



**PROPOSED PLACEMENT OF 81,862,275 NEW ORDINARY SHARES
IN THE CAPITAL OF MEDTECS INTERNATIONAL CORPORATION LIMITED
("PROPOSED PLACEMENT")**

1. INTRODUCTION

The Board of Directors ("**Directors**" or "**Board**") of Medtecs International Corporation Limited ("**Company**", and "**Group**" refers to the Company and its subsidiaries) wishes to announce that the Company has on 2 September 2015 entered into a placement agreement ("**Placement Agreement**") with Xia Junwei ("**Placee**"), pursuant to which the Placee will subscribe for, and the Company will allot and issue to the Placee, 81,862,275 new ordinary shares of a par value of US\$0.05 each ("**Placement Shares**") in the share capital of the Company at an issue price of S\$0.07 (equivalent to US\$0.05 at the exchange rate of US\$1.00:S\$1.40) per Placement Share ("**Issue Price**"), amounting to a consideration of S\$5,730,359.25 (equivalent to US\$4,093,113.75 at the exchange rate of US\$1.00:S\$1.40).

The Proposed Placement is non-underwritten and there is no placement agent appointed for the purpose of the Proposed Placement. The Proposed Placement is to be undertaken by way of a private placement pursuant to Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the allotment and issue of the Placement Shares.

2. PRINCIPAL TERMS OF THE PROPOSED PLACEMENT

2.1 Issue Price

The Issue Price represents a premium of approximately 49% to the volume weighted average price of the Company's shares ("**Shares**") of S\$0.0471 based on trades done on the Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 1 September 2015, being the last full market day preceding the date on which the Placement Agreement was signed. The premium of approximately 49% is compliant with the 10% discount limit as stated in Rule 811(1) of the Listing Manual, Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**").

2.2 Placement Shares

The Placement Shares are to be issued pursuant to the general share issue mandate ("**General Mandate**") approved and granted by shareholders of the Company ("**Shareholders**") at the annual general meeting of the Company held on 30 April 2015 ("**AGM**"), whereunder the Directors are authorised to issue not more than 467,548,965 Shares, being 100% of the total number of issued Shares (excluding treasury Shares) as at the date of the AGM, of which the aggregate number of Shares that may be issued other than on a *pro rata* basis to existing Shareholders must not be more than 233,774,482 Shares, being 50% of the total number of issued Shares (excluding treasury Shares) as at the date of the AGM. As at the date of this announcement, no new Shares have been issued pursuant to the General Mandate.

The Placement Shares represent approximately 17.51% of the total number of issued Shares in the share capital of the Company of 467,548,965 as at the date of this announcement. Assuming that all the 81,862,275 Placement Shares are issued, on completion of the Proposed Placement, the number of issued Shares in the share capital of the Company will

increase to 549,411,240 and the Placement Shares will represent approximately 14.90% of the issued share capital of the Company on an enlarged basis.

The Placement Shares are to be issued by the Company free from all charges, liens and other encumbrances and shall, upon allotment and issue, rank *pari passu* in all respects with, and carry all rights similar to, the existing issued Shares of the Company, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of completion of the Proposed Placement.

2.3 Information on the Placee

The Placee was introduced by the Company's appointed introducer, Yee Fook Sen ("Introducer"). Subject to completion of the Proposed Placement, a commission of approximately S\$171,910.78, being 3.0% of the gross proceeds of the Proposed Placement shall be payable to the Introducer by the Company. The Introducer is a businessman and an acquaintance of our Director, Mr Lim Tai Toon. Save as disclosed, he does not have any connection (including business dealings) with the Group, the controlling Shareholders or Directors.

The Placee is currently the chairman of Tianjin Harbour Shengshi Investment Holding Co Ltd (天津海港盛世投资有限公司), an investment holding company which principally invests in clean energy, infrastructure construction and such other high end technology development. He is also the CEO of the Lingholm Group of Companies in Singapore, which comprises Lingholm Holdings Pte Ltd, Lingholm Pte Ltd and Lingholm Logistics Pte Ltd. Prior to the Proposed Placement, the Placee does not have any connection (including business dealings) with the Group, the controlling Shareholders or Directors. The Placee will be subscribing for the Placement Shares for investment purposes, and will not be holding the Placement Shares on trust or as a nominee.

As at the date of this announcement, he does not hold any Shares in the Company. Upon completion of the Proposed Placement, the Placee will be interested in more than 5.0% of the enlarged issued and paid-up share capital of the Company and will be a substantial Shareholder of the Company. The Proposed Placement would not result in any transfer of controlling interest in the Company. Under the Placement Agreement, the Placee has represented and warranted to the Company that he does not fall within the class of restricted persons to whom placements must not be made by the Company pursuant to Rule 812(1)(a) to (d) of the Catalist Rules.

To the best of the Company's knowledge, there is no agreement, arrangement or understanding between the Placee or any shareholder of the Company to acquire Shares to obtain or consolidate effective control of the Company, and the Placee is not a party acting in concert with any shareholder of the Company, as defined in The Singapore Code on Takeovers and Mergers. No share borrowing arrangement has been entered into to facilitate the Proposed Placement.

2.4 Conditions Precedent

Completion of the Proposed Placement is conditional upon, *inter alia*:

- (a) the listing and quotation notice from the SGX-ST for the listing of and quotation for the Placement Shares being obtained and not having been revoked or amended, and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Placee;
- (b) the transactions contemplated in the Placement Agreement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to either the Company or the Placee; and

- (c) the representations, warranties and undertakings by the Company and the Placee remaining true and correct in all material respects and each of them having performed all of its/his obligations under the Placement Agreement to be performed on or before completion of the Proposed Placement.

If any of the conditions is not satisfied on or before 30 November 2015, the Proposed Placement will not proceed.

2.5 Additional Listing Application

The sponsor of the Company, R & T Corporate Services Pte. Ltd., will be submitting an application for and on behalf of the Company to the SGX-ST for the listing of and the quotation for the Placement Shares on the Catalist of the SGX-ST. The Company will make the necessary announcement(s) once the listing of and quotation notice for the Placement Shares on the Catalist of the SGX-ST has been obtained from the SGX-ST.

3. PURPOSES OF ISSUE AND USE OF PROCEEDS

Assuming that all the Placement Shares are successfully allotted and issued, the Proposed Placement will raise gross proceeds of S\$5,730,359.25 and net proceeds of approximately S\$5,509,359.25 (after deducting estimated expenses of approximately S\$221,000.00) ("**Net Proceeds**"). The Company intends to use 100% of the Net Proceeds from the Proposed Placement for the general working capital of the Company, including but not limited to its business development in the PRC and repayment of bank loans. The Company intends to expand its business in the PRC through the Group's existing presence in Hangzhou, subject to such business plans as the Board may approve from time to time. The Board intends to use up to 50% of the Net Proceeds for the foregoing business expansion in the PRC.

Pending the deployment of the Net Proceeds from the Proposed Placement for the abovementioned intended purpose, the Net Proceeds may be placed as deposits with banks and/or financial institutions and/or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Board may deem fit in the interest of the Group.

The Company will make periodic announcements on the utilisation of the Net Proceeds from the Proposed Placement as and when such proceeds are materially disbursed, and provide a status report on the use of the proceeds raised in the its interim and full-year financial statements issued under Rule 705 of the Catalist Rules and its annual report. The Company will also provide a breakdown with specific details on how the proceeds have been applied in the announcements and status reports.

The Directors are of the opinion that, after taking into consideration:

- (a) the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements and that the reasons for the Proposed Placement are, *inter alia*, to fund for working capital and/or for the Group's growth and expansion (as and when the opportunities arise); and
- (b) the present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

4. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

As at the date of this announcement, the issued and paid-up share capital of the Company is S\$30,954,784.30 comprising 467,548,965 Shares. Assuming that all the 81,862,275 Placement Shares are issued, on completion of the Proposed Placement, the issued and paid-up share capital of the Company will increase to S\$36,685,143.55 comprising 549,411,240 Shares.

Based on the latest audited consolidated financial statements of the Group for the year ended 31 December 2014:

- (a) assuming the Proposed Placement was completed on 1 January 2014 with all the Placement Shares being in issue during the period, the basic earnings per share of the Group after adjusting for the Placement Shares will decrease from S\$0.113 to S\$0.095; and
- (b) assuming the Proposed Placement was completed on 31 December 2014, the net tangible asset value per share of the Group after adjusting for the Placement Shares and the Net Proceeds of the Proposed Placement will decrease from S\$0.165 to S\$0.139.

The financial effects of the Proposed Placement set out above are for illustrative purposes only and are therefore not indicative of the actual financial performance or position of the Group after the completion of the Proposed Placement.

5. SERVICE CONTRACT OF DIRECTOR

No service contract has been entered into in connection with the Proposed Placement.

Under the terms of the Placement Agreement, subject to the completion of the Proposed Placement, the Placee shall be entitled to nominate a director to be appointed on the Board for the consideration of the Company's Nominating Committee.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Placement.

7. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement, the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors have been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

8. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The completion of the Proposed Placement is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Proposed Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

9. DOCUMENTS FOR INSPECTION

A copy of the Placement Agreement is available for inspection at the office of the Company at 141 Cecil St, #6-03 Tung Ann Association Building, Singapore 069541 during normal business hours for a period of three (3) months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Clement Yang
Executive Chairman
2 September 2015

*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.

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 Battery Road #25-01, Straits Trading Building, Singapore 049910.