



MEDTECS INTERNATIONAL CORPORATION LIMITED
(Incorporated in Bermuda)

ISSUANCE OF STATUTORY DEMAND

1. INTRODUCTION

The Board of Directors (the "**Board**") of Medtecs International Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcements (collectively, "**Announcements**") dated:

- (a) 2 March 2021 regarding the entry into a joint venture agreement between Medtecs (Asia Pacific) Pte. Ltd. ("**MAP**"), a wholly-owned subsidiary of the Company, and ACO International Limited ("**ACO**"), pursuant to which ACO subscribed for shares in the capital of Resilient Medical Pte. Ltd. ("**Resilient Medical**"), a private company incorporated by MAP on 18 January 2021, as their joint venture company in Singapore to carry out the business of manufacturing and delivering personal protective equipment, with MAP holding 50% of the share capital of Resilient Medical and ACO holding 50% of the share capital of Resilient Medical at the time of subscription;
- (b) 22 November 2021 regarding the injection of capital into Resilient Medical by MAP and ACO, where MAP contributed 66.7% (equivalent to US\$6,000,000) and ACO contributed 33.3% (equivalent to US\$3,000,000), the leasing of property located in Phase 2 of the Manhattan Special Economic Zone in Svay Rieng Province (Cambodia) ("**MSEZ Land**") by Resilient Medical for 10 years, the construction of a manufacturing facility for disposable nitrile gloves ("**JV Business**") on the MSEZ Land, the undertaking of the JV Business by Resilient Medical through its subsidiary, RMKH Glove Pte. Ltd. and the extension of project financing of up to US\$15,000,000 by the Company to Resilient Medical for the JV Business pursuant to the terms of an entrusted procurement and payment agreement between Resilient Medical, the Company and Medtecs (Taiwan) Corporation ("**Agreement**"); and
- (c) 30 April 2022 regarding the Company's entry into a new lease agreement with Manhattan International Co. Ltd for the MSEZ Land, and the Company's entry into a sub-lease agreement with Resilient Medical for the MSEZ Land ("**Sub-Lease Agreement**"),

as well as the Company's media release of 5 October 2022 regarding the opening of the nitrile glove factory constructed on the MSEZ Land as part of the JV Business.

2. CIRCUMSTANCES LEADING TO THE ISSUANCE OF THE SD

Further to the Announcements, the Board had on 24 February 2023 approved an increase of the project financing extended to Resilient Medical under the Agreement of up to US\$5,000,000. Accordingly, the total project financing made available to Resilient Medical under the Agreement amounted to US\$20,000,000. Under the terms of the Agreement, interest on any amounts outstanding is chargeable at a rate of 7% per annum and where Resilient Medical delays in making any repayment to the Company, additional interest on both the principal amount and the accrued interest for each day of such delay is chargeable at a rate of 10% per annum.

- (a) Since 2021, the nitrile glove factory and the JV Business has experienced slow sales and continued to record losses year-on-year. As the income generated from the nitrile glove factory was not able to cover the operating expenses of the JV Business and Resilient Medical, the Company had provided further funding in excess of the limits under the Agreement in order to keep the nitrile glove factory and the JV Business in operation. The further funding was approved by the Board of Directors during their meeting in February 2023. The Company has made extensive efforts to work with ACO to develop and implement a recovery plan for the JV Business. However, these efforts have been unsuccessful as no viable recovery plan could be agreed upon or implemented between MAP and ACO. As a result, the Company has had to take independent action to protect its financial position and to mitigate further losses.
- (b) As at 2 September 2024, the total amount due and payable by Resilient Medical to the Company is approximately US\$22,763,274.73 ("**Outstanding Balance**"), comprising:
- (i) project financing monies extended under the Agreement amounting to approximately US\$16,881,123.80 ("**Outstanding Project Finance Sum**"), disbursed between 2 August 2021 and 2 August 2023;
 - (ii) accrued interest on the Outstanding Project Finance Sum amounting to approximately US\$2,803,400.93 as at 2 September 2024 ("**Interest**"); and
 - (iii) rental in arrears of US\$1,200,000 ("**Rental Arrears**") and late charges of US\$1,878,750 accrued as at 2 September 2024 ("**Late Charges**") under the Sub-Lease Agreement.
- (c) As at 30 June 2024, the key financial indicators of Resilient Medical are set out below:

	Resilient Medical (US\$'000)
Total Assets	29,453
Total Liabilities	28,932 ^a
Total Equity	521
Net Asset Value	5.79 US cents ^{aa}

Note a: Total liabilities includes the amount due and payable by Resilient Medical to the Company as at 30 June 2024, being US\$22,253,326.87.

Note aa: The NAV of Resilient Medical as at 30 June 2024 accounts for 16.9% of the Group's NAV based on the latest unaudited financial statements of the Group for the half-year ended 30 June 2024.

	Resilient Medical (US\$'000)
Revenue	128 ^b
Gross profit/(loss)	(41)
Net loss	(1,342) ^c

Note b: The total revenue of Resilient Medical as at 30 June 2024 accounts for 0.5% of the Group's total revenue based on the latest unaudited financial statements of the Group for the half-year ended 30 June 2024.

Note c: The net loss of Resilient Medical as at 30 June 2024 accounts for 28.5% of the Group's net loss based on the latest unaudited financial statements of the Group for the half-year ended 30 June 2024.

3. ISSUANCE OF STATUTORY DEMAND TO RESILIENT MEDICAL

The Company has today issued a statutory demand ("**SD**") to Resilient Medical to immediately pay the Outstanding Balance. Further, additional interest continues to accrue at the rate of 10% per annum on the Outstanding Project Finance Sum and Interest until full payment of the Outstanding Project Finance Sum and Interest is made by Resilient Medical to the Company pursuant to the Agreement, and late charges continue to accrue at the rate of 0.3% on the Rental Arrears for each day the payment is not made pursuant to the Sub-Lease Agreement. Unless Resilient Medical pays the sums demanded in the SD to the Company, or secures or compounds the same to the Company's reasonable satisfaction within twenty-one (21) days after the date of service of the SD on Resilient Medical, Resilient Medical will be deemed to be unable to pay its debts pursuant to Section 125(1)(e) and Section 125(2)(a) of the Insolvency, Restructuring and Dissolution Act 2018 and the Company will forthwith be entitled to present a winding up application for a winding up order to be made against Resilient Medical.

4. FINANCIAL IMPACT

The Board is of the view that the issuance of the SD will not affect the Group's cash flow and operating needs, or its ability to continue its business operations and comply with the relevant laws and regulations.

As at the date of this announcement, given that the final outcome of the issuance of the SD is not ascertainable at the present time, the Company is still assessing the impact of the issuance of the SD, together with the Outstanding Balance, on the net tangible assets per share of the Company and the earnings per share of the Company for the current financial year ending 31 December 2024.

The Company will provide an update on any further material developments on this matter in due course.

5. CAUTION IN TRADING

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

Submitted by Mr Clement Yang, Executive Chairman on 3 December 2024 to the SGX-ST.

*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.

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