



## **MEDTECS INTERNATIONAL CORPORATION LIMITED**

(Incorporated in Bermuda)

### **PROFIT GUIDANCE FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021**

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The Board of Directors (the “**Board**”) of Medtecs International Corporation Limited (the “**Company**”, together with its subsidiaries collectively, the “**Group**”) wishes to inform the shareholders and potential investors of the Company that, based on a preliminary review of the unaudited management accounts of the Group for the fourth quarter ended 31 December (“**4Q**”) 2021, and the financial year ended 31 December (“**FY**”) 2021 and information currently available, the Group is expected to incur a net loss for 4Q2021. Even though the 3<sup>rd</sup> quarter ended 30 September 2021 generated a net profit, the net loss for 4Q2021 had resulted in a net loss for the second half of 2021. However, the Company is still expected to generate a net profit for FY2021.

The net loss for 4Q2021 was mainly due to inventory provisions for personal protective equipment (PPE) amounting to approximately US\$3 million arising from the lower average selling prices for PPE in the current global market. While the Company had stated in its announcement dated 22 November 2021 on FY2021 outlook that barring unforeseen circumstances, it expected to remain profitable for 4Q2021, we lowered our average selling price for PPE by about 20-30% towards the end of FY2021 to remain competitive in the global PPE market, which had led the Company to reassess the realisability of some of its inventory items and in turn led to the provisions for 4Q 2021.

Although the Company expects to suffer losses in 4Q2021 and the second half of 2021, the Board considers that the Group’s overall financial position, cash flow and operations are in a good and stable condition. The Group has built robust competitiveness over the past two years as compared to pre-pandemic. The Group has also expanded market penetration of its own brand of PPE and related protective solutions in the United States through Amazon’s e-commerce platform, which is expected to continue to contribute to the Group’s business growth in 2022. The Company’s joint venture company, Resilient Medical Pte. Ltd., is also constructing a nitrile glove factory in Cambodia, which is expected to commence production in the first half of 2022, to diversify the Group’s product mix.

Moving forward in a post-COVID era, the Group will focus on pursuing strategic development to future-proof its market position and long-term growth. Accordingly, the Company intends to set up a Task Force on Growth Initiatives whose primary responsibilities will be to formulate growth strategies, including new business models, business integration, venture investment, and to identify sustainable opportunities. The

members of the Task Force will include the CEO and senior executives of the Group as well as external consultants if deemed necessary.

Meanwhile, to keep pace with sustainability trends, the Company is exploring investing in renewable energy together with external strategic partners to meet the requests from our clients for more green manufacturing in the future. The Company presently intends to focus on solar power and energy storage services, including installation of solar panels in our existing factories. For the proposed venture into the renewable energy market, the Company will provide further details at the appropriate juncture and, if necessary, seek the necessary approvals from its shareholders, if and when these proposals materialise.

This Announcement is based on a preliminary assessment of the latest unaudited consolidated management accounts of the Group, and is not based on any financial figures or information which have been audited or reviewed by the Group's auditors. Accordingly, shareholders are cautioned not to place undue reliance on forward-looking statements within this Announcement, which are based on the current view of management regarding future events. The Company is in the process of finalising its financial results for FY2021 and will provide further details of the Group's performance with the release of the unaudited consolidated financial results for FY2021 on or before 1 March 2022.

Shareholders and potential investors should exercise caution when trading in the Company's shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

Submitted by Mr Clement Yang, Executive Chairman, on 11 February 2022 to the SGX-ST.

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*Media / Investor Relations Contact:  
Citigate Dewe Rogerson Singapore Pte Ltd  
Ms Samantha Lee / Mr Justin Teh  
Tel: +65 6534 5122  
Email: [investor.relations@medtecs.com](mailto:investor.relations@medtecs.com)*

*This announcement 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"). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.*

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*The contact persons for the Sponsor are Ms Evelyn Wee (Tel no.: +65 6232 0724) and Mr Howard Cheam Heng Haw (Tel no.: +65 6232 0685), R & T Corporate Services Pte. Ltd., at 9 Straits View, Marina One West Tower, #06-07 Singapore 018937.*