2021, the Company engaged a legal firm to recover an advance to a supplier amounting to $822,000. On 20 January 2022, the Company commenced an arbitral proceeding against the supplier, as it failed to make any payment to the Company. On 25 October 2022, the arbitral award was obtained in favor of the Company for a total consideration amounting to $966,000. As of 26 February 2024, additional late payment interest amounted to $23,500. The additional arbitral award of $167,500 (2022: $144,000) has not been recognised during the financial year 31 December 2023, as the receipt of the consideration is not virtually certain and it is dependent on the aggregate result of the enforcement of the arbitral award against the supplier.

During the financial year, the Company has not received any repayment from the supplier. Consequently, Management had determined that the amount is not recoverable and made full provision during the financial year as disclosed in Note 21.

31 Group segmental reporting

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

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 and others segment* is involved in the marketing of Medtecs-branded medical consumables to hospitals, pharmacies and other end users in Asia Pacific and through online channels. 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.

Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax and deferred tax assets and liabilities, loans and borrowings and related expenses. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated upon consolidation.

31 Group segmental reporting (cont'd)

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 years ended 31 December 2023 and 2022:

	Manufacturing US$'000	Hospital services US$'000	Distribution and others US$'000	Group US$'000
2023				
Revenue				
Third parties	34,558	14,544	3,537	52,639
Intersegment sales	7,481	–	–	7,481
Total revenue	42,039	14,544	3,537	60,120
Eliminations	(7,481)	–	–	(7,481)
	34,558	14,544	3,537	52,639
Results	(23,516)	731	(218)	(23,003)
Financial expenses				(816)
Financial income				1,304
Tax expense				27
Net loss for the year				(22,488)
Total assets	147,180	13,951	5,636	166,767
Total liabilities	36,056	401	2	36,459
Other segment information:				
Capital expenditure	4,443	898	304	5,645
Depreciation and amortisation	4,513	2,584	112	7,209
Provision for inventory	3,072	–	–	3,072
Provision for ECL on receivables	6,000	4	–	6,004
Provision for impairment loss on other current assets	822	–	–	822
Provision for impairment loss on property, plant and equipment	2,000	–	–	2,000
Other non-cash expenses - net	(503)	–	–	(503)

31 Group segmental reporting (cont'd)

a) Business segments (cont'd)

The following table presents revenue, results and other information, assets, liabilities and other segment information regarding the Group's business segments for the years ended 31 December 2023 and 2022 (cont'd):

	Manufacturing US$'000	Hospital services US$'000	Distribution and others US$'000	Group US$'000
2022				
Revenue				
Third parties	35,680	14,312	6,251	56,243
Intersegment sales	7,779	–	–	7,779
Total revenue	43,459	14,312	6,251	64,022
Eliminations	(7,779)	–	–	(7,779)
	35,680	14,312	6,251	56,243
Results	(30,739)	666	(272)	(30,345)
Financial expenses				(951)
Financial income				642
Tax expense				1,391
Net loss for the year				(29,263)
Total assets	162,732	16,295	3,022	182,049
Total liabilities	29,399	274	61	29,734
Other segment information:				
Capital expenditure	16,354	1,751	–	18,105
Depreciation and amortisation	3,757	2,536	111	6,404
Provision for inventory losses	10,984	–	764	11,748
Provision for ECL on receivables	3,591	–	–	3,591
Provision for impairment loss on other current assets	204	–	–	204
Other non-cash expenses - net	327	–	–	327

31 Group segmental reporting (cont'd)

b) Geographical information

Significant revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Sales to external customers		Non-current assets	
	2023 US$'000	2022 US$'000	**2023 US$'000**	2022 US$'000
Singapore	–	–	**689**	702
Philippines	**5,342**	11,333	**10,169**	16,192
Cambodia	–	–	**41,132**	35,604
Taiwan	**16,560**	18,768	**15,442**	17,585
China	–	–	**1,407**	1,577
Luxembourg	**15,075**	11,705	–	–
United State of America	**8,487**	9,149	–	–
United Kingdom	**4,956**	2,507	–	–
	50,420	53,462	**68,839**	71,660

32 Financial instruments

a) Categories of financial instruments

Financial instruments as at the end of the reporting period are as follows:

	Group		Company	
	2023 US$'000	2022 US$'000	**2023 US$'000**	2022 US$'000
Financial assets				
At amortised costs	**64,596**	74,219	**56,047**	68,514
Financial assets at fair value through profit or loss	**416**	448	**–**	–
Financial assets at fair value through other comprehensive income	**–**	3,303	**–**	–
	65,012	77,970	**56,047**	68,514
Financial liabilities				
At amortised cost	**32,827**	25,809	**26,859**	22,502

b) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, foreign currency risk, and credit risk. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance.

The directors review and agree policies and procedures for managing each of these risks and they are summarised below.

32 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from loans and borrowings and interest-bearing trade receivables. Loans and borrowings and interest- bearing trade receivables at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Loans and borrowings at fixed rates do not expose the Group to fair value interest rate risk as the maturity is within a year.

The following tables set out the carrying amounts of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Fixed rate				
Fixed deposits	**17,799**	23,204	–	–
Floating rate				
Loans and borrowings	**(23,861)**	(15,643)	–	–

Sensitivity analysis for interest rate risk

The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of borrowings that have floating rates.

If the interest rates increase/decrease by 50 (2022: 50) basis points with all other variables including tax rate being held constant, the loss after tax of the Group will be higher/lower by $24,000 (2022: $16,000) as a result of higher/lower interest expense on these borrowings.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of financial assets and liabilities.

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings.

32 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table summarises the maturity profile of the Group's and Company's financial liabilities at the end of the reporting period based on contractual repayment obligations:

	Total carrying value US$'000	**1 year or less US$'000**	**1 to 5 year US$'000**	**Over 5 years US$'000**	**Total US$'000**
Group					
2023					
Loans and borrowings	23,861	24,362	–	–	24,362
Trade payables and other current liabilities[(1)]	5,922	5,922	–	–	5,922
Lease liabilities	3,044	687	1,370	10,569	12,626
	32,827	**30,971**	**1,370**	**10,569**	**42,910**
2022					
Loans and borrowings	15,643	15,643	–	–	15,643
Trade payables and other current liabilities[(1)]	6,256	6,256	–	–	6,256
Lease liabilities	3,910	830	1,817	10,660	13,307
	25,809	22,729	1,817	10,660	35,206
Company					
2023					
Trade payables and other current liabilities[(1)]	692	692	–	–	692
Due to subsidiaries	25,960	25,960	–	–	25,960
Lease liabilities	207	21	112	706	839
	26,859	**26,673**	**112**	**706**	**27,491**
2022					
Trade payables and other current liabilities[(1)]	560	560	–	–	560
Due to subsidiaries	21,626	21,626	–	–	21,626
Lease liabilities	316	138	227	611	976
	22,502	22,324	227	611	23,162

(1) Excluding tax payables to government institutions.

32 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases, assets and liabilities that are denominated in a currency other than the respective functional currencies of the Group entities, primarily, Philippine Peso (PHP), Renminbi (RMB), New Taiwan Dollar (NTD) and Singapore Dollar (SGD). The foreign currencies in which these transactions are denominated are mainly US$. Approximately 36% (2022: 42%) of the Group's sales are denominated in foreign currencies whilst almost 36% (2022: 40%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivables and trade payable balances at the end of the reporting period have similar exposures.

The Group and the Company also hold cash and fixed deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in NTD and SGD.

The Group is also exposed to currency translation risk arising from its net investment in foreign operations in Taiwan and is managed primarily through borrowings denominated in relevant foreign currency.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in the PHP, RMB, NTD and SGD exchange rates (against US$), with all other variables held constant. The reasonably possible change was computed based on management assessment:

	Group	
	2023	2022
	Effect on profit/(loss) before tax	Effect on profit/(loss) before tax
PHP		
Strengthened 0.7% (2022: 9.3%)	**(16)**	267
Weakened 0.7% (2022: 9.3%)	**16**	(221)
RMB		
Strengthened 1.7% (2022: 9.5%)	**(13)**	(77)
Weakened 1.7% (2022: 9.5%)	**13**	63
NTD		
Strengthened 0.6% (2022: 10.8%)	**99**	(1,331)
Weakened 0.6% (2022: 10.8%)	**(99)**	1,071
SGD		
Strengthened 2.2% (2022: 0.03%)	**(12)**	(1)
Weakened 2.2% (2022: 0.03%)	**12**	1

Changes in exchange rate for Company is not disclosed as it is immaterial.

32 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and credit-worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the CEO.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and bank balances and other receivables (including related party balances), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial instruments.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

32 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Trade receivables

Specific assessment

The Group and the Company perform specific assessment of expected credit losses on certain significant long outstanding trade receivables and provides for lifetime expected credit losses for these trade receivables as set out below:

	Group US$'000	Company US$'000
2023		
Gross trade receivables	**23,384**	**21,675**
Loss allowance	**8,433**	**7,621**
2022		
Gross trade receivables	27,282	26,335
Loss allowance	3,675	2,738

32 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Trade receivables (cont'd)

General assessment

The Group and the Company provide for lifetime expected credit losses for all other trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to months past due. The loss allowance provision as at 31 December 2023 and 2022 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions. Summarised below is the information about the credit risk exposure on the Group and the Company's trade receivables using provision matrix.

	Current US$'000	> 1 month US$'000	> 2 months US$'000	> 3 months US$'000	> 4 months US$'000	Total US$'000
Group						
2023						
Gross carrying amount	8,263	691	147	57	362	9,520
Loss allowance provision	–	–	–	–	(122)	(122)
	8,263	**691**	**147**	**57**	**240**	**9,398**
2022						
Gross carrying amount	3,722	480	48	300	2,320	6,870
Loss allowance provision	–	–	–	–	(119)	(119)
	3,722	480	48	300	2,201	6,751
Company						
2023						
Gross carrying amount	184	–	–	–	7	191
Loss allowance provision	–	–	–	–	–	–
	184	**–**	**–**	**–**	**7**	**191**
2022						
Gross carrying amount	202	–	3	2	2,066	2,273
Loss allowance provision	–	–	–	–	–	–
	202	–	3	2	2,066	2,273

32 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at end of the reporting period is as follows:

	Group			
	2023 US$'000	**% of total**	2022 US$'000	% of total
By region:				
North America	**1,708**	**7**	353	1
Europe	**4,382**	**18**	1,074	4
Asia Pacific	**18,259**	**75**	28,931	95
	24,349	**100**	30,358	100
By segment:				
Manufacturing	**21,267**	**87**	27,707	91
Hospital services	**2,288**	**10**	2,245	8
Distribution and others	**794**	**3**	406	1
	24,349	**100**	30,358	100

The Group has no significant concentrations of credit risk, except for 18% (2022: 4%) of trade debts relating to three major customers of the Group.

At the end of the reporting period, approximately $4,500,000 (2022: $1,300,000) of the Group's trade receivables were due from three major customers located in North America and Europe.

Credit quality

The table below details the credit quality of the Group's financial assets (other than trade receivables):

2023	**12-month or lifetime ECL**	**Gross carrying amount US$'000**	**Loss allowance US$'000**	**Net carrying amount US$'000**
Investment in unquoted bond	12-month ECL	**3,000**	**–**	**3,000**
Other non-current assets	12-month ECL	**1,995**	**–**	**1,995**
Other current assets	12-month ECL	**2,677**	**–**	**2,677**
Cash and bank balances and fixed deposits with financial institutions	N.A. Exposure Limited	**33,041**	**–**	**33,041**

32 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Credit quality (cont'd)

The table below details the credit quality of the Group's financial assets (other than trade receivables) (cont'd):

2022	**12-month or lifetime ECL**	**Gross carrying amount US$'000**	**Loss allowance US$'000**	**Net carrying amount US$'000**
Quoted equity investments	12-month ECL	3,303	–	3,303
Investment in unquoted bond	12-month ECL	3,000	–	3,000
Other non-current assets	12-month ECL	2,126	–	2,126
Other current assets	12-month ECL	1,648	–	1,648
Cash and bank balances and fixed deposits with financial institutions	N.A. Exposure Limited	35,281	–	35,281

The table below details the credit quality of the Company's financial assets (other than trade receivables):

2023	**12-month or lifetime ECL**	**Gross carrying amount US$'000**	**Loss allowance US$'000**	**Net carrying amount US$'000**
Other current assets	12-month ECL	**156**	**–**	**156**
Due from subsidiaries	12-month ECL	**34,835**	**–**	**34,835**
Due from a subsidiary	Lifetime ECL	**6,504**	**(6,504)**	**–**
Cash and bank balances and fixed deposits with financial institutions	N.A. Exposure Limited	**351**	**–**	**351**
2022				
Other current assets	12-month ECL	1,976	–	1,976
Due from subsidiaries	12-month ECL	38,551	–	38,551
Cash and bank balances and fixed deposits with financial institutions	N.A. Exposure Limited	3,366	–	3,366

32 Financial instruments (cont'd)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Credit quality (cont'd)

The credit quality of the Group's financial assets that are neither past due nor impaired are considered to be of high grade quality and expected to be collectible without incurring any credit losses. High grade financial assets are those financial assets whose realisability is assured.

Financial assets (including sundry debtors and deposits) that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group. Cash and cash equivalents and fixed deposits are entered into with reputable financial institutions duly approved by the directors.

33 Fair value of assets and liabilities

Fair value hierarchy

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments whose carrying amounts approximate fair values

Management has determined that the carrying amounts of cash and cash equivalents, fixed deposits, due from subsidiaries, trade receivables, other current assets, trade payables and other current liabilities and bank loans based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

Assets and Liabilities measured at fair value and for which fair values are disclosed

The following table provides the fair value measurement hierarchy of the Group's assets. The Group has no liabilities which are measured at fair value nor which fair values are disclosed in the financial statements as at 31 December 2023 and 2022.

33 Fair value of assets and liabilities (cont'd)

Fair value measurement hierarchy for assets as at 31 December 2023 and 2022:

			Fair value measurement using		
		Total	**Level 1**	**Level 2**	**Level 3**
2023	**Date of valuation**	**$'000**	**$'000**	**$'000**	**$'000**
Assets for which fair values are disclosed					
Investment property (Note 13)	20 December 2023	**3,757**	**–**	**–**	**3,757**
Investment in unquoted bonds (Note 18)	31 December 2023	**3,135**	**–**	**–**	**3,135**
2022					
Assets measured at fair value					
Listed equity investments (Note 18)	31 December 2022	3,303	3,303	–	–
Assets for which fair values are disclosed					
Investment property (Note 13)	31 December 2022	3,774	–	–	3,774
Investment in unquoted bonds (Note 18)	31 December 2022	3,195	–	–	3,195

There has been no transfer between Level 1 and Level 2 and no transfer into or out of Level 3 during the financial years ended 31 December 2023 and 2022.

Determination of fair value

Investment property
Investment property is valued by independent valuer using income approach by reviewing discounted cash flows of future rent to be earned over the useful lives of the property. Significant input used in this valuation is determination of discount rate which include evaluating market risk premium, management risk and liquidity risk. A significant increase/(decrease) in the discount rate would result in a significantly higher/(lower) fair value measurement.

Investment in unquoted bonds
Fair value of investment in unquoted bonds is measured based on current market interest rate of 4.50%.

34 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 2022.

34 Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by the sum of total capital and net debt. The Group's policy is to keep the gearing ratio below 60.0%. The Group includes within net debt, loans and borrowings, trade payables and other current liabilities, less cash and bank balances and fixed deposits. Capital includes equity attributable to the equity holders of the Company.

	Group	
	2023	2022
	US$'000	US$'000
Loans and borrowings	**23,861**	15,643
Trade payables and other current liabilities	**5,974**	6,447
Less: Cash and cash equivalents and fixed deposits	**(33,041)**	(35,281)
	(3,206)	(13,191)
Equity attributable to the equity holders of the Company	**129,204**	149,789
Capital and net debt	**125,998**	136,598
Gearing ratio	**(2.5%)**	(9.7%)

35 Comparative figures

(i) The financial statements of the Company for the financial year ended 31 December 2022 were audited by another independent auditor whose report dated 14 June 2023 expressed an unmodified opinion on those financial statements.

(ii) Comparative figures have been reclassified principally due to prior year adjustments arising from the following:

Recognition of lease contract receivables

On 1 May 2022, the Company entered into a lease arrangement with a related party to lease a land for a period of 50 years. On the same day, the Company subleased the land to a subsidiary, Resilient Medical Pte. Ltd. for a period of 9 years until 30 June 2031. The sublease agreement contains an option to extend the term for an additional period of 10 years with a maximum term of 50 years in line with the original lease agreement. Management had assessed that the option will be exercised for a period of 50 years.

Being an intermediate lessor, the management classified the sublease agreement as a finance lease considering the substantial period of the lease term by reference to right-of-use asset arising from the head lease, rather than by reference to the useful live of the land. However, Management had enormously identified the lease as an operating lease and recognised rental income over straight line of 50 years in the financial year ended 31 December 2022.

Accordingly, adjustments were made to rectify the amounts of right-of-use assets, lease contract receivables, other current assets and trade payables and other current liabilities.

35 Comparative figures (cont'd)

(ii) Comparative figures have been reclassified principally due to prior year adjustments arising from the following (cont'd):

Reclassifications

Certain reclassifications have been made to the previous year's financial statements to conform to the current year's presentation.

The effects of the above matters on the consolidated financial statements of the Group and statement of financial position of the Company are as follows:

	As previously reported US$'000	**Adjustments US$'000**	**As reclassified US$'000**
Group			
Consolidated statement of financial position			
Non-current assets			
Property, plant and equipment	45,846	(2,254)	43,592
Intangible assets	–	848	848
Goodwill	709	(709)	–
Deferred tax assets	2,106	49	2,155
Other non-current assets	8,617	(188)	8,429
Current assets			
Other current assets	6,102	2,254	8,356
Consolidated statement of cash flows			
Cash flows used in operating activities	(4,053)	5,318	1,265
Cash flows used in investing activities	(23,901)	(5,262)	(29,163)
Cash flows used in financing activities	(2,961)	(56)	(3,017)

The reclassification did not have any effect on the net profit of the Group for the financial year ended 31 December 2022 and the Group's consolidated statement of financial position as at 1 January 2022.

35 Comparative figures (cont'd)

(ii) Comparative figures have been reclassified principally due to prior year adjustments arising from the following (cont'd):

Reclassifications (cont'd)

	As previously reported US$'000	Adjustments US$'000	As reclassified US$'000
Company			
Statement of financial position as at 31 December 2022			
Non-current assets			
Right-of-use assets	4,701	(4,440)	261
Lease contract receivables	–	4,544	4,544
Current assets			
Other current assets	2,277	(301)	1,976
Current liabilities			
Trade payable and other current liabilities	776	(197)	579

The reclassification did not have any effect on the net profit of the Company for the financial year ended 31 December 2022 and the Company's statement of financial position as at 1 January 2022.

36 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors dated 11 April 2024.

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