



MEDTECS INTERNATIONAL CORPORATION LIMITED
(Incorporated in Bermuda)

CORRIGENDUM TO ANNUAL REPORT 2017

The Board of Directors (the "**Board**") of MEDTECS INTERNATIONAL CORPORATION LIMITED (the "**Company**") refers to the Company's annual report for the financial year ended 31 December 2017 (the "**Annual Report 2017**") and wishes correct certain inadvertent typographical errors in the Annual Report 2017 to shareholders as set out below. All page references in this announcement are references to the Annual Report 2017.

1. With reference to page 13, the section on Principal Bankers should be amended to reflect the additions as indicated by the bold and underlined text below:

"Principal Bankers

*Bank of SinoPac
No. 260, Sec. 2 Beixin Rd., Xiandian Dist., New Taipei City 231, Taiwan*

*Bank of Taiwan
2F-2, No. 66, Sachong Rd.m Nangang Dist., Taipei Taiwan*

*Cathay United Bank - Manila Branch
Unit 1, 15th Floor, Tower 6789
No. 6789 Ayala Avenue,
Makati City, 1226*

*Mega International Commercial Bank Co.
3rd Floor, Pacific Star Building Gil Puyat Avenue, Makati City, Philippines*

*China Banking Corporation
CBC Building 8745 Paseo de Roxas
Makati City, Philippines*

Land Bank of Taiwan
No. 323, Jingping Rd., Zhonghe Dist.,
New Taipei City 23577, Taiwan

Chang Hwa Bank
3F., No.333, Sec. 1, Keelung Rd., Xinyi Dist.,
Taipei City 11012, Taiwan

Taiwan Business Bank
No. 552, Sec. 5, Zhongxiao E. Rd., Xinyi Dist.,
Taipei City 110, Taiwan

2. With reference to page 14, under the Profile of the Board of Directors, the profile of Mr Xia Junwei should be amended to reflect the additions as indicated by the bold and underlined text below and the deletions as indicated by the deleted text below:

"Mr Xia Junwei was appointed as a Non-Executive and Non-Independent Director of the Company on 15 October 2015 and Deputy Non-Executive Chairman of the Board on 20 November 2015. Mr. Xia was re-designated as an Executive Director of the Company on 5 July 2016. He is a member of the Nominating and Remuneration Committees.

Mr Xia has more than two decades' experience in doing business in mainland China and has amassed considerable connections which he hopes to contribute to the Company's business expansion in the mainland.

~~Mr. Xia is the CEO of the Lingholm Group of the Companies in Singapore, which comprises Lingholm Holdings Pte. Ltd. (parent company focused on investment), Lingholm Pte Ltd (subsidiary focused on commodities trading) and Lingholm Logistics Pte Ltd (subsidiary focused on logistics). Previously, he served as General Manager (2005-2010) and Chairman (2001-2011) of Tianjin YiSheng Petroleum Engineering Ltd. **Mr. Xia was the CEO (2010 – 2017) of the Lingholm Group of the Companies in Singapore, and he served as General Manager (2005-2010) and Chairman (2001-2011) of Tianjin YiSheng Petroleum Engineering Ltd.**~~

Mr Xia graduated from China Dongying Petroleum Institute; he has completed his EMBA studies at Nanyang Technological University and was conferred Executive Master of Business Administration."

3. With reference to page 15, under the Profile of the Board of Directors, the profile of Mr Lim Tai Toon should be amended to reflect the deletions as indicated by the deleted text below:

~~"Mr Lim Tai Toon was appointed an Independent Director of the Company on 29 October 2010 and Chairman of the Audit Committee and Lead Independent Director on 4 May 2012. He is a member of the Nominating and Remuneration Committees.~~

~~Mr Lim Tai Toon spent the earlier part of his career with the Singapore Armed Forces before embarking on a broad and varied financial and business career.~~

~~Since 1994, Mr Lim has worked in a few SGX listed companies, most recently as financial advisor of REA Ltd (formerly known as Superior Fastening Ltd) and previously as executive director of Eastgate Technology Limited (2006 to 2009), managing director of Vashion Group Limited (formerly known as Startech Electronics Limited) from 2003 to 2006 and vice president (corporate affairs) of Ipco International Limited (1995 to 1996).~~

~~Between those years, Mr Lim also founded a software development company in 2003 and was based in China as Country chief executive officer for an Asian company from 1996 to 2000.~~

~~Mr Lim holds a Master of Business (Information Technology) from Curtin University of Technology (Australia), Master of Business Administration from Henly Management College (United Kingdom) and Bachelor of Accountancy from National University of Singapore (Singapore). Mr Lim is a full Member of Singapore Institute of Directors and Fellow Chartered Accountant of Institute of Singapore Chartered Accountants."~~

4. With reference to page 25, under the table on the Key information on the Directors, the Other principal commitments column in respect of Mr Xia Junwei should be amended to reflect the additions as indicated by the bold and underlined text and the deletions as indicated by the deleted text below:

Name of Directors	Position	Date of first appointment as a Director	Date of last re-appointment as a Director	Present Directorships or chairmanships in other listed companies	Directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-appointment at the AGM
Xia Junwei	Deputy Executive Chairman	15 October 2015	29 April 2016	None	None	<u>None</u> Tianjin Harbour Shengshi Investment Holding Co Ltd Lingholm Group of Companies	Retirement by rotation (Bye-Law 86)

5. With reference to page 45, the Directors' Interests in shares or debentures should be amended to reflect the additions as indicated by the bold and underlined text and the deletions as indicated by the deleted text below:

“3. Directors' interests in shares or debentures

According to the register of directors' shareholdings, the following directors, who held office at the end of the financial year, had interests in the share capital and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of directors	Direct interest			Deemed interest		
	At 1	At 31	At 21	At 1	At 31	At 21
	January 2017	December 2017	January 2018	January 2017	December 2017	January 2018
Ordinary shares of the Company at \$0.05 each						
Clement Yang Ker-Cheng	24,673,285	24,673,285	24,673,285	33,075,198	33,075,198	33,075,198
Xia Junwei	–	–	–	81,862,275	81,862,275	81,862,275

Clement Yang Ker-Cheng is deemed to be interested in 18,506,621 shares (1 January ~~2016~~**2017**: 18,506,621 shares), and 14,568,577 shares (1 January ~~2016~~**2017**: 14,568,577 shares) held by South World Investment Ltd. and Maybank Kim Eng Securities Pte. Ltd., respectively, as at 31 December 2017 and 21 January 2018.

Xia Junwei is deemed to be interested 81,862,275 shares (1 January ~~2016~~**2017**: **81,862,275**) held by DBS Nominee (Private) Limited as at 31 December 2017 and 21 January 2018.”

6. With reference to page 85, the sub-section on “a) Financial assets (continued)” should be amended to reflect the additions as indicated by the bold and underlined text and the deletions as indicated by the deleted text below:

“a) Financial assets (continued)

v) Derecognition of financial assets (continued)

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

v) — Derecognition of financial assets (continued)

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss accounts.”

7. With reference to page 87, the sub-section of “(iii) Available for sale financial assets (continued)” should be amended to reflect the deletions as indicated by the deleted text below:

“(iii) Available-for-sale financial assets

In case of equity investments classified as available-for-sale, objective evidence of impairment include (a) significant financial difficulty of the issuer or obligor, (b) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (c) a significant or prolonged decline in the fair value of the investment below its costs. ‘Significant’ is to be evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost.

iii) Available for sale financial assets (continued)

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss accounts, is transferred from other comprehensive income and recognised in the profit and loss accounts. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss accounts; increase in their fair value after impairment are recognised directly in other comprehensive income.”

8. With reference to page 145, the section on "c) Fair values (continued)" should be amended to reflect the additions as indicated by the bold and underlined text and the deletions as indicated by the deleted text below:

“32. FINANCIAL INSTRUMENTS (continued)

c) Fair values (continued)

Financial instruments carried at other than fair value

Non-current financial instruments carried at other than fair value set out below is a comparison by category of carrying amounts and estimated fair values of all of the Group’s and Company’s financial instruments that are carried in the financial statements at other than estimated fair values as at 31 December.

	Group				Company			
	Carrying Amount		Fair Value		Carrying Amount		Fair Value	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Other non-current assets	3,626	3,524	3,487	3,403	3,246	3,019	3,122	<u>3,019</u>
Financial liabilities:								
Long-term loans	2,673	1,283	2914	1,319	–	–	–	–

The amended pages of the Annual Report 2017 reflecting the corrections set out above are attached in the Appendix to this announcement.

Save as disclosed above, all other information contained in the Annual Report 2017 remains unchanged.

The revised Annual Report 2017 has also been uploaded on the website of the Singapore Exchange Securities Trading Limited at <http://www.sgx.com>.

Submitted by Mr Clement Yang, Chairman on 18 April 2018 to the SGX-ST.

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, Singapore 049910.

APPENDIX
AMENDED PAGES OF ANNUAL REPORT 2017



Company Secretaries

- ▲ Abdul Jabbar Bin Karam Din
(Joint Company Secretary)
- ▲ Loh Lee Eng
(Joint Company Secretary)
- ▲ Codan Services Limited
(Assistant Company Secretary)

Share Transfer Agent

- ▲ Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Sponsor

- ▲ R & T Corporate Services Pte. Ltd.
9 Battery Road #25-01
MYP Centre,
Singapore 049910
- ▲ Registered Professionals:
Evelyn Wee Kim Lin, Howard Cheam
Heng Haw

Auditors

- ▲ SyCip Gorres Velayo & Co.
(A Member Firm of
Ernst & Young Global Limited)
6760 Ayala Avenue
1226 Makati City
Philippines
- ▲ Partner in Charge:
Jose Pepito E. Zabat III
(From 18 November 2016)

Principal Bankers

- ▲ Bank SinoPac
No. 260, Sec. 2 Beixin Rd., Xiandian Dist.,
New Taipei City 231, Taiwan
- ▲ Bank of Taiwan
2F-2, No.66, Sanchong Rd., Nangang Dist.,
Taipei Taiwan
- ▲ Cathay United Bank - Manila Branch
Unit 1, 15th Floor, Tower 6789
No. 6789 Ayala Avenue,
Makati City, 1226
- ▲ Mega International Commercial Bank Co.
3rd Floor, Pacific Star Building
Gil Puyat Avenue, Makati City, Philippines
- ▲ China Banking Corporation
CBC Building 8745 Paseo de Roxas
Makati City, Philippines
- ▲ Land Bank of Taiwan
No.323, Jingping Rd., Zhonghe Dist.,
New Taipei City 23577, Taiwan
- ▲ Chang Hwa Bank
3F., No.333, Sec. 1, Keelung Rd., Xinyi Dist.,
Taipei City 11012, Taiwan
- ▲ Taiwan Business Bank
No.552, Sec. 5, Zhongxiao E. Rd., Xinyi Dist.,
Taipei City 110, Taiwan

Profile of the Board of Directors

Mr Clement Yang Ker-Cheng | Executive Chairman

(Appointed as Director in 1997 and not subject to retirement and re-election at AGM)

Mr Clement Yang Ker-Cheng is the Chairman and Chief Executive Officer of the Company. He oversees the overall management, strategic planning, product development and marketing of the Group. He has been the Chief Executive Officer of the Group's operations since 1990 and is a member of the Executive, Remuneration and Nominating Committees. Under his leadership, the Medtecs Group has grown into an integrated healthcare services provider and original product manufacturer of a wide range of medical consumables for large multinational healthcare distributors, pharmaceutical companies and hospital groups around the globe.

Prior to founding the Medtecs Group, Mr Yang served as senior vice president of the Fu-I Industrial Group of companies, and the chief executive officer of Shentex Corporation. From 1986 to 1989, he was director of Taiwan Cotton Weavers Association. Mr Yang was president of the Taiwanese Business Association of Subic Bay and now serves as Chairman of the Cambodia and Philippines committees of the Chinese-Philippine Business Council.

Mr Yang has more than twenty years of experience in the textile manufacturing industry, with majority of those years devoted to the development of medical consumables for the healthcare industry.

Mr Xia Junwei | Deputy Executive Chairman

(Appointed as Director in 2015, re-elected in 2016 and subject to retirement and re-election in 2018)

Mr Xia Junwei was appointed as a Non-Executive and Non-Independent Director of the Company on 15 October 2015 and Deputy Non-Executive Chairman of the Board on 20 November 2015. Mr. Xia was re-designated as an Executive Director of the Company on 5 July 2016. He is a member of the Nominating and Remuneration Committees.

Mr Xia has more than two decades' experience in doing business in mainland China and has amassed considerable connections which he hopes to contribute to the Company's business expansion in the mainland.

Mr. Xia was the CEO (2010 – 2017) of the Lingholm Group of the Companies in Singapore, and he served as General Manager (2005-2010) and Chairman (2001-2011) of Tianjin YiSheng Petroleum Engineering Ltd.

Mr Xia graduated from China Dongying Petroleum Institute; he has completed his EMBA studies at Nanyang Technological University and was conferred Executive Master of Business Administration.



Mr Wilfrido Candelaria Rodriguez | Executive Director

(Appointed as Director in 1997 and re-elected in 2016)

Mr Wilfrido Candelaria Rodriguez was appointed an Executive Director on 26 November 1997 and was appointed Chief Financial Officer (“CFO”) on 10 December 2008. He is a member of the Executive Committee.

Prior to his appointment as CFO of the Company, Mr Rodriguez has served as Vice President for internal audit of the Company since October 1999 and was a controller of Clement Textile & International Corporation in August 1996. Before joining the Company, he was the chief financial officer of Ester Corp. from 1994 to 1996. From 1993 to 1994, he was a consultant in private practice. He was employed as the president of Philippines Hospitals and Health Services, Inc. from 1989 to 1992. He graduated with a Bachelor of Science in Business Administration from the University of the East, Philippines and qualified as a Certified Public Accountant in the Philippines.

Mr William Yang Weiyuan | Executive Director

(Appointed as Director in 2013 and re-elected in 2016)

Mr. William Yang Weiyuan was appointed as an Executive Director on 2 September 2013.

Mr. Yang graduated from New York Institute of Technology with a degree in Electrical and Computer Engineering in 2005. He is the General Manager of the Company’s wholly-owned subsidiary, Shanghai Greenway Medical Apparatus Co., Ltd. since 1 March 2007, and General Manager of the Company’s subsidiary, Medtecs (Taiwan) Corporation since 1 July 2010. As General Manager of the two subsidiaries, he takes an active role in the marketing, production, human resources and finance departments.

Mr. Yang has over 8 years of experience in the textile industry, with majority of those years devoted to developments of medical consumables and Hospital Service for the health care industry.

Mr Lim Tai Toon | Lead Independent Director

(Appointed as Director in 2010, and re-elected in 2017)

Mr Lim Tai Toon was appointed an Independent Director of the Company on 29 October 2010 and Chairman of the Audit Committee and Lead Independent Director on 4 May 2012. He is a member of the Nominating and Remuneration Committees.

Mr Lim Tai Toon spent the earlier part of his career with the Singapore Armed Forces before embarking on a broad and varied financial and business career.

Since 1994, Mr Lim has worked in a few SGX listed companies, most recently as financial advisor of REA Ltd (formerly known as Superior Fastening Ltd) and previously as executive director of Eastgate Technology Limited (2006 to 2009), managing director of Vashion Group Limited (formerly known as Startech Electronics Limited) from 2003 to 2006 and vice president (corporate affairs) of Ipco International Limited (1995 to 1996).

Between those years, Mr Lim also founded a software development company in 2003 and was based in China as Country chief executive officer for an Asian company from 1996 to 2000.

Mr Lim holds a Master of Business (Information Technology) from Curtin University of Technology (Australia), Master of Business Administration from Henly Management College (United Kingdom) and Bachelor of Accountancy from National University of Singapore (Singapore).

Key information on the Directors is set out below:

Name of Directors	Position	Date of first appointment as a Director	Date of last re-appointment as a Director	Present Directorships or chairmanships in other listed companies	Directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-appointment at the AGM
Clement Yang Ker-Cheng	Chairman and Chief Executive Officer	19 November 1997	N.A.	None	None	None	N.A.
Xia Junwei	Deputy Executive Chairman	15 October 2015	29 April 2016	None	None	None	Retirement by rotation (Bye-Law 86)
Wilfrido Candelaria Rodriguez	Executive Director and Chief Financial Officer	26 November 1997	29 April 2016	None	None	None	N.A.
Carol Yang Xiao-Qing	Independent Director	1 May 2005	15 May 2017	None	None	None	N.A.
Lim Tai Toon	Lead Independent Director	29 October 2010	15 May 2017	None	None	None	N.A.
William Yang Weiyuan	Executive Director	2 September 2013	29 April 2016	None	None	None	N.A.
Lam Kwong Fai	Independent Director	31 July 2015	29 April 2016	Pan Asian Holdings Limited	None	Chief Executive Officer of 3 Peaks Capital Private Limited	Retirement by rotation (Bye-Law 86)
Lim Yeow Beng	Independent Director	15 November 2017	N.A.	None	None	None	Retirement (Bye-Law 85)

Note:

The details of Directors' credentials including working experience, academic and professional qualifications, shareholding in the Company and its related corporations and directorships can be found in the Board of Directors and Directors' report sections of the annual report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its committees and the contribution by each director to the effectiveness of the Board.

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations of the NC, the Board has established processes for evaluating the effectiveness of the Board as a whole.

The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with management and standards of conduct of the Directors. The Chairman and CEO would then act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors, in consultation with the NC.

In the course of the year, the NC has assessed the performance of individual Directors by preparing a questionnaire to be completed by each Director, which were then collated and the findings were analyzed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.



MEDTECS INTERNATIONAL CORPORATION LIMITED
(Incorporated in Bermuda)
AND ITS SUBSIDIARIES

Directors' Report (continued)

(Amounts in United States dollars unless otherwise stated)

3. Directors' interests in shares or debentures

According to the register of directors' shareholdings, the following directors, who held office at the end of the financial year, had interests in the share capital and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of directors	Direct interest			Deemed interest		
	At 1 January 2017	At 31 December 2017	At 21 January 2018	At 1 January 2017	At 31 December 2017	At 21 January 2018
	<i>Ordinary shares of the Company at \$0.05 each</i>					
Clement Yang Ker-Cheng	24,673,285	24,673,285	24,673,285	33,075,198	33,075,198	33,075,198
Xia Junwei	–	–	–	81,862,275	81,862,275	81,862,275

Clement Yang Ker-Cheng is deemed to be interested in 18,506,621 shares (1 January 2017: 18,506,621 shares), and 14,568,577 shares (1 January 2017: 14,568,577 shares) held by South World Investment Ltd. and Maybank Kim Eng Securities Pte. Ltd., respectively, as at 31 December 2017 and 21 January 2018.

Xia Junwei is deemed to be interested 81,862,275 shares (1 January 2017: 81,862,275) held by DBS Nominee (Private) Limited as at 31 December 2017 and 21 January 2018.

	At 21 January 2017	At 31 December 2017	At 21 January 2018	Exercise price S\$	Expiry Date
<i>Options to subscribe ordinary shares of the Company of \$0.05 each</i>					
Wilfrido Candelaria Rodriguez	300,000	300,000	300,000	0.094	10.05.2020



MEDTECS INTERNATIONAL CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)

(Amounts in United States dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(continued)

2.14 Financial instruments (continued)

a) Financial assets (continued)

v) Derecognition of financial assets (continued)

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss accounts.

b) Financial liabilities

Financial liabilities include trade payables, which are normally settled on 30-90 day terms, other current liabilities, due to subsidiaries (trade), term loans, trust receipts and acceptances payables, bank loans and term loans. Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are initially recognised at the fair value of consideration received, plus in the case of financial liabilities not at fair value through profit or loss less directly attributable transactions costs. Gains and losses are recognised in the profit or loss when the liabilities are derecognised, and through amortisation process.

The financial liabilities are derecognised when the obligations under the liabilities are discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss accounts.

Issued financial instruments or their components, which are not designated at fair value through profit or loss are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.



**MEDTECS INTERNATIONAL CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)

(Amounts in United States dollars unless otherwise stated)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(continued)**

2.15 Impairment of financial assets (continued)

j) Financial assets carried at amortised cost (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit and loss accounts

ii) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on equity instruments carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

iii) Available-for-sale financial assets

In case of equity investments classified as available-for-sale, objective evidence of impairment include (a) significant financial difficulty of the issuer or obligor, (b) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (c) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss accounts, is transferred from other comprehensive income and recognised in the profit and loss accounts. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss accounts; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit and loss accounts. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of the finance income. If in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss accounts, the impairment loss is reversed in the profit and loss accounts.



**MEDTECS INTERNATIONAL CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)

(Amounts in United States dollars unless otherwise stated)

32. FINANCIAL INSTRUMENTS (continued)

c) Fair values (continued)

Financial instruments carried at other than fair value

Non-current financial instruments carried at other than fair value set out below is a comparison by category of carrying amounts and estimated fair values of all of the Group's and Company's financial instruments that are carried in the financial statements at other than estimated fair values as at 31 December.

	Group				Company			
	Carrying Amount		Fair Value		Carrying Amount		Fair Value	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Other non-current assets	3,626	3,524	3,487	3,403	3,246	3,019	3,122	3,019
Financial liabilities:								
Long-term loans	2,673	1,283	2,914	1,319	-	-	-	-

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier, are as follows:

Financial assets and liabilities	Methods and assumptions
<ul style="list-style-type: none"> Long-term receivable Term loans Long-term loans 	<p>Fair value has been determined using discounted estimated cash flows. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of lending, borrowing and leasing arrangements. The fair values are based on discounted net present value of cash flows using effective discount rates of 2.7% to 8.5% (2016: 2.6% to 6.7%).</p>