



MEDTECS INTERNATIONAL CORPORATION LIMITED

SALE OF PROPERTIES IN PHILIPPINES BY THE GROUP

1. INTRODUCTION

The Board of Directors (the "**Board**") of Medtecs International Corporation Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Philippines branch office of the Company ("**MICL-PB**") and its wholly owned subsidiary, Universal Weavers Corporations ("**UWC**", together with MICL-PB, the "**Seller**"), have entered into a sale and purchase agreement (the "**SPA**") on 30 December 2016 with Top Honesty International Corporation (the "**Purchaser**") relating to the sale by the Seller to the Purchaser of (i) MICL-PB's properties located at 7th Street Phase II, Free Port Area of Bataan, Mariveles, Bataan, Philippines (the "**Buildings**") and (ii) UWC's inventories (the "**Inventories**", together with the Properties, the "**Sale Properties**"), at an aggregate consideration of US\$2.20 million (equivalent to approximately S\$2.97 million)(the "**Proposed Disposal**").

2. INFORMATION ON THE SALE PROPERTIES

The Buildings are located at #7th St. Phase II, Free Port Area of Bataan, Mariveles, Bataan with the total area of about 20,903 square metres, comprising five (5) buildings namely: Main Building A, Main Building B, Main Building C, Main Building D and Main Building E (including its subsidiary rooms) and the Inventories comprise table napkins, pillowcases, cook shirts and chef coat items.

3. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands. The sole shareholder and director of the Purchaser is Ms Shang Szu. The Purchaser is mainly in the business of real estate investment and logistics investment.

The Purchaser is in the midst of setting up a Philippine branch and has authorised its agent Elvira Cataquis to execute the SPA and all the relevant documents in connection with the disposal.

Save that the Purchaser holds 6,321,630 ordinary shares in the Company ("**Shares**") as at the date of this Announcement, representing 1.15% of the total number of issued Shares in the Company, the Purchaser is not related to the Company, the directors, controlling shareholders and substantial shareholders of the Company and their associates.

4. THE PROPOSED DISPOSAL

4.1 Consideration of the Proposed Disposal

Pursuant to the terms of the SPA, the consideration of the Proposed Disposal is US\$2.20 million (equivalent to approximately S\$2.97 million) (the "**Consideration**"), of which US\$1.6 million (equivalent to approximately S\$2.16 million) has been paid to the Seller as an advance payment with the balance being payable on or before 31 January 2017.

The Consideration was determined based on negotiations between the Purchaser and the Seller taking into account the valuation of the Buildings and the value of the Inventories.

Based on the audited financial statements of the Group for the financial year ended 31 December 2015, the aggregate book value of the Sale Properties is US\$1.99 million (equivalent to approximately S\$2.69 million).

The Company commissioned Asian Appraisal Company Inc to undertake a valuation of the Sale Properties, which valued the market value of the Buildings at 65,844,000 pesos (equivalent to approximately US\$1.40 million or S\$1.89 million) as at 7 September 2015 in their valuation report dated 14 September 2015 ("**Valuation Report**").

4.2 Closing

Pursuant to the terms of the SPA, closing of the Proposed Disposal shall take place upon (a) the full payment of the Consideration to the Seller, and (b) delivery the Seller of the title deed for the Buildings. The Seller will complete the registration of the transfer of the Sale Properties within 7 working days after the payment of the Consideration.

5. RATIONALE OF THE DISPOSAL

The Company believes that the Proposed Disposal is beneficial to the Company and its shareholders for the following reasons:

- (a) The Sale Properties are not a core asset of the Group;
- (b) As the Company is currently in the midst of streamlining its operations in the Philippines, the Proposed Disposal will increase efficiency in the Philippine operations;
- (c) the Group is expected to record a net gain of approximately US\$208,251 from the Proposed Disposal and the net proceeds from the Proposed Disposal amount to approximately US\$2.20 million (equivalent to approximately S\$2.69 million) after deducting professional fees and expenses relating to the Proposed Disposal, the Company intends to utilise the proceeds from the Proposed Disposal to repay its bank borrowings and as general working capital for the requirements of the Group's businesses and operations; and
- (d) the Proposed Disposal will also centralise the manufacturing operations to UWC and also help monetise some of its inventories.

6. ILLUSTRATIVE FINANCIAL EFFECTS

The pro forma financial effects of the Disposal, based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015, are set out below. The pro forma financial effects are only presented for illustration purposes, and are not intended to reflect the actual future financial situation of the Company or the Group after completion of the Disposal. Transaction costs for the Disposal are ignored for computation purposes.

6.1 Net Tangible Assets ("NTA")

Assuming that the Proposed Disposal had been completed on 31 December 2015, the pro forma financial effects of the Proposed Disposal on the NTA per Share of the Group for the financial year ended 31 December 2015 would have been as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA S\$'000	80,661	80,942
Number of issued Shares (excluding treasury Shares) ('000)	549,411,240	549,411,240
NTA per Share (cents)	14.68	14.73

6.2 Earnings per Share

Assuming that the Proposed Disposal had been completed on 1 January 2015, the pro forma financial effects of the Proposed Disposal on the EPS of the Group for the financial year ended 31 December 2015 would have been as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to shareholders (S\$'000)	715	997
Weighted average number of issued Shares ('000)	549,411,240	549,411,240
EPS (cents)	0.130	0.181

7. CHAPTER 10 OF THE CATALIST RULES

The relative figures computed⁽¹⁾ on the bases set out in Rule 1006 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules").

The relative figures computed on the bases of Rule 1006 of the Catalist Rules in respect of the Proposed Disposal are as follows:-

Rule	Bases	Relative Figures
1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	3.31% ⁽²⁾
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits	6.17% ⁽³⁾
1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	11.75% ⁽⁴⁾
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) The figures computed here are based on the results for the six months ended 30 June 2016 ("1H2016") which was announced by the Company on 12 August 2016.
- (2) "Net asset" means the total assets less total liabilities. Based on the net asset value of the Sale Properties of US\$1.99 million and the Group's unaudited net asset value of approximately US\$60.0 million as at 30 June 2016.
- (3) "Net profits" means profit or loss before income tax, minority interests and extraordinary items. Based on the unaudited net profits directly attributable to the Properties as of 30 June 2016 of US\$46,296 attributable to the Proposed Disposal and the Group's unaudited net profits of approximately US\$750,000 for 1H2016.
- (4) Based on (A) the aggregate value of consideration of US\$2.20 million (equivalent to approximately S\$2.97 million) and (B) the market capitalisation of the Company of approximately S\$25.3 million (determined by multiplying the existing number of shares in issue (i.e. 549,411,240 shares) by S\$0.046, being the weighted average price of the Company's shares transacted on 29 December 2016, being the last full market day preceding the date of the SPA where the Company's shares were traded).

As the relative figures under Rules 1006(b) and 1006(c) exceed 5% but do not exceed 20%, the Proposed Disposal constitutes a discloseable transaction within the meaning of Chapter 10 of the Catalyst Rules.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER(S)

Save as disclosed in this announcement and save for their interests arising by way of their shareholdings in the Company and/or directorships in the Group, as the case may be, none of the Directors or substantial Shareholders has any interest, direct or indirect, in the Proposed Disposal.

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. INSPECTION OF DOCUMENTS

Copies of the SPA and Valuation Report will be made available for inspection during normal business hours at the Company's Singapore office at #29-05, 6 Battery Road, Singapore 049909.

Submitted by Clement Yang Ker-Cheng, Executive Chairman on 3 January 2017 to the Singapore Exchange Securities Trading Limited.

*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.*

This announcement has not been examined or approved by the Exchange. The Sponsor and the Exchange assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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