



**MEDTECS INTERNATIONAL CORPORATION LIMITED**  
(Incorporated in Bermuda)

**Annual General Meeting to be held on 19 June 2020 – Responses to Substantial and Relevant Questions**

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The Board of Directors (the "**Board**") of MEDTECS INTERNATIONAL CORPORATION LIMITED (the "**Company**", and together with its subsidiaries, the "**Group**") would like to thank all shareholders who submitted their questions in advance of the Annual General Meeting of the Company to be held at 3:00 pm on 19 June 2020 which may only be attended via electronic means (the "**AGM**").

We have grouped the substantial and relevant questions received under a few key topics below. Please refer to our responses to these substantial and relevant questions in the appendix hereto. Due to the high volume and overlaps in questions received, we apologise that we are unable to respond to all of the questions.

Following the conclusion of the AGM, the voting results of the AGM will be uploaded on the SGXNet. The minutes of the AGM will be published on the SGXNet and the Company's website at the URL <http://www.medtecs.com/en/about/stock-quotes-annual-report-and-sustainability-report> on or before 19 July 2020.

Submitted by Mr Clement Yang, Executive Chairman, on 18 June 2020 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 Exchange assumes 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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## **APPENDIX – RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

<b>A. Business Performance</b>	
<b>1.</b>	<b><u>Question</u></b> <b>I would like to have more information on the business revenue and profit forecast for the second quarter and the remaining half of the year for 2020.</b>
	<b><u>Response</u></b> <p>The global demand for medical supplies and personal protective equipment has soared following the COVID-19 outbreak; as a result, the Company's revenue and profit have grown significantly. Our unaudited first quarter results and outlook were announced on 5 May 2020 via the SGXNet. The Company's half yearly results are scheduled to be announced in August 2020. With the continuing spread of COVID-19 around the world, the Company has received more purchase orders for its products, and expects revenue and profit growth for the second half of 2020 to be at least on par with that of the first half of 2020.</p> <p>The above 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 any forward-looking statements, which are based on the current view of management regarding future events. The Company will provide further details of the Group's performance as and when appropriate (including providing relevant business updates between the announcements of its financial results).</p>
<b>B. Dividends</b>	
<b>2.</b>	<b><u>Question</u></b> <b>Will there be dividend payouts?</b>
	<b><u>Response</u></b> <p>Given that the Company has an earned surplus this year, the Board and the Management will discuss in the next Board meeting to be held in August 2020 as to whether to declare a dividend, and if so, the quantum of the dividend and the timeframe for payout, taking into account, among other things, the performance of the Company in the first half of the year.</p> <p>However, shareholders and potential investors should note that all the foregoing statements are merely statements of our present intention and do not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) in the Board's sole and absolute discretion. No inference should be or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends.</p>

<b>C. Production Capacity</b>	
<b>3.</b>	<p><b><u>Question</u></b></p> <p><b>Could Medtecs give us some colour on current capacity utilisation, percentage of current facilities used, number of worker shifts per day, hours per shift, and if 24/7 operation is feasible? What are the plans for capacity expansion and capex involved?</b></p>
	<p><b><u>Response</u></b></p> <p>In response to the surge in demand for the Company's products, the management of the Company has implemented the following measures to increase production capacity:</p> <ol style="list-style-type: none"> <li>1) increased the number of workers who are working in shifts around the clock to ensure uninterrupted output;</li> <li>2) converted idle plants into additional production bases;</li> <li>3) supplemented existing production lines with additional machines and equipment;</li> <li>4) increased automation and process control for more efficiency; and</li> <li>5) outsourced manufacturing of non-critical parts of the products.</li> </ol>
<b>D. Business Strategies</b>	
<b>4.</b>	<p><b><u>Question</u></b></p> <p><b>What plans does the company have to sustain its profitability after Covid-19? What strategies does the company have to improve its competitive edge and broaden its customer base?</b></p>
	<p><b><u>Response</u></b></p> <p>The Company has been fortunate to be able to capitalize on business opportunities during this challenging time. At the same time, we fully appreciate that our growth is not sustainable without the right strategies. We have decided not to increase output with large capital expenditures, but instead have chosen to augment our production capacity with cost-effective alternatives.</p> <p>For example, for items that we do not or cannot produce at short notice, but which are sought after on an urgent basis, we have actively sourced the items from reputable suppliers so as to meet the demand of our clients. This way, we maintain flexibility over our working capital and production resources while at the same time, we are able to meet our clients' needs as a total solution provider. This approach allows the Company to reach end users and suppliers alike, paving the way for beneficial relationships with both groups in the future.</p> <p>As disclosed in the Company's Annual Report and Sustainability Report for the financial year ended 31 December 2019, we will continue to push forward with various projects to improve the overall competitiveness of the Company. These projects</p>

include implementation of ERP and CRM systems to streamline workflow, the 5-S cost and energy reduction schemes, as well as automation of the manufacturing processes.

At the same time, we have expanded our use of e-commerce platforms to help us source for better quality raw materials, and drive more meaningful customer engagement. Our strategy of “Source and Sell Globally” has served us well in the current global economy where supply chains can be unstable.

We plan to leverage the *Medtecs* brand for more business opportunities and growth. “Trust” is key to whether a supplier and a buyer can quickly complete a transaction in the current economic climate. Medtecs has been around for more than 30 years, with production bases in Taiwan, the Philippines, and Cambodia. We have served many reputable medical institutions in Taiwan and the Philippines, and have been listed on the stock exchanges in Singapore and Taiwan. Since the outbreak of the coronavirus, we have been recognised as the preferred trading partner and supplier by international buyers, who have praised our products for quality; not to mention, in Taiwan, the Philippines, and Cambodia we have donated PPE kits and much-needed medical supplies to front-line workers and disadvantaged communities, generating positive publicity. We have boosted the Company’s overall brand awareness, which will help us expand into new markets and form alliances with different industries to further create value for our stakeholders.

**E. Taiwan Depository Receipts**

**5. Question**

**There is a huge difference in the share price between Taiwan and Singapore. This seems strange and is there anything I should be aware of? Is there any irregularity that causes this?**

**Response**

The Company’s Taiwan Depository Receipts (“**TDRs**”) are traded at higher prices than its shares which are listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**Singapore-listed Shares**”) because of the following reasons:

- 1). Only a portion of the Singapore-listed Shares were set aside for issue of the TDRs in Taiwan. As a result, the number of TDRs in circulation in Taiwan is much smaller than that of the Singapore-listed Shares. There is a limited number of TDRs available to be transacted.
- 2). Approval from various Taiwan authorities is needed to issue TDRs for the original shares. In contrast, the TDRs can be freely converted into original shares. This means that while it is relatively easy to reduce the number of outstanding TDRs, it is relatively more difficult to issue additional TDRs. There is as a result greater demand for the TDRs compared to the supply of TDRs, and thus, the price for the TDRs is much higher than that of the original shares.
- 3). Dividend payouts received by the TDR holders in Taiwan are considered foreign income. As a consequence, the TDR holders who receive dividends will enjoy certain tax exemptions under applicable Taiwan tax law. This makes the TDRs an attractive investment for Taiwan-resident investors.

	<p>4). The Company has been an established supplier for a number of Taiwan government agencies and medical institutions for a long time. The Company believes that this has allowed the Company to therefore enjoy greater recognition in Taiwan than in Singapore. This also contributes to relatively stronger demand for the TDRs by investors in Taiwan.</p>
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