



MEDTECS INTERNATIONAL CORPORATION LIMITED

(Incorporated in Bermuda)

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS

The board of directors (the “**Board**”) of Medtecs International Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to its unaudited full year financial results announcement for the financial year ended 31 December 2022 (“**FY2022**”) made on 28 February 2023 via the SGXNET (“**Preliminary Unaudited Results 2022**”). Further reference is made to the audited financial statements of the Group (“**Audited Financial Statements**”) and the report thereon by the Company’s auditors for FY2022 to be set out in the Company’s annual report for FY2022 to be released via SGXNET. Shareholders are advised to read the Audited Financial Statements to be set out in the Company’s annual report for FY2022 to be released via SGXNET.

Pursuant to Rule 704(5) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board wishes to announce that subsequent to the release of the Preliminary Unaudited Results 2022, there are certain adjustments and reclassifications proposed by the Company’s auditors and adopted by the Company.

The adjustments were made following the finalisation of the audit and the details and explanation of the material variances between the audited financial statements and the Preliminary Unaudited Results 2022 are shown below. For the avoidance of doubt, the Company’s auditors has given an unqualified opinion for the Audited Financial Statements.

1) Statement of Financial Position

Note	Audited Financial Statements US\$’000	Group		Variance %
		Preliminary Unaudited Results 2022 US\$’000		
Assets	A			
Property, plant and equipment	45,846	46,503	(1.4)	
Deferred tax assets	2,106	2,544	(17.2)	
Other non-current assets	8,617	8,477	1.6	
Trade receivables	30,358	32,641	7.0	
Other current assets	6,102	7,354	17.0	
Fixed deposits	17,159	21,721	(21.0)	
Cash and cash equivalents	18,122	13,536	33.9	
Liabilities	B			
Trade payables and other current liabilities	6,447	11,354	(43.2)	
Income tax payable	2,415	2,471	(2.3)	
Lease liability	3,335	3,195	4.4	
Other non-current liabilities	117	842	(86.1)	
Equity	C			
Foreign currency translation	(735)	(603)	(21.9)	
Actuarial gains	250	297	(15.8)	

2) Consolidated Statement of Comprehensive Income

	Note	Group		Variance %
		Audited Financial Statements US\$'000	Preliminary Unaudited Results 2022 US\$'000	
Consolidated Statement of Comprehensive income	D			
Revenue		56,243	56,882	(1.1)
Cost of sales and services		(59,580)	(59,146)	(0.7)
Administrative expenses		(17,723)	(18,183)	(2.5)
Financial expenses		(951)	(1,037)	(8.3)
Financial income		905	867	4.4
Other income-net		2,461	1,645	49.6
Income tax credit		1,391	1,857	(25.1)
Actuarial gains		198	245	(19.2)

3) Consolidated Statement of Cash Flow

	Note	Group		Variance %
		Audited Financial Statements US\$'000	Preliminary Unaudited Results 2022 US\$'000	
Net cash used in operating activities	E	(4,053)	(12,348)	(67.2)
Net cash used in investing activities	F	(23,901)	(24,587)	(2.8)
Net cash provided by/(used in) financing activities	G	(2,961)	1,546	(291.5)

Note A:

Deferred tax assets: The variance was mainly due to the reduction in the recognised deferred income tax benefits of Medtecs (Cambodia) Corporation Limited, based on the reassessed recoverable profit that can be utilised in succeeding years (see Note D).

Trade receivables: The variance was due to the additional provision for expected credit losses (“ECL”) recognised by the Group arising from specific provisions on aged receivables and general provisions from management’s assessment on collectability to its customers (see Note D).

Other current assets: The variance was due to application of prepaid rent against related rental payables in Philippines and Taiwan.

Fixed deposits and Cash and cash equivalents: The variance was due to the reclassification of the fixed deposits in Singapore subsidiaries to cash equivalents, upon review of the maturity period of the financial instruments.

Note B:

Trade payables and other current liabilities: Decrease in trade payables was due to reversal of accrued expenses in the Company and accrued construction cost in Cambodia pertaining to cost and expenses incurred in the financial year ending 31 December 2023. Rent payable was likewise applied to related prepaid rent. Certain provisions for contingencies in the Philippines were also reclassified to other non-current liabilities given the nature of the provisions (see Note A).

Other non-current liabilities: The variance was due to the reclassification of a provision for contingent liability from trade payable and other current liabilities due to the nature of the payables. Pension benefit obligation was likewise previously included in other non-current liabilities and is now presented separately in the audited figures.

Note C:

Foreign currency translation reserves: The variance was due to different closing rates used in translation for its China subsidiary.

Actuarial gains: The variance was due to recognition of the equivalent tax impact of the actuarial gains recognised in the Philippine subsidiaries and this is instead reflected as remeasurement gains in the Audited Financial Statements.

Note D:

Other income-net: The variance was mainly due to reclassification of the scrap sales in Cambodia from revenues to other income-net.

Income tax credit: The variance was due to lower income tax benefits in Cambodia from the reassessed recoverable profit where the deferred income tax benefits can be utilised.

Actuarial gains: The variance was due to recognition of the equivalent tax impact of the actuarial gains recognised in the Philippine subsidiaries and this is instead reflected as remeasurement gains in the Audited Financial Statements.

Note E:

The variance was mainly due to (i) reclassification of the fixed deposits of Singapore subsidiaries to cash and cash equivalents (see Note A), and (ii) adjustments of fixed asset expenditures including maintenance costs (previously included under movement of other current assets to cash outflow in investing activities (see Note F)).

Note F:

The variance was due to change in presentation of the one-time payment of the long-term lease rights from an investing activity to a financing activity (see Note G). This was partially offset by the adjustment made in the cash outflow in investing activities for fixed asset expenditures previously included under operating activities (see Note E).

Note G:

The variance was mainly due to change in the presentation of the one-time payment of the long-term lease rights by the Company from an investing activity to a financing activity, now presented under principal payment of lease liabilities (see Note F).

BY ORDER OF THE BOARD

Mr Clement Yang
Executive Chairman
June 15 2023

*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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